

Audit Report on Financial Statements
issued by an Independent Auditor

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
(SOCIEDAD UNIPERSONAL)
Financial Statements and Management Report
for the year ended
March 31, 2021



AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Sole Shareholder of Samvardhana Motherson Peguform Barcelona, S.L., Sociedad Unipersonal:

Opinion

We have audited the financial statements of Samvardhana Motherson Peguform Barcelona, S.L., Sociedad Unipersonal (the Company), which comprise the balance sheet as at March 31, 2021, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at March 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for Opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. 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 ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the financial statements of the current period. These risks were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Provisions for trade transactions with customers

Description As indicated in Note 3.10 to the accompanying financial statements, the Company records provisions for trade transactions with customers, which are recorded as a decrease in the 'Trade receivables from sales and rendering of services' balance in the assets side of the balance sheet and are charged against revenue in the income statement. The assessment of these provisions requires Company Management to make judgments and estimates, in particular regarding the probability of future cash outflows. Consequently, we have considered this matter a most relevant audit issue.

Our

response

Our audit procedures consisted, among others, in:

- ▶ Understanding the procedures established by Company Management for estimating the provisions for trade transactions with customers.
- ▶ For significant provisions at year end, assessing the reasonableness of the main assumptions considered by Company Management, including the analysis of available information.
- ▶ Analyzing the changes in the provisions recorded with respect to the prior year.

Other information: Management report

Other information refers exclusively to year ended at March 31, 2021, management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the management report is to assess and report on the consistency of the management report with the financial statements based on the knowledge of the entity we obtained while auditing the financial statements, and to assess and report on whether the content and presentation of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the management report is consistent with that provided in the 2021 financial statements and their content and presentation are in conformity with applicable regulations.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have 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 prevailing audit regulations in Spain 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 prevailing audit regulations in Spain, 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 the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in 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.
- ▶ 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 the Company's directors 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.

From the significant risks communicated with the Company's directors, we determine those that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Daniel Artigas

May 26, 2021

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
(Sociedad Unipersonal)

Financial statements for the year ended March 31, 2021 and
Management report for the year ended March 31, 2021

(Translation of financial statements and management report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

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Management Report

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
(Sociedad Unipersonal)

Balance at March 31, 2021 and 2020
(Thousands of euros)

ASSETS	Note	03.31.2021	03.31.2020
NON-CURRENT ASSETS			
Intangible assets	5	5	11
Software		5	11
Property, plant and equipment	6	1,555	1,616
Plant and other PP&E items		1,495	1,616
Property, plant, and equipment under construction and prepayments		60	-
Investments in group companies and associates	8, 9	-	27,500
Loans to companies		-	27,500
Financial investments	8, 9	1,635	2,052
Other financial assets		1,635	2,052
Deferred tax assets	13	597	612
		3,792	31,791
CURRENT ASSETS			
Inventories	10	18,304	24,247
Raw materials and other consumables		8,642	13,721
Work in progress (long production cycle)		9,662	10,524
Finished goods		-	2
Trade and other receivables	8, 9	18,760	752
Trade receivables from sales and rendering of services		18,628	574
Receivables from group companies and associates		132	178
Investments in group companies and associates	8, 9	46,500	-
Loans to companies		46,500	-
Financial investments	8, 9	402	345
Other financial assets		402	345
Cash and cash equivalents		127	260
Cash		127	260
		84,093	25,604
		87,885	57,395

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
(Sociedad Unipersonal)

Balance at March 31, 2021 and 2020
(Thousands of euros)

EQUITY AND LIABILITIES	Note	03.31.2021	03.31.2020
EQUITY			
Capital and reserves	11	5,923	4,227
Share capital		253	253
Issued capital		253	253
Reserves		3,974	381
Legal and statutory reserves		51	51
Other reserves		3,923	330
Profit / (loss) for the year		1,696	3,593
		5,923	4,227
NON-CURRENT LIABILITIES			
Payables	8, 12	438	1,162
Other financial liabilities		438	1,162
		438	1,162
CURRENT LIABILITIES			
Payables	8, 12	1,351	1,291
Other financial liabilities		1,351	1,291
Payables to group companies and associates	8.12	599	561
Trade and other payables	8.12	79,486	50,119
Suppliers		67,824	37,735
Suppliers, group companies and associates		2,457	544
Employee benefits payable		2,826	2,475
Other payables to Public Administrations		6,379	9,365
Accruals		88	35
		81,524	52,006
		87,885	57,395

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
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Income statement for the year ended
 March 31, 2021 and 2020
 (Thousands of euros)

	Note	03.31.2021	03.31.2020
<u>CONTINUING OPERATIONS</u>			
Revenue	14	19,684	25,607
Rendering of services		19,684	25,607
Cost of sales	10	17	(172)
Impairment of goods for resale, raw materials and other consumables		17	(172)
Other operating income		-	4
Ancillary income and other management expenses		-	4
Employee benefits expense	14	(13,791)	(15,742)
Wages, salaries et al.		(11,737)	(13,029)
Social security costs, et al.		(2,054)	(2,713)
Other operating expenses		(3,283)	(4,717)
External services		(3,281)	(4,687)
Taxes		(23)	(22)
Losses on, impairment of and change in trade provisions	9	21	(8)
Depreciation and amortization	5, 6	(376)	(394)
Impairment losses and gains (losses) on disposal of non-current assets		-	(7)
Impairment losses and losses	6	-	(7)
Other gains and losses		3	58
OPERATING PROFIT / (LOSS)		2,254	4,637
Finance income		177	659
From marketable securities and long-term receivables			
- Of group companies and associates		177	659
Finance costs		(322)	(619)
Payables to group companies and associates		(3)	-
Third-party borrowings		(319)	(619)
Exchange gains (losses)		39	14
FINANCE COST	16	(106)	54
PROFIT / (LOSS) BEFORE TAX		2,148	4,691
Income tax	15	(452)	(1,098)
PROFIT / (LOSS) FOR THE YEAR	11	1,696	3,593

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
(Sociedad Unipersonal)

Statement of changes in equity for the year ended
 March 31, 2021 and 2020
 (Thousands of euros)

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES

	03.31.2021	03.31.2020
PROFIT / (LOSS) FOR THE YEAR	1,696	3,593
Total income and expenses recognized directly in equity	-	-
Total amounts transferred to income statement	-	-
TOTAL RECOGNIZED INCOME AND EXPENSES	1,696	3,593

B) STATEMENT OF ALL CHANGES IN EQUITY

	Share capital	Reserves	Profit / (loss) for the year	Total
Balance at March 31, 2019	253	370	4,386	5,009
Total recognized income and expenses	-	-	3,593	3,593
Transactions with shareholders and owners:	-	(4,375)	-	(4,375)
- Dividends paid	-	(4,375)	-	(4,375)
Appropriation of 2019 profit/(loss)	-	4,386	(4,386)	-
Balance at March 31, 2020	253	381	3,593	4,227
Total recognized income and expenses	-	-	1,696	1,696
Transactions with shareholders and owners:	-	-	-	-
- Dividends paid	-	-	-	-
Appropriation of 2020 profit/(loss)	-	3,593	(3,593)	-
Balance at March 31, 2021	253	3,974	1,696	5,923

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
(Sociedad Unipersonal)

Cash flow statement for the year ended
 March 31, 2021 and 2020
 (Thousands of euros)

	Notes	03.31.2021	03.31.2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the year before tax		2,148	4,691
Adjustments to profit		483	525
Depreciation and amortization	5, 6	376	394
Impairment losses	9, 10	(38)	164
Gains (losses) from derecognition and disposals of non-current assets	6	-	7
Finance income		(177)	(659)
Finance costs		322	619
Other income and expenses		-	-
Changes in working capital		17,089	(21,880)
Inventories		5,960	(10,422)
Trade and other receivables		(17,987)	13,163
Other current assets		-	225
Trade and other payables		29,367	(24,618)
Other current liabilities		53	16
Other non-current assets and liabilities		(304)	(244)
Other cash flows from/(used in) operating activities		(544)	(1,235)
Interest paid		(322)	(619)
Interest received		177	659
Income tax payments (Group)	15	(399)	(1,275)
Cash flows from operating activities		19,176	(17,899)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		(19,309)	(32)
Intangible assets	5	-	-
Property, plant and equipment	6	(309)	(32)
Group companies and associates		(19,000)	-
Proceeds from disposals		-	22,475
Group companies and associates		-	22,475
Cash flows from/(used in) investing activities		(19,309)	22,443
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends and payments on other equity instruments		-	(4,375)
Dividends	11	-	(4,375)
Cash flows from/(used in) financing activities		-	(4,375)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS			
		(133)	169
Cash and cash equivalents at April 1		260	91
Cash and cash equivalents at March 31		127	260

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
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Notes to the financial statements for the year ended March 31, 2021
(Thousands of euros)

1. General information

Samvardhana Motherson Peguform Barcelona, S.L., Sociedad Unipersonal (hereinafter the Company) was incorporated in Barcelona on June 3, 1996 for an indefinite period of time. Its registered office and tax domicile are located in Polinyà del Vallès (Barcelona), whereas its main facilities are located in Martorell (Barcelona).

The Company's main corporate purpose and activity consists in providing logistic services for the automotive industry and, specifically, the following operations, which include but are not limited to: reception, storage, assembly, finishing and sequenced or unsequenced delivery to the customer of automotive parts provided by the manufacturers or distributors of said parts. Turnover is concentrated in one customer (SEAT).

On November 23, 2011 the Company became part of Samvardhana Motherson Group through its direct parent company and sole shareholder SMP Automotive Technology Ibérica, S.L.U. The ultimate parent of the group is the Indian company Motherson Sumi Systems Limited and, consequently, the consolidated financial statements are filed with in India. The European Parent is the Dutch company Samvardhana Motherson Automotive Systems Group B.V., which files the consolidated financial statements of the European subgroup in the Netherlands. The translation thereof into Spanish is duly filed with the Barcelona mercantile registry. The registered office and tax domicile of the company SMP Automotive Technology Ibérica, S.L.U. are located in Polinyà del Vallès (Barcelona).

At March 31, 2021 Samvardhana Motherson Peguform Barcelona, S.L.U. does not constitute a decision-making unit with any other company domiciled in Spain, according to regulation No.13 of the Standards for the preparation of financial statements.

2. Basis of presentation

a) True and fair view

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

The figures included in the accounting statements that are part of the accompanying financial statements (balance sheet, income statement, statement of changes in equity and cash flow statement) and the notes thereto are presented in thousands of euros, which is the Company's presentation and functional currency, unless otherwise indicated.

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
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Notes to the financial statements for the year ended March 31, 2021
(Thousands of euros)

b) Critical issues concerning the assessment of uncertainty

In the preparation of the financial statements, estimates of the carrying amount for some of the assets, liabilities, income, and expenses were made on the basis of the best information available at year end. However, given the uncertainty inherent in them, future events may require these estimates to be modified in subsequent reporting periods. Any changes in accounting estimates would be made prospectively.

The most relevant estimates and judgments to the Company's financial statements are related to the following aspects:

Impairment of non-current assets

When measuring non-current assets other than financial assets, estimates must be made by the Company's Management to determine their recoverable amount to assess if they are impaired. The said recoverable amount is determined based on the budgets for the coming years.

Useful lives of property, plant and equipment

Company Management determines the useful lives and corresponding depreciation charges of property, plant and equipment based on the life cycles projected thereof, which may be amended as a result of technical changes, among others.

Recoverability of deferred tax assets

Deferred tax assets are recognized based on the amount that the Directors consider probable that may be recovered based on the estimates of future taxable profit to be generated by the tax group that the Company belongs to.

Consequently, the recoverability of said assets depends on the Company and tax group fulfilling the expectations and forecasts on which said estimate of taxable profit generation is based.

Provision for risks and expenses

The Company recognizes provisions for risks, for which it makes judgments and estimates regarding the probability of risk occurrence and the amounts related to those risks, and recognizes a provision when a risk is considered probable, estimating the cost that might arise from this obligation.

c) Comparison of information

In accordance with Spanish mercantile law, for comparative purposes the Directors of the Company have included, for each of the headings presented in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement, and the quantitative information required in the notes thereto, the figures of the year ended March 31, 2020, in addition to those of the year ended March 31, 2021.

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Notes to the financial statements for the year ended March 31, 2021
(Thousands of euros)

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

On March 11, 2020 the World Health Organization labelled the public health emergency situation caused by the coronavirus (Covid-19) outbreak a global pandemic. The escalation of events, in both Spain and worldwide, has resulted in an unprecedented health crisis that has had an impact on the macroeconomic environment and business evolution. To tackle the issue, a set of measures have been adopted during 2021 to address the economic and social impact, including restrictions on movement, among others. Specifically, the Spanish Government declared, among other measures, a state of emergency through Royal Decree 463/2020, of March 14, which was lifted on July 1, 2020, and approved a set of extraordinary urgent measures to address the economic and social impact of Covid-19, through Royal Decree Law 8/2020 of March 17, among others. At the date these financial statements are issued the state of emergency declared by the Spanish Government through Royal Decree 926/2020, of October 25, is in force. The Royal Decree was initially passed to last until November 9, 2020 and was subsequently extended until May 9, 2021 through Royal Decree 956/2020 of November 3.

The pandemic is having consequences for the economy in general and for the Company's activities, and its effects for the coming months are uncertain and will largely depend on its evolution and spread.

As a result of the aforementioned, the Company's activity was temporarily interrupted between March and April 2020 due to the shutdown of the plant where it carries out its activity. Therefore, the Company's sales have been negatively impacted. Given the current situation, the Company has adopted several corrective measures, including, among others, the implementation of furloughs fostered by the Spanish Government, which have led to deductions on Social Security contributions (Note 14.b).

At the date these financial statements are authorized for issue the Directors of the Company are taking the necessary measures to mitigate the effects of Covid-19, and according to their current estimates, no relevant effects are expected in 2022. Consequently, the Company's directors have prepared the accompanying financial statements under the going concern principle.

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
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Notes to the financial statements for the year ended March 31, 2021
(Thousands of euros)

3. Accounting principles

The most significant accounting principles applied in the preparation of the financial statements are as follows:

3.1 Intangible assets

Intangible assets are measured at the purchase price or production cost, using the same principles as those to determine the production cost of inventories. Intangible assets are stated at cost, less accumulated amortization and any impairment loss.

Software

Software acquired are recognized at cost. Computer software maintenance costs are recognized as an expense when incurred.

Software is amortized by systematically allocating the amortizable amount over its useful life by applying the following criteria:

	<u>Amortization method</u>	<u>Years of estimated useful life</u>
Software	Straight-line	5

The Company reviews the residual value, useful life and amortization method of intangible assets at the end of each reporting period. Any changes in the initial criteria are accounted for prospectively as changes in accounting estimates.

3.2 Property, plant and equipment

a) Initial recognition

Property, plant and equipment items are measured at the purchase price or production cost, using the same principles as those to determine the production cost of inventories. Property, plant and equipment items are carried at cost, less any accumulated depreciation and any accumulated impairment.

b) Depreciation

Property, plant and equipment items are depreciated by systematically allocating their depreciable amount over their useful lives. To this end, depreciable amount is understood as acquisition cost less residual value. The Company determines the depreciation charge separately for each component that has a significant cost in relation to the total cost of the item and a useful life different to that of the other parts of the item in question.

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(Sociedad Unipersonal)

Notes to the financial statements for the year ended March 31, 2021
(Thousands of euros)

The depreciation of items in property, plant, and equipment is determined by applying the following criteria:

	Depreciation method	Years of estimated useful life
Plant and machinery	Straight-line	3 - 10
Tools	Straight-line	7
Furniture	Straight-line	10
Transport equipment	Straight-line	5
Data processing equipment	Straight-line	4

The Company reviews the assets' residual values, useful lives and depreciation methods at year end. Any changes in the initial criteria are accounted for prospectively as changes in accounting estimates.

c) Subsequent costs

After initial recognition of the asset, only costs incurred that increase the capacity or productivity or extend the useful life are capitalized. The carrying amount of items that are replaced is derecognized. Costs of daily maintenance of property, plant and equipment items are recognized in the income statement as incurred.

d) Impairment of assets

The Company evaluates and determines impairment losses on property, plant and equipment items and any reversals thereof in accordance with the criteria described in Note 3.3.

3.3 Impairment losses on non-financial assets

Depreciable assets are tested for impairment whenever an event or changes in circumstances indicate that their carrying amount may not be recoverable. The excess of the carrying amount of an asset over its recoverable amount, deemed the higher of fair value less costs to sell or value in use, is recognized as an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets other than goodwill are reassessed at each reporting date for potential reversal of the impairment.

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
(Sociedad Unipersonal)

Notes to the financial statements for the year ended March 31, 2021
(Thousands of euros)

3.4 Financial assets

Loans and receivables

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

These financial assets are measured initially at their fair value, including directly attributable transaction costs, and subsequently at amortized cost recognizing accrued interest at the effective rate. The effective interest rate is the rate that equates the carrying amount of the instrument with the total estimated cash flows to maturity. Nevertheless, trade receivables which mature within less than one year are carried at nominal value both at initial and subsequent recognition, when the effect of not discounting cash flows is insignificant.

Loans and receivables are tested for impairment at least at each reporting date and the corresponding impairment losses are recognized when there is objective evidence that all amounts due will not be collected.

Impairment losses are recognized at the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the initial recognition date. Impairment losses and any subsequent reversals are recognized in the income statement.

The Company has a non-recourse factoring agreement with a financial institution. Trade receivables sold are derecognized when the risks and rewards related to them are substantially transferred.

3.5 Inventories

Stocks are valued at its acquisition cost.

The acquisition cost comprises the amount invoiced by the supplier, after deduction of any discounts, rebates or other similar items, as well as interest included in the nominal value of trade payables, plus any additional costs incurred until the goods are available for sale, and other costs directly attributable to the acquisition.

Cost is allocated to inventory items based on the average weighted price method.

As the assembly center is next to the customer's production lines, the modules assembled by the Company are immediately delivered to the customer. Consequently, the Company has no finished products in its inventory.

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Notes to the financial statements for the year ended March 31, 2021
(Thousands of euros)

When the cost of inventories exceeds net realizable value, materials are written down to net realizable value, and an expense is recognized in the income statement. If the circumstances causing the write-down disappear, the corresponding amount is reversed and recognized in the income statement.

Long production cycle work in progress are containers purchased by the Company for delivering the products, the value of which is recovered through the selling price.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions.

3.7. Financial liabilities

Debits and payables

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

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

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

3.8 Current and deferred taxes

The Company files the corporate income tax under a consolidated tax scheme, to which it has availed itself by being part of the SMP Group, the parent of which is SMP Automotive Technology Ibérica, S.L.U.

Income tax expense or income is the amount of income tax accrued for the year and includes current and deferred tax expense or income.

Current and deferred income tax is recognized in the income statement except where it relates to a transaction or event which is recognized in the same or a different period in equity or arises from a business combination.

Current tax assets or liabilities are measured at the amount expected to be paid or recovered from the tax authorities, using the tax legislation in force or approved and pending publication at the reporting date.

SAMVARDHANA MOTHERSON PEGUFORM BARCELONA, S.L.
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Notes to the financial statements for the year ended March 31, 2021
(Thousands of euros)

The accrued income tax expense of group companies which file a consolidated tax return is determined taking into account the following factors in addition to the aforementioned parameters applied to their individual tax returns:

- Temporary and permanent differences arising from the elimination of results of transactions between tax group companies for determining the consolidated taxable profit.
- Deductions and rebates corresponding to each company of the tax group filing a consolidated return; to this end, deductions and rebates are allocated to the company that carried out the activity or generated the income which entitles it to the deduction or rebate.

Reciprocal debit and credit balances arise for the portion of tax losses generated by some tax group companies and the companies that offset them. Where tax losses arise that cannot be offset by other tax group companies, these tax credits for tax loss carryforwards are recognized as deferred tax assets, if the criteria for their recognition indicated below are met, considering the tax group as the taxpayer.

Deferred taxes are calculated, using the liability method, on temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts. However, deferred taxes are not recognized when they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the periods when the assets are expected to be realized or the liabilities are expected to be settled, using the tax legislation in force or approved and pending publication, and in accordance with the manner in which the Company expects to recover the assets or settle the liabilities.

The Company only offsets income tax assets and liabilities if it has a legally enforceable right to offset the recognized amounts and intends either to settle the resulting amounts on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognized in the balance sheet as non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

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3.9 Grants

Grants are recognized as non-repayable when the requirements established for receiving them are met and are recognized directly in equity, net of the corresponding tax effect.

Repayable grants are recognized as liabilities until they meet the criterion for being considered non-repayable. No income is recorded until this criterion is met.

Grants received to finance specific expenses are released to the income statement in the year in which the expenses which they are intended to compensate are incurred. Grants received to acquire property, plant and equipment are released to income in proportion to the depreciation charged for the related assets.

3.10 Employee benefits

Termination benefits

Termination benefits are paid to employees when a company decides to terminate their labor contract before they reach retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it has a demonstrable commitment to terminate labor contracts under an irrevocable, formal, and detailed plan or to provide the benefits as part of an offer to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3.11 Provisions and contingent liabilities

Provisions are recognized when the Company has a legal, contractual, implicit or tacit present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognized as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that have not been considered in the future cash flows related to the provision at each reporting date.

The Company recognizes the rights and trade commitments and risks with customers that are considered probable and records them under 'Trade receivables from sales and rendering of services' in the assets side of the balance sheet and 'Revenue' in the income statement. At March 31, 2021 the provision for this concept amounts to 1,862 thousand euros (2,700 thousand euros at March 31, 2020).

The financial effect of provisions is recognized as financial expenses on the income statement.

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If it is no longer probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

Contingent liabilities, meanwhile, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized in the financial statements but are disclosed in the accompanying notes.

3.12 Revenue recognition

a) Revenue from sales and rendering of services

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

Revenue is recognized when it can be reliably measured, and when economic benefits are likely to flow to the Company.

Revenue cannot be measured reliably until all sales-related contingencies have been resolved. The Company makes estimates based on past experience, taking into account the type of client, type of transaction, and particular terms of each agreement.

Revenue corresponds to cockpit module assembly and supply services, excluding the cost of the materials incorporated into the said modules, since the Company acts as a mere intermediary, passing on to the customer the same amount invoiced by the suppliers.

b) Interest

Interest is recognized using the effective interest method.

3.13 Leases - Company as lessee

Operating leases

Leases under which the lessor retains substantially all the risks and benefits inherent to ownership of the asset are classified as operating leases.

Lease payments under an operating lease, net of incentives received, are recognized as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

3.14 Related-party transactions

As a general rule, intragroup transactions are initially recognized at fair value. If the price agreed differs from fair value, the difference is recognized based on the economic substance of the transaction. Subsequent measurement follows prevailing accounting rules.

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3.15 Environment

The Company carries out activities whose primary purpose is to prevent, reduce or repair damages that may be caused to the environment as a result of its operations.

Expenses from environmental activities are recognized under 'Other operating expenses' in the income statement when incurred.

Assets which may be incorporated in equity in the long term for the primary purpose of minimizing environmental impact and protecting or improving the environment, including the reduction or elimination of future contamination caused by the Company's operations, are recorded as assets based on measurement, presentation and disclosure criteria that are consistent with those described in Note 3.2.

3.16 Transactions in foreign currency

The Company's functional and presentation currency is the euro.

Transactions in foreign currency are initially translated at the spot rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date. All exchange gains or losses arising from translation as well as those resulting on settlement of balance sheet items are recognized in the income statement.

4. Financial risk management

4.1 Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including interest rate risk and price risk), credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's performance.

Within the risk management policy of the Group that it belongs to, the Company has a set of rules, procedures and systems in place aimed at identifying, measuring and managing the several categories of risk to ensure that the most relevant risks are correctly identified, assessed and managed and minimize the potential adverse effects on the Company's performance.

(i) Market risk

a) Interest rate risk

The Company grants loans to group companies that earn interest at floating rates (linked to Euribor). Consequently, its operating income and cash flows from operating activities are affected by changes in market interest rates.

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b) Price risk

The Company is not significantly exposed to raw material price risk since its activity consists in the assembly and supply of cockpit modules, passing on to the customer the same amount invoiced by the suppliers.

(ii) Credit risk

Potential credit risk mainly arises from trade and other receivables. As mentioned in Note 1, turnover, and therefore trade receivables, is concentrated in one customer (SEAT, S.A.).

(iii) Liquidity risk

The Company applies prudent management of liquidity risk, ensuring that it has available funding through committed credit facilities. Management monitors the Company's liquidity reserves, based on expected cash flows, within the SMP Group's global cash management framework.

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5. Intangible assets

The movements in the items composing 'Intangible assets' are as follows:

	<u>Software</u>	<u>Total</u>
Balance at March 31, 2019		
Cost	621	621
Accumulated amortization	(604)	(604)
Net carrying amount	17	17
Disposals	(24)	(24)
Amortization charge	(6)	(6)
Derecognition of acc. amortization	24	24
Balance at March 31, 2020		
Cost	597	597
Accumulated amortization	(586)	(586)
Net carrying amount	11	11
Amortization charge	(6)	(6)
Balance at March 31, 2021		
Cost	597	597
Accumulated amortization	(592)	(592)
Net carrying amount	5	5

a) Intangible assets acquired from group companies and associates

No intangible assets were acquired during 2021 and 2020 from group companies or associates.

b) Intangible assets not assigned to operations

At March 31, 2021 and 2020 no intangible assets had been assigned to operations.

c) Fully amortized intangible assets

At March 31, 2021 fully amortized intangible assets amount to 580 thousand euros (2020:580 thousand euros).

d) Commitments

At March 31, 2021 and 2020 the Company has no firm commitments to purchase intangible assets.

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6. Property, plant and equipment

The movements in the items composing 'Property, plant and equipment' are as follows:

	Plant and machinery	Other plant, tools and furniture	Other PP&E items	Property, plant and equipment under construction	Total
Balance at March 31, 2019					
Cost	8,538	748	2,932	214	12,432
Accumulated depreciation	(7,055)	(744)	(2,654)	-	(10,453)
Net carrying amount	1,483	4	278	214	1,979
Additions	8	-	-	24	32
Disposals	(1,196)	(4)	(82)	-	(1,282)
Transfers	238	-	-	(238)	-
Depreciation charge	(285)	(1)	(102)	-	(388)
Derecognition of acc. depreciation	1,189	4	82	-	1,275
Balance at March 31, 2020					
Cost	7,588	744	2,850	-	11,182
Accumulated depreciation	(6,151)	(741)	(2,674)	-	(9,566)
Net carrying amount	1,437	3	176	-	1,616
Additions	249	-	-	60	309
Disposals	(4)	-	-	-	(4)
Transfers	-	-	-	-	-
Depreciation charge	(275)	(1)	(94)	-	(370)
Derecognition of acc. depreciation	4	-	-	-	4
Balance at March 31, 2021					
Cost	7,833	744	2,850	60	11,487
Accumulated depreciation	(6,422)	(742)	(2,768)	-	(9,932)
Net carrying amount	1,411	2	82	60	1,555

a) Impairment losses

In 2021 and 2020, no impairment losses were recognized or reversed for any PP&E item.

b) Assets acquired from group companies and associates

No PP&E items were acquired from group companies or associates in 2021 and 2020.

c) PP&E items not assigned to operations

During 2021 and 2020 no property, plant and equipment items were assigned to operations.

d) Fully depreciated assets

At March 31, 2021 fully depreciated property, plant and equipment items amount to 881 thousand euros (2020: 8,318 thousand euros).

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e) Commitments

At March 31, 2021, the Company has firm commitments to purchase property, plant and equipment for an amount of 12 thousand euros (2020: 3 thousand euros).

f) Insurance

The Company arranges insurance policies deemed necessary to cover potential risks which could affect property, plant and equipment. The coverage provided by these policies is considered sufficient.

7. Operating leases

The Company leases buildings and transport equipment from third parties under operating leases.

Operating lease payments recognized as expenses for the year ended March 31, 2021 amount to 236 thousand euros (2020: 274 thousand euros).

The future minimum payments under non-cancelable operating leases are as follows:

	03.31.2021	03.31.2020
Within one year	202	217
Between one and five years	63	187
	265	404

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8. Analysis of financial instruments

8.1 Breakdown by categories

The carrying amount of each of the categories of financial instruments established in the standard for recognition and measurement of 'Financial instruments', excluding balances with Public Administrations, is as follows:

Non-current financial assets						
Equity instruments		Debt securities		Loans and other financial assets		
03.31.2021	03.31.2020	03.31.2021	03.31.2020	03.31.2021	03.31.2020	
- Investments in group companies and associates	-	-	-	-	27,500	
- Other financial assets	-	-	-	1,635	2,052	
	-	-	-	1,635	29,552	
Current financial assets						
Equity instruments		Debt securities		Loans and other financial assets		
03.31.2021	03.31.2020	03.31.2021	03.31.2020	03.31.2021	03.31.2020	
- Trade and other receivables	-	-	-	18,760	752	
- Investments in group companies and associates	-	-	-	46,500	-	
- Other financial assets	-	-	-	402	345	
	-	-	-	65,662	1,097	
Non-current financial liabilities						
Bank borrowings		Bonds and other marketable securities		Other		
03.31.2021	03.31.2020	03.31.2021	03.31.2020	03.31.2021	03.31.2020	
- Other financial liabilities	-	-	-	438	1,162	
	-	-	-	438	1,162	
Current financial liabilities						
Bank borrowings		Bonds and other marketable securities		Other		
03.31.2021	03.31.2020	03.31.2021	03.31.2020	03.31.2021	03.31.2020	
- Payables to group companies and associates	-	-	-	3,056	1,105	
- Other financial liabilities	-	-	-	1,351	1,291	
- Trade and other payables	-	-	-	70,650	40,210	
	-	-	-	75,057	42,606	

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8.2 Breakdown by maturity

The amounts corresponding to financial liabilities with a fixed or determinable maturity classified by year of maturity are as follows:

3/31/2021							
Financial assets							
	Until 03/2022	Until 03/2023	Until 03/2024	Until 03/2025	Until 03/2026	Subsequent years	Total
- Trade and other receivables	18,760	-	-	-	-	-	18,760
- Other financial assets	402	416	390	274	259	296	2,037
- Investments in group companies and associates	46,500	-	-	-	-	-	46,500
	65,662	416	390	274	259	296	67,297

3/31/2020							
Financial assets							
	Until 03/2021	Until 03/2022	Until 03/2023	Until 03/2024	Until 03/2025	Subsequent years	Total
- Trade and other receivables	752	-	-	-	-	-	752
- Other financial assets	345	400	414	387	270	581	2,397
- Investments in group companies and associates	-	27,500	-	-	-	-	27,500
	1,097	27,900	414	387	270	581	30,649

3/31/2021							
Financial liabilities							
	Until 03/2022	Until 03/2023	Until 03/2024	Until 03/2025	Until 03/2026	Subsequent years	Total
- Payables to group companies and associates	3,056	-	-	-	-	-	3,056
- Trade and other payables	70,650	-	-	-	-	-	70,650
- Other financial liabilities	1,351	438	-	-	-	-	1,789
	75,057	438	-	-	-	-	75,495

3/31/2020							
Financial liabilities							
	Until 03/2021	Until 03/2022	Until 03/2023	Until 03/2024	Until 03/2025	Subsequent years	Total
- Payables to group companies and associates	1,105	-	-	-	-	-	1,105
- Trade and other payables	40,210	-	-	-	-	-	40,210
- Other financial liabilities	1,291	1,162	-	-	-	-	2,453
	42,606	1,162	-	-	-	-	43,768

8.3 Credit quality of financial assets

The credit quality of financial assets that have not yet matured and are not impaired may be evaluated through past default information. None of the unmatured financial assets has been the subject of re-negotiation in the current year.

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9. Loans and receivables

At March 31, 2021 and 2020 the breakdown of the headings related to 'Loans and receivables' in the balance sheet, excluding balances with Public Administrations, is as follows:

	03.31.2021	03.31.2020
Non-current investments in group companies and associates:	-	27,500
- Loans to companies (Note 18)	-	27,500
Non-current financial investments:	1,635	2,052
- Other financial assets	1,635	2,052
Trade and other receivables:	18,760	752
- Trade receivables from sales and rendering of services	18,634	601
- Provision for receivables impairment	(6)	(27)
- Receivables from group companies and associates (Note 18)	132	178
- Receivables from employees	-	-
Current financial investments:	402	345
- Other financial assets	402	345
Current investments in group companies and associates:	46,500	-
- Loans to companies (Note 18)	46,500	-
	67,297	30,649

a) Trade and other receivables

The fair values of loans and receivables do not significantly differ from book values.

The decrease in "Trade receivables from sales and rendering of services" at March 31, 2020 is mainly due to the temporary suspension of the Company's activity on March 14, 2020 due to Covid-19.

Trade receivables past due by less than 3 months are not deemed impaired. At March 31, 2021, 21 thousand euros of accounts receivable were past due (2020: 76 thousand euros). The ageing analysis of these past-due accounts receivables is as follows:

	03.31.2021	03.31.2020
Up to 3 months	15	49
More than 3 months	6	27
	21	76

The carrying amounts of loans and receivables are denominated in euros.

The movements in the provision for receivables impairment are as follows:

	03.31.2021	03.31.2020
Balance at April 1	(27)	(19)
Provision for impairment of receivables	-	(8)
Reversal of impairment of receivables	21	-
Balance at March 31	(6)	(27)

Impairment losses on receivables are recognized and reversed under 'Losses on, impairment of, and change in trade provisions' in the income statement.

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b) Investments in group companies and associates

The breakdown of investments in group companies and associates is as follows:

	03.31.2021	03.31.2020
Loans	46,500	27,500
Balance at March 31	46,500	27,500

At March 31, 2021 and 2020 receivables from group companies correspond to a credit line granted to SMP Automotive Technology Ibérica, S.L.U. on September 29, 2003, which accrues a market interest rate. On February 25, 2015 this facility was amended in order to extend its limit to 50,000 thousand euros. On January 20, 2017 the parties extended the maturity of this credit line to March 31, 2022.

Financial investments – Other financial assets

This caption in the assets side of the balance sheet, both current and non-current, corresponds to amounts payable associated with new contracts won by the Company, which are recorded in profit or loss based on the volume of the estimated production of the vehicle into which the assembled module is incorporated, as from the date the module starts to be provided.

The amounts payable are recorded in 'Other financial liabilities' in the liabilities side of the balance sheet (current or non-current based on the expected payment schedule) (Note 12).

10. Inventories

The breakdown of this heading is as follows:

	03.31.2021	03.31.2020
Raw materials and other consumables	9,000	14,096
Work in progress (long production cycle)	9,662	10,524
Finished goods	-	2
Impairment losses	(358)	(375)
	18,304	24,247

a) Insurance

The Company has taken out insurance policies to cover the risks to which its inventory items are exposed. The coverage provided by these policies is considered sufficient.

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b) Impairment losses

The movement in the provision for impairment losses on inventories is as follows:

	03.31.2021	03.31.2020
Balance at April 1	(375)	(203)
Provision for impairment of inventories	-	(172)
Provisions utilized	17	-
Balance at March 31	(358)	(375)

11. Capital and reserves

The breakdown and movements in equity are shown in the statement of changes in equity.

a) Share capital

At March 31, 2021 and 2020 the Company's share capital consists of 332,779 fully paid up shares with a par value of 0,76 euros each.

The Company's Sole Shareholder is SMP Automotive Technology Ibérica, S.L.U.

All shares bear the same voting and economic rights. There are no treasury shares.

b) Reserves

The breakdown by concept is as follows:

	03.31.2021	03.31.2020
Legal and statutory reserves:		
- Legal reserve	51	51
Other reserves:		
- Voluntary reserves	3,923	330
	3,974	381

Legal reserve

In accordance with the consolidated text of the Spanish Corporate Enterprises Act, 10% of profit for the year must be transferred to the legal reserve so that this reserve reaches an amount at least equal to 20% of share capital. This legal reserve cannot be distributed to the Sole Shareholder except if the Company is wound up.

The legal reserve may be used to increase capital.

Except for this purpose, until the legal reserve exceeds the limit of 20% of capital, it can only be used to offset losses, if there are no other reserves available.

At March 31, 2021 and 2020 the legal reserve is fully endowed.

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Voluntary reserves

Voluntary reserves are freely distributable. Notwithstanding the foregoing, pursuant to article 273 of the Spanish Corporate Enterprises Act dividends may only be distributed against profit or freely distributable reserves if equity is not lower than share capital or would not become lower than share capital as a result of distributing dividends.

c) Proposed appropriation of profit/(loss)

The proposed appropriation of profit to be submitted to the Sole Shareholder is as follows:

	<u>03.31.2021</u>	<u>03.31.2020</u>
<u>Basis of appropriation</u>		
Profit for the year	1,696	3,593
<u>Appropriation to:</u>		
Voluntary reserves	1,696	3,593

d) Limitations on the distribution of dividends

In accordance with article 273 of the Spanish Corporate Enterprises Act dividends may only be distributed against profit or freely distributable reserves if equity is not lower than share capital or would not become lower than share capital as a result of distributing dividends.

On September 14, 2019, the Sole Shareholder resolved to distribute dividends against freely distributable reserves for an amount of 4,375 thousand euros.

Additionally, the Company's reserves designated as unrestricted reserves and profit for the year are subject to the following distribution limitations:

- As indicated in Note 14.b, the Company has implemented furloughs as regulated by article 1 of Royal Decree Law 18/2020 of May 12 on social measures for preserving jobs, by articles 1 and 2 of Royal Decree Law 24/2020 of June 26 on social measures for reactivating jobs and protecting freelance work and on industry competitiveness, extended by Royal Decree Law 30/2020 of September 29, on social measures for preserving jobs, using public resources aimed at that purpose. As a result, and pursuant to articles 5 of both Royal Decrees and article 4 of Royal Decree Law 30/2020, the Company cannot distribute dividends for the tax period in which the furloughs were implemented, unless it previously pays the amount corresponding to the exemption from social security contributions and refuses it.

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12. Debits and payables

At March 31, 2021 and 2020 the breakdown of the headings related to 'Debits and payables' in the balance sheet, excluding balances with Public Administrations, is as follows:

	03.31.2021	03.31.2020
Non-current payables:		
Other financial liabilities (Note 8)	438	1,162
	438	1,162
Current payables:		
Other financial liabilities (Note 8)	1,351	1,291
	1,351	1,291
Current payables to group companies and associates (Note 18)	599	561
Trade and other payables:		
- Suppliers	67,824	37,735
- Suppliers, group companies and associates (Note 18)	2,457	544
- Employee benefits payable	2,826	2,475
	73,107	40,754
	75,495	43,768

All financial liabilities corresponding to 'Trade and other payables' and 'Current payables to group companies and associates' mature within less than one year and their carrying amount does not differ from fair value.

a) Information on late payments to suppliers. Additional Disposition Three 'Disclosure requirements' of Law 15/2010, of July 5

The total amount of payments made to suppliers during the year, providing payment terms, in accordance with the legal payment deadlines set forth in Law 15/2010 of July 5, which establishes measures to be taken in combating arrears in commercial transactions, is as follows:

	2021	2020
	Days	Days
Average payment period to suppliers	31	34
Ratio of transactions paid	34	35
Ratio of transactions pending payment	12	15
	Amount	Amount
Total payments made	452,178	573,128
Total payments outstanding	55,499	29,852

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13. Deferred taxes

The breakdown of deferred taxes is as follows:

	03.31.2021	03.31.2020
Deferred tax assets:		
- Temporary differences	597	612
	597	612

The movements in deferred tax assets are as follows:

	03.31.2021	03.31.2020
Balance at April 1	612	485
Charge to the income statement (Note 15)	(15)	127
Balance at March 31	597	612

Deferred tax assets at March 31, 2021 and 2020 mainly relate to temporary differences arisen as a result of the limitation on the deductibility of depreciation and amortization expenses in prior years in accordance with Royal Decree 12/2012 and to provisions recorded by the Company that are temporarily considered non-deductible.

At March 31, 2021 and 2020 there are no unused tax loss carryforwards or deductions arisen in prior years.

It is Company and Group policy to recognize deferred tax assets when their recoverability is reasonably guaranteed by the tax group that the Company belongs to. Consequently, the Company has recognized deferred tax assets related to temporary differences since based on the forecasts for the tax group's consolidated taxable profit according to the business plan prepared by the Sole Shareholder's Management for the coming years, it is reasonably guaranteed that these deferred tax assets will be utilized against future taxable profit.

14. Income and expenses

a) Revenue

Revenue corresponds to the Company's ordinary activities for assembly and logistics services and is entirely obtained in Spain.

Revenue corresponds to cockpit module assembly and supply services, excluding the cost of the materials incorporated into the said modules, since the Company acts as a mere intermediary, passing on to the customer the same amount invoiced by the suppliers.

This income corresponds to gross revenue invoiced to customers amounting to 438 million euros in the year ended March 31, 2021 (538 million euros in the prior year).

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b) Employee benefits expense

	03.31.2021	03.31.2020
Wages, salaries et al.	11,558	13,009
Termination benefits	179	20
Social security costs, et al:		
- Social security paid by the company	2,014	2,529
- Other employee welfare expenses	40	184
	13,791	15,742

The average headcount during the year by category is as follows:

Professional category	03.31.2021	03.31.2020
Management	10	10
Technicians and administrative staff	46	46
Operators	282	285
	338	341

The breakdown of the Company's headcount by gender at year end is as follows:

	03.31.2021			03.31.2020		
	Men	Women	Total	Men	Women	Total
Management	7	3	10	7	3	10
Technicians and administrative staff	32	14	46	31	15	46
Operators	191	88	279	189	92	281
	230	105	335	227	110	337

During 2021 the average headcount with a disability equal to or greater than 33% is 8 people: 2 in the 'Technicians and administrative staff' category and 6 in the 'Operators' category (11 people: 2 in the 'Technicians and administrative staff' category and 9 in the 'Operators' category).

Effective from March 14, 2020 the Company implemented a furlough due to a force majeure event affecting the entire staff for a period of three months. The staff has returned to their workplace as production resumed from the middle of April. Additionally, the aforementioned furlough has led to deductions on Social Security contributions for an amount of 834 thousand euros.

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15. Income tax and tax matters

The Company files taxes under a consolidated tax scheme with the companies SMP Automotive Technology Ibérica, S.L.U., SMP Automotive Technologies Teruel, S.L.U., SMR Automotive Systems Spain, S.A.U. and SMR Automotive Technology Valencia, S.A.U., SMRC Automotive Interiors, S.L.U. and Samvardhana Motherson Reydel Automotive. The Parent Company of the tax group is SMP Automotive Technology Ibérica, S.L.U. In 2020 the companies SMRC Automotive Interiors Spain, S.L.U. and Samvardhana Motherson Reydel Automotive Parts Holding, S.L.U. have been integrated into the tax group.

The reconciliation of net income and expenses for the year with tax results is as follows:

03.31.2021	Income statement		
	Increase	Decrease	
Profit/(loss) before tax			2,148
Permanent differences	138	-	138
Temporary differences:			
- arising during the year	2,135	-	2,135
- arising in prior years	-	(2,183)	(2,183)
Tax result			<u>2,238</u>

03.31.2020	Income statement		
	Increase	Decrease	
Profit/(loss) before tax			4,691
Permanent differences	-	-	-
Temporary differences:			
- arising during the year	2,131	-	2,131
- arising in prior years	-	(1,615)	(1,615)
Tax result			<u>5,207</u>

The reconciliation between income tax expense and the result of multiplying total recognized income and expenses by applicable tax rates is as follows:

	03.31.2021	03.31.2020
Income and expenses for the year before tax	2,148	4,691
Tax charge (25%)	537	1,173
Non-deductible expenses	35	-
Deductions arisen in the year	(120)	(75)
	<u>452</u>	<u>1,098</u>

The breakdown of the income tax expense is as follows:

	03.31.2021	03.31.2020
Current income tax (net of deductions applied)	437	1,225
Deferred tax (Nota 13)	15	(127)
	<u>452</u>	<u>1,098</u>

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The Company has recognized as current income tax the result of applying a 25% tax rate on the taxable profit and reduce it by 122 thousand euros (77 thousand euros in the prior year) due to deductions applied in the year. As indicated in Note 3.8, the Company files taxes under a consolidated tax scheme with its parent company SMP Automotive Technology Ibérica, S.L.U. Consequently, the result of the income tax return has been recognized as a payable balance to said company (Note 18.c), after adding the debit balance received for the payments on account made in the year amounting to 162 thousand euros (In 2020 the payments on account made during the year were discounted for an amount of 664 thousand).

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the inspection period has expired. The Company is open to inspection for the following taxes:

Tax Period

Income tax	2017-2020
Value added tax	2018-2021
Personal Income Tax	2018-2021

As a result, amongst other things, of the varying possible interpretations of prevailing tax legislation, additional tax liabilities could arise in the event of a tax inspection. The directors consider, however, that these liabilities, if any, would not significantly affect the financial statements.

16. Finance result

	<u>03.31.2021</u>	<u>03.31.2020</u>
Finance income:		
From marketable securities and long-term receivables		
- Group companies and associates (Note 18)	177	659
	<u>177</u>	<u>659</u>
Finance costs:		
Third-party borrowings	(322)	(619)
	<u>(322)</u>	<u>(619)</u>
Exchange gains (losses)	<u>39</u>	<u>14</u>
Finance result	<u>(106)</u>	<u>54</u>

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17. Board of Directors and senior management

a) Remuneration paid to members of the board of directors and senior management

During the years ended March 31, 2021 and 2020 the Directors of the Company did not receive any remuneration. At March 31, 2021 and 2020 they have not been granted any advance or loan, nor has the Company any pension plans or life insurance policies for them.

Senior Management duties are carried out by the Sole Shareholder and in the years ended March 31, 2021 and 2020 their remuneration is included as part of the charges received from the Sole Shareholder and recorded in the external services heading shown in the table transactions with the Group in Note 18.

Liability insurance premiums paid by the Company on behalf of the Directors in the years ended March 31, 2021 and 2020 are included in the charges received from the Group and recorded in the external services heading shown in the table transactions with the Group in Note 18.

b) Conflicts of interest that the Directors may have

In order to avoid situations that may represent a conflict of interest with the Company, during the year the directors who have held positions in the Board of Directors have met the obligations established in article 228 of the consolidated text of the Spanish Corporate Enterprises Act. Additionally, both they and their related parties have refrained themselves from incurring in any situations that may represent a conflict of interest as established in article 229 of the aforementioned act, except in the cases for which the corresponding authorization has been obtained.

18. Other related-party transactions

a) Purchase of goods, services received and interest

	<u>03.31.2021</u>	<u>03.31.2020</u>
Services received:		
- Parent Company	(1,334)	(1,403)
- Other group companies	411	(505)
Accrued interest income:		
- Parent Company (Note 16)	177	659

The goods purchased and services received by the Company from other group companies are directly related to the Company's own activity.

The services received from the Parent Company mainly relate to charges for corporate services.

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b) Year-end balances arising from funding, purchases of goods and services

	03.31.2021	03.31.2020
Accounts receivable from related parties:		
- Parent Company (Note 9)	46,500	27,500
- Other group companies (Note 9)	132	178
	46,632	27,678
Accounts payable to related parties:		
- Parent Company:		
Income tax payable balance (Note 15)	599	561
Trade payable balance	2,448	489
- Other group companies	9	55
	3,056	1,105

c) Transactions between the Company and its Sole Shareholder

The Company files taxes under a consolidated tax scheme, with SMP Automotive Technology Ibérica, S.L.U. as the tax group parent. Additionally, the Company enters into certain trade and financial transactions with it under a service contract. As described in Note 9, a credit facility has been granted to the parent as well.

19. Information on environmental issues

The breakdown of property, plant and equipment items aimed at minimizing environmental impact is as follows:

	03.31.2021			03.31.2020		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Machinery	14	(3)	11	7	(2)	5
	14	(3)	11	7	(2)	5

Expenses incurred by the Company for environmental activities during the year ended March 31, 2021 amounted to 162 thousand euros (2020: 110 thousand euros).

The Company's directors consider that any potential contingencies arising in connection with environmental matters are adequately covered by their third party liability insurance policies.

No environmental grants have been received during the current year.

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20. Audit fees

The fees paid during the year ended March 31, 2021 for audit services amounted to 56 thousand euros (2020: 62 thousand euros).

No fees were paid during the year ended March 31, 2021 to other companies that use the EY brand name (none were paid in the prior year, either).

21. Guarantees

On June 6, 2017 the company Samvardhana Motherson Automotive Systems Group, B.V. issued Senior Secured Notes for an amount of 300 million euros maturing in 2024, of which the Company is the guarantor.

On August 17, 2018 the credit line that the company Samvardhana Motherson Automotive Systems Group, B.V. had signed on June 20, 2017 (RCF Agreement) for an amount of 450 million euros was extended by 75 million euros. The Company is also de guarantor of the said extension.

Additionally, on September 14, 2018 the company Samvardhana Motherson Automotive Systems Group, B.V. acted as the borrower of a new credit line ("New Term Facilities Agreement") amounting to 60 million USD, and the Company acted as guarantor thereof.

22. Subsequent events

No events have occurred after the balance sheet date that may have a significant impact on the financial statements and that have not been included herein.

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Management report for the year ended March 31, 2021

The Company's activity during the year comprised between April 1, 2020 and March 31, 2021 continues to be focused on the assembly and supply of cockpit modules for the automotive industry.

In 2020 world production of vehicles decreased to 77.6 million units, 15.5% fewer than in the prior year, as a result of the impact of Covid-19 on supply chains and consumption. By region, the largest volume was recorded in Asia-Oceania, where despite the decrease of 5 million units (-10.2%), 44.3 million units were manufactured. In this region, the main manufacturer was China, where 25.2 million units were produced, which means a reduction of just 0.5 million units (-2%), followed by Japan, which decreased by 16.7% and produced a total of 8.1 million units, and India, which dropped by 25% and produced 3.4 million units. The European Union, which decreased by 4.2 million units (-23.5%) reached a volume of 13.8 million units. The rest of Europe reached a production volume of 3.1 million units. Americas, with a total of 15.7 million units produced, also showed a downward performance, with a decrease of 1 million units in South America (-30.4%) concentrated in Brazil, and a drop in NAFTA (-20.5%), where the USA decreased by 2 million units (-19%) and 0.5 million units were lost in Canada (-28.2%). Africa, with a 35.3% drop, decreased by 0.4 million units produced to 0.7 million euros produced.

Spain retained the second position in the European Union classification with a total volume of 2.3 million units produced, which means a 19.6% reduction in comparison with the prior year. Exports have accounted for 92.8% of production and amount to 2 million units decreasing by 15.5% in 2020. Germany has decreased its purchases of Spanish cars by 19.6% whereas the United Kingdom has reduced its orders by 26.1%. Italy has decreased its acquisitions of Spanish cars by 9.9%. France has also reduced its purchases by 9.1%. These four markets account for more than 64.1% of total exports. For the other markets the Turkish market should be highlighted, as it has been the fifth largest destination, with a 101.9% growth up to 71,791 vehicles sent.

As a result of the pandemic, in 2020 Spanish GDP decreased by 10.8%, unemployment rate increased up to 16.2% and inflation was -0.5%. 0.85 million passenger cars were registered, a 32.3% decrease due to the drop in the private vehicles channel (-27.1%), companies (-24.4%) and the car rentals market (59.7%).

During 2020-21 SMP Barcelona invested 0.3 million euros in property, plant and equipment items (new Leon 38x project). R&D&I activities were carried out for an amount of 1.2 million euros.

Sales amounted to 19.7 million euros and operating profit amounted to 2.3 million euros.

Headcount at year end was 335 employees, similar to last year's.

During 2020-21 no transactions with treasury shares were carried out.

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Management report for the year ended March 31, 2021

The cash flow generated by SMP Barcelona amounted to 2.6 million euros, which allowed the Company to fund investments, meet working capital needs and improve its financial position. The average payment period for trade transactions was 31 days. No significant events occurred after the balance sheet date that may have a material impact on the financial statements of SMP Barcelona.

SMP Barcelona continued building up trust among its customers and secured new orders that will allow it to retain its industry leadership.

The economic indicators for Spanish economy in 2021 show that GDP will grow by around 5.9% and exports will increase by 10.2%. Domestic demand will maintain a pace of growth of around 5.1% and it is expected that as mobility increases the sale of vehicles will perform well as an alternative to public transport. The European Association of Car Manufacturers estimates a 10% growth in vehicles sold for 2021, although evolution will depend on the evolution of the pandemic and vaccination in the coming months, as well as on the Spanish and international economic agents' capacity to respond and adapt to this situation.

The production, employment and financial measures adopted by the Company in 2020 allow it to face the recovery of sales from a good equity position.

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Authorization for issue of the financial statements for the year ended March 31, 2021 and
Management report for the year ended March 31, 2021

In compliance with article 253 of the Spanish Corporate Enterprises Act and article 37 of the Spanish Code of Commerce, on May 7, 2021 the Board of Directors of Samvardhana Motherson Peguform Barcelona, S.L.U. authorize for issue the financial statements and management report for the year ended March 31, 2021, consisting of the foregoing documents.

Andreas Heuser
Chairman

Peter Vollprecht
Board member

Cezary Zawadzinski
Board member

Miguel Pelayo
Secretary, non-board member

For identification purposes, the secretary non-board member of the Board of Directors, Mr. Miguel Pelayo, hereby signs all the pages of the financial statements and management report as delegated by the Company's directors.