

# PKC Group Oy

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Financial Statements 1.4.2018 – 31.3.2019

## Report by the Board of Directors and Financial Statements

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The financial statements is archived for at least 10 years after the end of the financial year (KPL 2:10).  
Supporting documentation of the financial year shall be archived for at least 6 years from the end of the year in which the financial year has ended.

## Report by the Board of Directors 1.4.2018-31.3.2019

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PKC Group Oy leads and supports its subsidiaries business.

PKC Group Oy's business has consisted of providing services to other Group entities.

### Net sales and profitability

PKC Group's net sales were EUR 1,2 million (EUR 1,4 million), down 19,2 % on the previous year. The company's net sales consist of intra-group service sales.

The company's equity ratio at the end of the financial year was 35,9 % (38,2 %). Return on equity (ROE) was -2,1 % (-5,3 %) and return on investment (ROI) 0,2 % (-2,1 %).

### Personnel

The average number of employees during the financial year was 21 (23). At the end of the financial year, the number of employees was 19 (23).

At the end of the financial year personnel expenses totalled was EUR 2,3 million (EUR 8,3 million).

### Company's Management and Auditors

PKC Group Oy's President & CEO is Pankaj Mital.

Company's Board of Directors consisted of Matti Ruotsala (Chairman), Gaya Nand Gauba, Andreas Heuser, Robert J. Remenar, Vivek Chaand Sehgal and Pankaj Mital (CEO).

The company's auditor is Ernst & Young Oy, with principal responsibility APA Jari Karppinen.

### Estimated future development

PKC Group Oy's operations continue as the Group's parent company, which manages and supports the operations of its subsidiaries.

### Board of Directors' proposal for profit distribution

The company's distributable funds are EUR 112,3 million, of which EUR 40,5 million are distributable. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.85 per share be paid for a total of EUR 20.5 million and that the remainder of the distributable funds be transferred to shareholder's equity. The dividend payment will be settled at the Annual General Meeting held after the end of the financial year. The company's liquidity is good and in the opinion of the Board of Directors the proposed dividend will not put the company's solvency at risk.

### Key Indicators for the company's financial position and earnings

<b>EUR</b>	<b>2018-2019</b>	<b>2017-2018</b>
Net sales	1 155 648	1 430 855
Operating profit/loss	-5 184 880	-17 327 391
% net sales	-448,7 %	-1211,0 %
Return on equity (ROE), %	-2,1 %	-5,3 %
Return on investment (ROI), %	0,2 %	-2,1 %
Equity ratio, %	37,8 %	38,2 %

### Calculation of key indicators

Return on equity (%) (ROE)	100 x	$\frac{\text{Profit/loss for the financial year - appropriations}}{\text{Total equity (average)}}$
Return on investment (%) (ROI)	100 x	$\frac{\text{Profit before appropriations and taxes + financial expenses}}{(\text{Total Equity} + \text{interest bearing financial liabilities}) \text{ (average)}}$
Equity ratio (%)	100 x	$\frac{\text{Total equity}}{\text{Total of balance sheet - advance payments received}}$

## Income Statement

EUR	Note	1.4.2018-31.3.2019	1.1.2017-31.3.2018
<b>Net sales</b>	1	<b>1 155 648</b>	<b>1 430 855</b>
Other operating income	2	2 884 521	3 440 834
Staff expenses	3	-2 357 610	-8 303 418
Depreciation, amortisation and impairment	7	-148 999	-337 027
Other operating expenses	4	-6 718 440	-13 558 635
<b>Operating profit/loss</b>		<b>-5 184 880</b>	<b>-17 327 391</b>
Interest and other financial income	5	5 859 997	7 965 217
Interest and other financial expenses	5	-3 430 733	-6 626 677
Foreign exchange differences	5	-36 911	-30 160
<b>Financial income and expenses</b>		<b>2 392 354</b>	<b>1 308 380</b>
<b>Profit/loss before appropriations and taxes</b>		<b>-2 792 526</b>	<b>-16 019 011</b>
Change in cumulative accelerated depreciation		0	-14 368
Group contribution		10 300 000	0
<b>Appropriations</b>		<b>10 300 000</b>	<b>-14 368</b>
Income taxes	6	0	6 565 611
<b>Profit/loss for the financial year</b>		<b>7 507 474</b>	<b>-9 467 768</b>

## Balance Sheet

EUR	Note	31.3.2019	31.3.2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	7	320 645	199 802
Tangible assets	7	12 056	22 764
Investments	8	63 838 404	63 838 404
<b>Total non-current assets</b>		<b>64 171 105</b>	<b>64 060 970</b>
<b>Current assets</b>			
Long-term receivables	9	200 672 583	210 685 499
Short-term receivables	10	53 982 291	72 897 416
Cash and cash equivalents		24 325 857	16 328 262
<b>Total current assets</b>		<b>278 980 731</b>	<b>299 911 177</b>
<b>Total assets</b>		<b>343 151 836</b>	<b>363 972 147</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	6 218 429	6 218 429
Share premium account		11 281 570	11 281 570
Invested non-restricted equity fund		71 775 572	71 775 573
Retained earnings		32 982 869	59 338 408
Profit for the financial year		7 507 474	-9 467 768
<b>Total equity</b>		<b>129 765 914</b>	<b>139 146 211</b>
<b>Liabilities</b>			
Non-current liabilities	12	71 835 000	12 100 000
Current liabilities	13	141 550 922	212 725 936
<b>Total liabilities</b>		<b>213 385 922</b>	<b>224 825 936</b>
<b>Total equity and liabilities</b>		<b>343 151 836</b>	<b>363 972 147</b>

## Cash Flow Statement

EUR	1.4.2018 -31.3.2019	1.1.2017 -31.3.2018
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1 150 278	1 436 224
Cash receipts from other operating income	3 023 365	3 424 793
Cash paid to suppliers and employees	-9 672 190	-21 801 067
<b>Cash flows from operations before financial income and expenses and taxes</b>	<b>-5 498 547</b>	<b>-16 940 050</b>
Interest paid	-5 594 417	-6 291 990
Translation difference	912	-1 107
Interest received and other financial income	5 819 448	6 851 626
Income taxes paid	-23 517	-1 491 305
<b>Net cash from operating activities (A)</b>	<b>-5 296 121</b>	<b>-17 872 826</b>
<b>Cash flows from investing activities</b>		
Acquisitions of tangible and intangible assets	-259 134	-125 988
Loans granted to subsidiaries	-8 488 734	-34 972 674
Proceeds from payments of loan receivables	46 788 600	9 533 858
<b>Net cash used in investing activities (B)</b>	<b>38 040 732</b>	<b>-25 564 804</b>
<b>Cash flows from financial activities</b>		
Change of own shares	0	2 747 109
Proceeds from current borrowings	141 776 111	222 801 776
Proceeds from non-current borrowings	80 000 000	12 100 000
Repayment of current/non-current borrowings	-229 635 358	-225 533 912
Received group contributions and dividends	0	29 178 836
Dividends paid	-16 887 771	0
<b>Net cash used in financial activities (C)</b>	<b>-24 747 018</b>	<b>41 293 809</b>
<b>Net increase (+) or decrease (-) in cash and cash equivalents (A+B+C)</b>	<b>7 997 593</b>	<b>-2 143 821</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>16 328 262</b>	<b>18 472 083</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>24 325 857</b>	<b>16 328 262</b>

## Company Information

PKC Group Oy is a Finnish limited company, domiciled in Helsinki, Finland. The registered address is Bulevardi 21, 00180 Helsinki. Company's business ID is 0972280-0.

In 2017, PKC Group Oy's shares have been transferred to MSSL Estonia WH OÜ, the parent company of the company. The company is part of the Samvardhana Motherson Group.

PKC Group Oy is the parent company of the PKC Group. At the balance sheet date, March 31<sup>st</sup>, 2019 the Group consisted of 37 companies. The figures of PKC Group Oy and its subsidiaries have been consolidated into the consolidated financial statements of MSSL Estonia WH OÜ. Separate consolidated financial statements have not been prepared for PKC Group Oy on the basis of Chapter 6, 1 § of the Accounting Act.

## Business Description

PKC Group Oy manages and supports the operations of its subsidiaries. The company's net sales consist of intra-group services sales.

PKC Group Oy's business has consisted of providing services to other Group companies.

## Basis of Preparation

PKC Group Oy's financial statements have been prepared in accordance with Finnish accounting and corporate legislation.

PKC Group Oy's financial year for the previous financial year has been changed from 1 April to 31 March, instead of a calendar year. With the change in the financial year, the financial year that started on 1 January 2017 continued until 31 March 2018. Thus, the financial year was 12 months with a comparison period of 15 months.

## Foreign currency items

Foreign currency transactions have been recorded at the exchange rate on the date of the transaction. Balance sheet items outstanding on the closing date of the financial period have been valued using the exchange rates of the balance sheet date. Exchange differences from the translation are recognized in the income statement.

## Fixed assets

Fixed assets are valued at the original acquisition cost less accumulated depreciation and impairment. Assets are amortized over their estimated useful lives.

Fixed assets depreciation periods:

Intangible assets	3 - 5 years
Buildings and structures	3 - 5 years
Machinery and equipment	5 - 7 years
Other tangible assets	3 - 7 years

## Shares in subsidiaries

Subsidiary shares are valued at acquisition cost, adjusted for impairment, if the subsidiary's future cash flows are less than the acquisition cost.



### **Financial instruments**

Financial instruments are valued at acquisition cost.

### **Net sales**

Net sales comprise the service revenue. Net sales are recognized for the period when the service is rendered.

### **Other operating income**

Non-operating income is recognized as other income. Services to Group companies include costs charged to Group companies, eg. telephone, IT, office and marketing and travelling expenses. Items of other operating income include inter alia gains on the sale of fixed assets and compensation from insurance companies.

### **Lease rentals**

Lease rentals have been expensed.

### **Pension expenses**

Employee pension insurance is managed by external pension insurance companies. Pension expenditure is recognized as an expense in the year in which it is incurred.

### **Direct taxes**

Direct income taxes for the financial year are recognized in the income statement on an accrual basis. Deferred tax assets have not been recognized for tax losses.

### **Derivatives and liabilities**

In the 2016 financial year, the Accounting Board's guideline (KiLa 2016 1963) introduced a method of accounting for the fair value of derivatives. In addition to realized derivative gains or losses, changes in the fair value of derivatives are recognized in profit or loss in the income statement.

## Notes to the Financial Statements

### 1. Net Sales

#### By market areas

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Finland	204 736	239 128
Other Europe	735 416	887 577
North America	215 495	304 151
<b>Total</b>	<b>1 155 648</b>	<b>1 430 856</b>

### 2. Other Operating Income

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Services to Group companies	2 883 624	3 438 788
Other income	897	2 046
<b>Total</b>	<b>2 884 521</b>	<b>3 440 834</b>

### 3. Staff Expenses

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Wages and salaries	1 913 529	7 475 055
Pension expenses	317 020	614 850
Other social security expenses	37 547	116 643
Other staff expenses	89 514	96 870
<b>Total</b>	<b>2 357 610</b>	<b>8 303 418</b>

#### Number of personnel

	<b>2018-19</b>	<b>2017-18</b>
Average number of personnel	21	23
Personnel at the end of financial year	19	23

## 4. Other Operating Expenses

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Outsourced services	1 062 555	6 846 459
Outsourced services from Group companies	1 959 586	2 117 677
IT and telecommunications expenses	2 578 129	3 036 726
Administrative expenses	212 594	0
Travelling expenses	395 552	495 574
Facility expenses	75 232	249 972
Insurances	192 421	690 100
Vehicle expenses	39 582	33 426
Other maintenance expenses	22 154	27 683
Other items	72 022	8 018
Auditors' fees	108 613	53 000
<b>Total</b>	<b>6 718 440</b>	<b>13 558 635</b>

## Auditors' fees (Ernst &amp; Young and S.R. Batliboi &amp; Co. LLP)

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Audit fees	108 613	53 000
<b>Total</b>	<b>108 613</b>	<b>53 000</b>

## 5. Financial Income and Expenses

### Interest and other financial income

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Interest and other financial income from Group companies	5 503 874	6 976 542
Interest and other financial income	356 124	988 675
Foreign exchange gains		
from trade payables	0	30 173
from raw material derivatives	1 574	0
<b>Total</b>	<b>5 861 571</b>	<b>7 995 774</b>

### Interest and other financial expenses

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Interest and other financial expense from Group companies	-177 634	-189 091
Interest and other financial expenses	-3 254 011	-6 437 586
Foreign exchange losses		
from trade payables	-36 911	-1 975
from raw material derivatives	0	-57 251
from other financial instruments	-662	-1 107
<b>Total</b>	<b>-3 469 218</b>	<b>-6 687 010</b>
<b>Total financial income and expenses</b>	<b>2 392 354</b>	<b>1 308 264</b>

## 6. Income Taxes

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Adjustments for prior years	0	6 565 611
<b>Total</b>	<b>0</b>	<b>6 565 611</b>

## 7. Non-Current Assets

## Intangible assets

<b>EUR</b>	<b>Intangible rights</b>	<b>Acquisitions in progress</b>	<b>Total</b>
Acquisition cost 1.4.2018	2 845 291	3 131	2 848 215
+ Additions	0	259 134	259 134
+/- Reclassifications	61 692	-61 692	0
Acquisition cost 31.3.2019	2 906 983	200 572	3 107 555
Accumulated amortisation and impairments 1.4.2018	2 648 620	0	2 648 620
+ Amortisation	138 290	0	138 290
Accumulated amortisation and impairments 31.3.2019	2 786 910	0	2 786 910
<b>Carrying amount 31.3.2019</b>	<b>120 073</b>	<b>200 572</b>	<b>320 645</b>
Carrying amount 31.3.2018	196 671	3 131	199 595

## Tangible assets

<b>EUR</b>	<b>Buildings and constructions</b>	<b>Machinery and equipment</b>	<b>Other tangible assets</b>	<b>Total</b>
Acquisition cost 1.4.2018	136 971	1 114 318	115 912	1 367 201
Acquisition cost 31.3.2019	136 971	1 114 318	115 912	1 367 201
Accumulated depreciation and impairments 1.4.2018	129 227	1 114 318	100 892	1 344 437
+ Depreciation	3 872	0	6 837	10 709
Accumulated depreciation and impairments 31.3.2019	133 099	1 114 318	107 729	1 355 146
<b>Carrying amount 31.3.2019</b>	<b>3 872</b>	<b>0</b>	<b>8 183</b>	<b>12 055</b>
Carrying amount 31.3.2018	7 744	0	15 020	22 764

## 8. Investments

<b>EUR</b>	<b>Shares of subsidiaries</b>	<b>Other investments</b>	<b>Total</b>
Acquisition cost 1.4.2018	63 790 641	47 763	63 838 404
Acquisition cost 31.3.2019	63 790 641	47 763	63 838 404
<b>Carrying amount 31.3.2019</b>	<b>63 790 641</b>	<b>47 763</b>	<b>63 838 404</b>
Carrying amount 31.3.2018	63 790 641	47 763	63 838 404

## Subsidiaries

<b>Company</b>	<b>Registered office</b>	<b>Parent's holding, %</b>	<b>Parent's vote, %</b>
PKC Wiring Systems Oy	Wiring Systems Kempele, Finland	100	100
PKC Netherlands B.V	Electronics Eindhoven, The Netherlands	100	100

## 9. Long-term Receivables

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Loan receivables from Group companies	200 671 483	210 671 483
Other non-current receivables	1 100	14 016
<b>Total</b>	<b>200 672 583</b>	<b>210 685 499</b>

## 10. Short-term Receivables

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Other receivables	140 436	138 311
Prepayments and accrued income	436 887	1 213 782
Receivables from Group companies		
Interest-bearing loan receivables	41 679 368	69 979 234
Trade receivables	245 128	383 972
Prepayments and accrued income of financial items	1 180 472	1 182 117
<b>Total</b>	<b>43 682 291</b>	<b>72 897 416</b>

## Prepayments and accrued income

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
of staff expenses	52 869	17 560
of other operating expenses	195 679	1 031 401
of taxes	188 339	164 821
<b>Total</b>	<b>436 887</b>	<b>1 213 782</b>

## 11. Equity

## Restricted equity

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Share capital at the beginning of the financial year	6 218 429	6 218 429
<b>Share capital at the end of the financial year</b>	<b>6 218 429</b>	<b>6 218 429</b>
Share premium account at the beginning of the financial year	11 281 570	11 281 570
<b>Share premium account at the end of the financial year</b>	<b>11 281 570</b>	<b>11 281 570</b>
<b>Total restricted equity</b>	<b>17 499 999</b>	<b>17 499 999</b>

## Distributable equity

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Invested non-restricted equity fund at the beginning of the financial year	71 775 573	71 285 333
Increase (+)/ decrease (-) in invested non-restricted equity fund	0	490 240
<b>Invested non-restricted equity fund at the end of the financial year</b>	<b>71 775 573</b>	<b>71 775 573</b>
Retained earnings at the beginning of the financial year	49 870 640	57 081 539
Dividends paid	-16 887 771	0
Change of treasury shares	0	2 256 869
<b>Retained earnings at the end of the financial year</b>	<b>32 982 869</b>	<b>59 338 408</b>
Profit for the financial year	7 507 473	-9 467 768
<b>Distributable equity at the end of the financial year</b>	<b>112 265 914</b>	<b>121 646 325</b>
<b>Total equity</b>	<b>129 765 913</b>	<b>139 146 324</b>

## Statement of distributable funds

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Retained earnings	32 982 869	59 338 520
Profit for the financial year	7 507 473	-9 467 768
Invested non-restricted equity fund	71 775 572	71 775 573
<b>Total</b>	<b>112 265 914</b>	<b>121 646 325</b>



## 12. Non-Current Liabilities

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Loans from MSSL	60 000 000	0
To Group companies		
Interest-bearing borrowings	11 835 000	12 100 000
<b>Total non-current liabilities</b>	<b>71 835 000</b>	<b>12 100 000</b>
of which interest-bearing	71 835 000	12 100 000

Loans falling due later than five years do not exist.

## 13. Current Liabilities

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
Bond	0	97 297 000
Loans from financial institutions	11 000 000	33 000 000
Interest-bearing commercial papers	65 000 000	45 000 000
Trade payables	517 046	666 209
Accruals and deferred income	1 017 243	4 216 373
Other liabilities	38 904	251 807
To Group companies		
Interest-bearing cash pool	63 517 614	31 814 860
Trade payables	410 974	429 445
Accruals and deferred income from financial expenses	49 142	50 242
<b>Total</b>	<b>141 550 922</b>	<b>212 725 936</b>

## Accruals and deferred income

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
from staff expenses	511 115	566 523
from other operating expenses	158 321	1 098 177
from financial items	347 807	2 551 672
<b>Total</b>	<b>1 017 243</b>	<b>4 216 372</b>

## Other liabilities

<b>EUR</b>	<b>2018-19</b>	<b>2017-18</b>
from staff expenses	38 904	246 437
from taxes	0	5 370
<b>Total</b>	<b>38 904</b>	<b>251 807</b>

## 14. Commitments and Other Obligations

## Other liabilities

<b>EUR 1,000</b>	<b>2018-19</b>	<b>2017-18</b>
Given on behalf of other Group companies	9 156 845	11 522 128
<b>Total</b>	<b>9 156 845</b>	<b>11 522 128</b>

## Lease obligations related to current premises

<b>EUR 1,000</b>	<b>2018-19</b>	<b>2017-18</b>
For the current financial period	161 724	147 272
Falling due at a later date	0	142 588
<b>Total</b>	<b>161 724</b>	<b>289 860</b>

## Other lease obligations

<b>EUR 1,000</b>	<b>2018-19</b>	<b>2017-18</b>
For the current financial period	27 509	11 797
Falling due at a later time	19 078	25 002
<b>Total</b>	<b>46 587</b>	<b>36 799</b>

## Board of Director's Proposal for the Profit Distribution

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The company's profit for the financial year is EUR 7,507,474. Company's distributable equity is EUR 112,265,914 of which EUR 40 490 342 is distributable as dividends, including the net profit for the financial year EUR 7,507,473. There are 24,125,387 shares with dividend rights.

The Board of Directors proposes to the Annual General Meeting that the distributable funds be disposed as follows:

- A dividend of EUR 0.85 per share be paid, totalling	EUR 20,506,579
- The remaining be retained in shareholders' equity	EUR 91,759,335
Total	EUR 112,265,914

The dividend payment will be settled at the Annual General Meeting held after the end of the financial year.

The company's liquidity is good and in the opinion of the Board of Directors the proposed dividend will not put the company's solvency at risk.

Amsterdam, 21 of May 2019

Matti Ruotsala  
Chairman of the Board of Directors

Gaya Nand Gauba  
Board member

Andreas Heuser  
Board member

Robert J. Remenar  
Board member

Vivek Chaand Sehgal  
Board member

Pankaj Mital  
CEO  
Board member

**Auditor's Note**

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A report of the audit has been submitted today.

Ernst & Young Oy  
Authorised Public Accountants

Jari Karppinen  
APA

## List of Accounting Books

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Journals	electronic archive
General ledger	electronic archive
Account payable	electronic archive
Accounts receivable	electronic archive
Payroll	electronic archive
Balance sheet book	electronic archive
Itemisations of balance sheet	electronic archive