

# PKC Group Oy

---

Financial Statements 1.4.2019 – 31.3.2020

## Report by the Board of Directors and Financial Statements

---

Report by the Board of Directors	3
Income Statement	5
Balance Sheet	6
Cash flow Statement	7
Basis of Preparation and Accounting Policies	8
Notes to the Financial Statements	10
Signatures of Report by the Board of Directors and Financial Statements	18
The Auditor's Note	19
List of Accounting Books	20
Attachment: Auditor's Report	

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 1.4.2019-31.3.2020

---

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 1,0 million (EUR 1,2 million), down 9,4 % 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 36,6 % (37,8 %). Return on equity (ROE) was 4,4 % (-2,1 %) and return on investment (ROI) 2,1 % (0,2 %).

### Personnel

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

At the end of the financial year personnel expenses totalled was EUR 2,8 million (EUR 2,3 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 105,4 million, of which EUR 33,7 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>2019-2020</b>	<b>2018-2019</b>
Net sales	1 046 667	1 155 648
Operating profit/loss	-5 114 253	-5 184 880
% net sales	-488,6 %	-448,7 %
Return on equity (ROE), %	4,4 %	-2,1 %
Return on investment (ROI), %	2,1 %	0,2 %
Equity ratio, %	36,6 %	37,8 %

### 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	$\frac{\text{Profit before appropriations and taxes + financial expenses}}{\text{(Total Equity + interest bearing financial liabilities) (average)}}$
Equity ratio (%)	100 x	$\frac{\text{Total equity}}{\text{Total of balance sheet - advance payments received}}$

## Income Statement

EUR	Note	1.4.2019-31.3.2020	1.4.2018-31.3.2019
<b>Net sales</b>	1	<b>1 046 667</b>	<b>1 155 648</b>
Other operating income	2	2 723 254	2 884 521
Staff expenses	3	-2 816 937	-2 357 610
Depreciation, amortisation and impairment	7	-125 482	-148 999
Other operating expenses	4	-5 941 756	-6 718 440
<b>Operating profit/loss</b>		<b>-5 114 254</b>	<b>-5 184 880</b>
Interest and other financial income	5	12 236 272	5 859 997
Interest and other financial expenses	5	-1 478 314	-3 430 733
Foreign exchange differences	5	-19 707	-36 911
<b>Financial income and expenses</b>		<b>10 738 251</b>	<b>2 392 354</b>
<b>Profit/loss before appropriations and taxes</b>		<b>5 623 997</b>	<b>-2 792 526</b>
Group contribution	5	8 100 000	10 300 000
<b>Appropriations</b>		<b>8 100 000</b>	<b>10 300 000</b>
Income taxes	6	-16 614	0
<b>Profit/loss for the financial year</b>		<b>13 707 383</b>	<b>7 507 474</b>

## Balance Sheet

EUR	Note	31.3.2020	31.3.2019
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	7	359 739	320 645
Tangible assets	7	72 151	12 056
Investments	8	58 836 903	63 838 404
<b>Total non-current assets</b>		<b>59 268 793</b>	<b>64 171 105</b>
<b>Current assets</b>			
Long-term receivables	9	164 172 583	200 672 583
Short-term receivables	10	80 936 176	53 982 291
Cash and cash equivalents		31 287 576	24 325 857
<b>Total current assets</b>		<b>276 396 335</b>	<b>278 980 731</b>
<b>Total assets</b>		<b>335 665 128</b>	<b>343 151 836</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	71 775 572
Retained earnings		19 983 764	32 982 869
Profit for the financial year		13 707 383	7 507 474
<b>Total equity</b>		<b>122 966 718</b>	<b>129 765 913</b>
<b>Liabilities</b>			
Non-current liabilities	12	33 000 000	71 835 000
Current liabilities	13	179 698 410	141 550 922
<b>Total liabilities</b>		<b>212 698 410</b>	<b>213 385 922</b>
<b>Total equity and liabilities</b>		<b>335 665 128</b>	<b>343 151 835</b>

## Cash Flow Statement

	FY20	FY19
<b>Cash flows from operations</b>		
<b>Profit (loss) before extraordinary items</b>	5 623 997	-2 792 527
Adjustments:		
Depreciation and amortisation according to plan	125 482	148 999
Financial income and expenses	-10 757 958	-2 429 265
Other income or expenses presented in investments	-15 138	0
<b>Cash flows before change in working capital</b>	<b>-5 023 617</b>	<b>-5 072 793</b>
<b>Change in working capital</b>		
Change in current non-interest bearing receivables	158 423	928 175
Change in current non-interest bearing liabilities	-339 787	-3 580 766
<b>Cash flows from operations before financial items and taxes</b>	<b>-5 204 981</b>	<b>-7 725 384</b>
Interests paid and other financial expenses	5 192 589	-3 430 733
Interests received and other financial income	-1 478 314	5 859 997
<b>Cash flows from operations</b>	<b>-1 490 706</b>	<b>-5 296 120</b>
<b>Cash flows from investments</b>		
Investments in intangible and tangible assets	-224 672	-259 134
Proceeds from sale of tangible and intangible assets	7 043 682	0
Disposals of subsidiaries	5 001 501	0
Loans granted	-33 340 673	-8 488 734
Repayments of loan receivables	40 528 365	46 788 600
<b>Cash flows from investments</b>	<b>19 008 203</b>	<b>38 040 732</b>
<b>Cash flows from financial activities</b>		
Dividends paid	-20 506 579	-16 887 771
Proceeds from non-current borrowings	0	80 000 000
Repayment of non current-borrowings	-38 835 000	-117 562 000
Proceeds from current borrowings	75 681 209	141 776 111
Repayment of current borrowings	-37 195 410	-112 073 358
Received group contribution	10 300 000	0
<b>Cash flows from financial income and expenses</b>	<b>-10 555 780</b>	<b>-24 747 018</b>
<b>Change in cash</b>	<b>6 961 717</b>	<b>7 997 594</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>24 325 857</b>	<b>16 328 262</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>31 287 576</b>	<b>24 325 857</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>, 2020 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.

## 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>2019-20</b>	<b>2018-19</b>
Finland	180 019	204 736
Other Europe	562 458	735 416
North America	304 190	215 495
<b>Total</b>	<b>1 046 667</b>	<b>1 155 648</b>

## 2. Other Operating Income

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
Services to Group companies	2 721 933	2 883 624
Other income	1 322	897
<b>Total</b>	<b>2 723 254</b>	<b>2 884 521</b>

## 3. Staff Expenses

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
Wages and salaries	2 318 568	1 913 529
Pension expenses	314 662	317 020
Other social security expenses	42 234	37 547
Other staff expenses	141 473	89 514
<b>Total</b>	<b>2 816 937</b>	<b>2 357 610</b>

## Number of personnel

	<b>2019-20</b>	<b>2018-19</b>
Average number of personnel	21	21
Personnel at the end of financial year	21	19

## 4. Other Operating Expenses

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
Outsourced services	458 265	1 062 555
Outsourced services from Group companies	1 750 514	1 959 586
IT and telecommunications expenses	2 320 720	2 578 129
Administrative expenses	533 664	212 594
Travelling expenses	199 754	395 552
Facility expenses	70 072	75 232
Insurances	268 639	192 421
Vehicle expenses	24 796	39 582
Other maintenance expenses	90 078	22 154
Other items	77 112	72 022
Auditors' fees	148 142	108 613
<b>Total</b>	<b>5 941 756</b>	<b>6 718 440</b>

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

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
Audit fees	148 142	108 613
<b>Total</b>	<b>148 142</b>	<b>108 613</b>

## 5. Financial Income and Expenses

## Interest and other financial income

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
Gains of disposal of subsidiary shares	7 043 682	0
Interest and other financial income from Group companies	5 192 411	5 503 874
Interest and other financial income	178	356 124
Foreign exchange gains		
from trade payables	1 617	0
from other financial instruments	13	1 574
<b>Total</b>	<b>12 237 902</b>	<b>5 861 571</b>

## Interest and other financial expenses

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
Interest and other financial expense from Group companies	-67 144	-177 634
Interest and other financial expenses	-1 411 183	-3 254 011
Foreign exchange losses		
from trade payables	-21 324	-36 911
from other financial instruments	0	-662
<b>Total</b>	<b>-1 499 651</b>	<b>-3 469 218</b>
<b>Total financial income and expenses</b>	<b>10 738 251</b>	<b>2 392 354</b>

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
Group contribution	8 100 000	10 300 000
<b>Total</b>	<b>8 100 000</b>	<b>10 300 000</b>

#### 6. Income Taxes

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
Income taxes for the financial year	-1 476	0
Adjustments for prior years	-15 138	0
<b>Total</b>	<b>-16 614</b>	<b>0</b>

## 7. Non-Current Assets

## Intangible assets

EUR	Intangible rights	Acquisitions in progress	Total
Acquisition cost 1.4.2019	2 906 983	200 572	3 107 555
+ Additions	1 632	138 422	140 054
+/- Reclassifications	320 681	-320 681	0
Acquisition cost 31.3.2020	3 229 297	18 313	3 247 609
Accumulated amortisation and impairments 1.4.2019	2 786 910	0	2 786 910
+ Amortisation	100 960	0	100 960
Accumulated amortisation and impairments 31.3.2020	2 887 870	0	2 887 870
<b>Carrying amount 31.3.2020</b>	<b>341 427</b>	<b>18 313</b>	<b>359 739</b>
Carrying amount 31.3.2019	120 073	200 572	320 645

## Tangible assets

EUR	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.4.2019	136 971	1 114 318	115 912	1 367 201
+ Additions	0	84 617	0	84 617
Acquisition cost 31.3.2020	136 971	1 198 935	115 912	1 451 818
Accumulated depreciation and impairments 1.4.2019	133 099	1 114 318	107 728	1 355 145
+ Depreciation	3 872	14 103	6 547	24 522
Accumulated depreciation and impairments 31.3.2020	136 971	1 128 421	114 275	1 379 667
<b>Carrying amount 31.3.2020</b>	<b>0</b>	<b>70 514</b>	<b>1 637</b>	<b>72 151</b>
Carrying amount 31.3.2019	3 872	0	8 183	12 055

## 8. Investments

EUR	Shares of subsidiaries	Other investments	Total
Acquisition cost 1.4.2019	63 790 641	47 763	63 838 404
- Disposals	-5 001 501	0	-5 001 501
Acquisition cost 31.3.2020	58 789 140	47 763	58 836 903
<b>Carrying amount 31.3.2020</b>	<b>58 789 140</b>	<b>47 763</b>	<b>58 836 903</b>
Carrying amount 31.3.2019	63 790 641	47 763	63 838 404

## Subsidiaries

Company	Registered office	Parent's holding, %	Parent's vote, %
PKC Wiring Systems Oy	Wiring Systems Kempele, Finland	100	100

## 9. Long-term Receivables

EUR	2019-20	2018-19
Loan receivables from Group companies	164 171 483	200 671 483
Other non-current receivables	1 100	1 100
<b>Total</b>	<b>164 172 583</b>	<b>200 672 583</b>

## 10. Short-term Receivables

EUR	2019-20	2018-19
Other receivables	39 698	140 436
Prepayments and accrued income	379 368	436 887
Receivables from Group companies		
Interest-bearing loan receivables	70 991 676	41 679 368
Trade receivables	376 025	245 128
Prepayments and accrued income of financial items	9 149 410	1 180 472
<b>Total</b>	<b>80 936 177</b>	<b>43 682 291</b>

## Prepayments and accrued income

EUR	2019-20	2018-19
of staff expenses	7 980	52 869
of other operating expenses	371 388	195 679
of taxes	0	188 339
<b>Total</b>	<b>379 368</b>	<b>436 887</b>

## 11. Equity

## Restricted equity

EUR	2019-20	2018-19
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

EUR	2019-20	2018-19
Invested non-restricted equity fund at the beginning of the financial year	71 775 573	71 775 573
<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	40 490 343	49 870 640
Dividends paid	-20 506 579	-16 887 771
<b>Retained earnings at the end of the financial year</b>	<b>19 983 764</b>	<b>32 982 869</b>
Profit for the financial year	13 707 383	7 507 473
<b>Distributable equity at the end of the financial year</b>	<b>105 466 720</b>	<b>112 265 914</b>
<b>Total equity</b>	<b>122 966 719</b>	<b>129 765 913</b>

## Statement of distributable funds

EUR	2019-20	2018-19
Retained earnings	19 983 764	32 982 869
Profit for the financial year	13 707 383	7 507 473
Invested non-restricted equity fund	71 775 573	71 775 572
<b>Total</b>	<b>105 466 720</b>	<b>112 265 914</b>

## 12. Non-Current Liabilities

EUR	2019-20	2018-19
Loans from MSSL	33 000 000	60 000 000
To Group companies		
Interest-bearing borrowings	0	11 835 000
<b>Total non-current liabilities</b>	<b>33 000 000</b>	<b>71 835 000</b>
of which interest-bearing	33 000 000	71 835 000

Loans falling due later than five years do not exist.

## 13. Current Liabilities

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
Loans from financial institutions	41 000 000	11 000 000
Interest-bearing commercial papers	43 000 000	65 000 000
Trade payables	667 695	517 046
Accruals and deferred income	853 210	1 017 243
Other liabilities	29 075	38 904
To Group companies		
Interest-bearing cash pool	94 003 412	63 517 614
Trade payables	145 018	410 974
Accruals and deferred income from financial expenses	0	49 142
<b>Total</b>	<b>179 698 410</b>	<b>141 550 922</b>

## Accruals and deferred income

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
from staff expenses	549 541	511 115
from other operating expenses	116 669	158 321
from financial items	187 000	347 807
<b>Total</b>	<b>853 210</b>	<b>1 017 243</b>

## Other liabilities

<b>EUR</b>	<b>2019-20</b>	<b>2018-19</b>
from staff expenses	27 599	38 904
from taxes	1 476	0
<b>Total</b>	<b>29 075</b>	<b>38 904</b>

## 14. Commitments and Other Obligations

## Other liabilities

<b>EUR 1,000</b>	<b>2019-20</b>	<b>2018-19</b>
Given on behalf of other Group companies	7 676 267	9 156 845
<b>Total</b>	<b>7 676 267</b>	<b>9 156 845</b>

In addition PKC Group has given 26,0 million Euro guarantee related to its subsidiary's factoring agreement. Company considers that the potential guaranteed liability is immaterial.



## Lease obligations related to current premises

<b>EUR 1,000</b>	<b>2019-20</b>	<b>2018-19</b>
For the current financial period	141 735	161 724
Falling due at a later date	17 964	0
<b>Total</b>	<b>159 699</b>	<b>161 724</b>

## Other lease obligations

<b>EUR 1,000</b>	<b>2019-20</b>	<b>2018-19</b>
For the current financial period	0	27 509
Falling due at a later time	0	19 078
<b>Total</b>	<b>0</b>	<b>46 587</b>

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

---

Company's distributable equity is EUR 105,466,720 of which EUR 33,691,147 is distributable as dividends, including the net profit for the financial year EUR 13,707,383. 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 84,960,141
Total	EUR 105,466,720

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.

25th May 2020

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

---

A report of the audit has been submitted today.

Ernst & Young Oy  
Authorised Public Accountants

Jari Karppinen  
APA

### List of Accounting Books

---

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