

Translation from the German language

Independent auditor's report

To SMP Automotive Exterior GmbH

Opinions

We have audited the annual financial statements of SMP Automotive Exterior GmbH, Schierling, which comprise the balance sheet as of 31 March 2020, and the income statement for the fiscal year from 1 April 2019 to 31 March 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of SMP Automotive Exterior GmbH for the fiscal year from 1 April 2019 to 31 March 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] included on the last page of the management report in section "IV. Promotion of women".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 March 2020 and of its financial performance for the fiscal year from 1 April 2019 to 31 March 2020 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally

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Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to Sec. 289f (4) HGB on the last page of the management report in section "IV. Promotion of women".

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

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We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. 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 of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

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- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Freiburg i. Br., 23 June 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Wetzel	Schmidt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

SMP Automotive Exterior GmbH, Schierling
Balance sheet as of 31 March 2020

Assets	EUR	EUR	EUR	31 Mar 2019 EUR k	Equity and liabilities	EUR	EUR	31 Mar 2019 EUR k
A. Fixed assets					A. Equity			
I. Intangible assets					I. Subscribed capital	25.000,00		25
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets		252.909,00		212	II. Capital reserves	16.700.000,00		16.700
							16.725.000,00	16.725
II. Property, plant and equipment					B. Provisions			
1. Land, land rights and buildings, including buildings on third-party land	38.820.174,85			40.140	Other provisions	32.964.665,78		26.766
2. Plant and machinery	33.453.238,00			36.807			32.964.665,78	26.766
3. Other equipment, furniture and fixtures	594.277,00			840	C. Liabilities			
4. Prepayments and assets under construction	263.474,00			2.203	1. Trade payables	17.344.709,56		13.449
		73.131.163,85		79.990	2. Liabilities to affiliates	41.390.771,82		47.519
III. Financial assets					3. Other liabilities	539.766,21		265
Shares in affiliates		26.544,00		27			59.275.247,59	61.233
			73.410.616,85	80.229				
B. Current assets								
I. Inventories								
1. Raw materials, consumables and supplies	6.838.749,18			6.249				
2. Work in process	1.110.091,10			1.337				
3. Finished goods	1.247.297,80			1.167				
		9.196.138,08		8.753				
II. Receivables and other assets								
1. Trade receivables	12.846.707,50			6.863				
2. Receivables from affiliates	7.078.280,12			5.230				
3. Other assets	1.041.865,75			854				
		20.966.853,37		12.947				
III. Cash in hand and at bank and checks		5.388.305,07		2.795				
			35.551.296,52	24.495				
C. Prepaid expenses			3.000,00	0				
			108.964.913,37	104.724			108.964.913,37	104.724

SMP Automotive Exterior GmbH, Schierling
Income statement for the period from 1 April 2019 to 31 March 2020

	EUR	EUR	EUR	2018/2019 EUR k
1. Revenue		148.830.988,32		152.111
2. Decrease (prior year: increase) in inventories of finished goods and work in process		-146.740,64		40
3. Other operating income		5.269.300,06		9.110
			153.953.547,74	161.261
4. Cost of materials				
a) Cost of raw materials, consumables and supplies and of purchased merchandise	96.218.000,12			98.504
b) Cost of purchased services	10.481.055,82			9.622
		106.699.055,94		108.126
5. Personnel expenses				
a) Wages and salaries	26.047.105,01			26.182
b) Social security, pension and other benefit costs	4.867.726,00			5.527
		30.914.831,01		31.709
6. Amortization of intangible assets and depreciation of property, plant and equipment		8.201.232,84		8.207
7. Other operating expenses		12.401.026,24		14.592
			158.216.146,03	162.634
			-4.262.598,29	-1.373
8. Other interest and similar income		55.126,48		10
9. Interest and similar expenses		2.289.644,78		2.491
			-2.234.518,30	-2.481
10. Earnings after taxes			-6.497.116,59	-3.854
11. Other taxes			106.530,35	148
12. Income from loss absorption			6.603.646,94	4.002
13. Net income for the year			0,00	0

Notes to the financial statements of SMP Automotive Exterior GmbH, Schierling, for the fiscal year from 1 April 2019 to 31 March 2020

General

SMP Automotive Exterior GmbH is a subsidiary of Samvardhana Motherson Peguform GmbH, Gelnhausen (SMP GmbH).

SMP Automotive Exterior GmbH is entered in the commercial register of Regensburg local court under HRB no. B 13761. These financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] as well as in accordance with the relevant provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act]. The Company is subject to the requirements for large corporations.

The income statement is classified using the nature of expense method.

Recognition and measurement policies

These financial statements were mainly prepared unchanged on the prior year in accordance with the following uniform recognition and measurement policies.

Intangible assets are carried at acquisition cost and reduced by amortization using the straight-line method. Intangible assets contain software licenses. Extraordinary write-downs to the lower of cost or market were carried out in cases where impairment is expected to be permanent. The economic useful life applied is three years.

Items of **property, plant and equipment** are recognized at the amortized cost of the asset including incidental acquisition costs. The costs of self-constructed assets also include a proportionate share of production-related costs of materials and production overheads as well as direct materials and production costs. Borrowing costs are not capitalized. Goods subject to wear and tear are depreciated. Extraordinary write-downs to the lower of cost or market were carried out in cases where impairment is expected to be permanent.

The depreciation of property, plant and equipment has been determined according to their estimated useful lives. The following useful lives were taken into account: buildings 20 to 33 years, land improvements 5 to 20 years, operating facilities 10 to 25 years, plant and machinery 4 to 15 years, other equipment 3 to 25 years as well as furniture and fixtures 3 to 10 years.

Write-downs are calculated using the straight-line method. The assets are depreciated pro rata temporis in the year of acquisition. Low-value assets with an acquisition or production cost not exceeding EUR 250 are written off in full as operating expenses. Low-value assets with an acquisition or production cost of more than EUR 250 but no greater than EUR 1,000 were recognized in a collective item and depreciated by 20% p.a. over five years.

Financial assets are valued at acquisition cost including incidental acquisition costs, extraordinary write-downs to the lower of cost or market were carried out in cases where impairment is expected to be permanent.

The weighted average cost method or the lower of cost or market as of the balance sheet date are used to determine the acquisition cost of **raw materials, consumables and supplies**.

Finished goods and work in process are recognized at production cost. To determine the costs directly attributable to production, manufacturing costs also include production overheads and indirect material cost in an appropriate amount, as well as amortization and depreciation. Borrowing costs were not included in the production cost. Sales risks and risks resulting from reduced usability were taken into account appropriately.

Receivables and other assets are stated at their nominal value. Relevant valuations allowances provide for individual foreseeable risks. The general credit risk is provided for by a general bad debt allowance.

For valuation allowances of tooling cost reimbursement claims that were recognized on potentially insufficient purchase volumes, residual compensation payments that are most likely to be realizable were taken into account, because there is no default risk. Tooling cost reimbursement claims are discounted using an interest rate based on the respective customer instrument. The average interest rate lay between 0.00% and 1.50% in the reporting year (prior year: between 0.00% and 1.50%).

Cash and cash equivalents are valued at their nominal value.

Expenditures recorded before the reporting date that relate to a certain period after this date are posted as **prepaid expenses**.

Equity is recognized at nominal value.

Provisions account for all recognizable risks and liabilities of uncertain timing or amount and future cost and price increases at the time the obligation is settled. Provisions with a term of more than one year are discounted based on their residual term at the market interest rate as determined by Deutsche Bundesbank.

The provisions for death benefits and for vacation and Christmas bonuses were calculated using the 2018 G mortality tables issued by Prof. Dr. Klaus Heubeck and the projected unit credit method. An average interest rate of the last seven years of 1.88% (prior year: 2.24%) and a salary trend of 2.50% p.a. (prior year: 2.50%) were assumed for provisions for death benefits and vacation and Christmas bonuses.

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The provisions for long-service bonuses were calculated using the 2018 G mortality tables by Prof. Dr. Klaus Heubeck and valued in accordance with actuarial principles (projected unit credit method) based on an interest rate of 1.88% (prior year: 2.24%) and benefit increases of 2.50% p.a. (prior year: 2.50%) were assumed. Furthermore, an increase in the measurement base used for contributions of 2.50% p.a. (prior year: 2.50%) as well as the probability of employee turnover relating to age and gender were taken into account.

Liabilities are recorded at the settlement value.

Currency translation

Foreign currency assets and liabilities were generally translated using the mean spot rate on the reporting date. If they have residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied. The “thereof” currency translation items presented in the income statement include both realized and unrealized exchange differences.

Deferred taxes

The parent company recognizes deferred taxes on account of temporary differences at subsidiaries due to the profit and loss transfer agreement in place with SMP GmbH and the related tax group for income tax purposes.

Notes to the balance sheet

Intangible assets and property, plant and equipment

The development of intangible assets and property, plant and equipment is shown in the following statement of changes in fixed assets (see attachment to the notes).

List of shareholdings

As of the balance sheet date, the Company has a 94.8% shareholding in SM Real Estate GmbH, Gelnhausen, Germany. This company's equity amounted to EUR 1,939k as of the balance sheet date and the net income for the year totaled EUR 212k.

Receivables and other assets

EUR k	31 Mar 2019	31 Mar 2020
Trade receivables	6,863	12,847
Receivables from affiliates	5,230	7,078
Other assets	854	1,042
Total receivables and other assets	12,947	20,967

Of **trade receivables**, EUR 9,489k relates to tooling amortization receivables (prior year: EUR 3,905k), EUR 3,928k of which is due in more than one year (prior year: EUR 2,810k). All other receivables and other assets are due within one year.

As of the balance sheet date, there were **receivables from affiliates** of EUR 7,078k (prior year: EUR 5,230k), which are due in less than one year. These receivables include the loss absorption of EUR 6,604k by the shareholder as of the balance sheet date (prior year: EUR 4,002k). Moreover, there are trade receivables of EUR 474k (prior year: EUR 1,228k).

Other provisions

Other provisions include sales-related provisions of EUR 27,148k (prior year: EUR 21,481k), personnel-related provisions of EUR 2,973k (prior year: EUR 3,023k) and provisions for outstanding invoices of EUR 2,843k (prior year: EUR 2,262k).

Liabilities

The residual terms of the liabilities break down as follows:

Statement of liabilities as of 31 March 2020 in EUR k	Total	due in less than one year	due in more than one year	due in more than five years
1. Trade payables	17,345	17,345	0	0
(prior year)	13,449	13,449	0	0
2. Liabilities to affiliates	41,391	4,891	36,500	0
(prior year)	47,519	3,019	44,500	0
thereof to shareholders	0	0	0	0
(prior year)	511	511	0	0
3. Other liabilities	539	539	0	0
(prior year)	265	265	0	0
Total liabilities	59,275	22,775	36,500	0
(prior year)	61,233	16,733	44,500	0

No collateral for liabilities has been provided.

Liabilities to affiliates include liabilities from the loan granted by SMRP B.V. of EUR 36,500k (prior year: EUR 44,500k). Moreover, this item also includes trade payables of EUR 4,891k (prior year: EUR 2,508k).

EUR 184k (prior year: EUR 263k) of **other liabilities** relates to taxes. Another EUR 4k (prior year: EUR 3k) pertains to liabilities relating to social security.

Notes to the income statement

Revenue

Revenue by division

EUR k	1 Apr 2018 - 31 Mar 2019	1 Apr 2019 - 31 Mar 2020
Automotive	151,388	146,718
Other	723	2,113
Total	152,111	148,831

Revenue by sales region

EUR k	1 Apr 2018 - 31 Mar 2019	1 Apr 2019 - 31 Mar 2020
Germany	113,011	134,870
Rest of Europe	39,100	12,879
Rest of the world	0	1,082
Total	152,111	148,831

Other operating income

EUR k	1 Apr 2018 - 31 Mar 2019	1 Apr 2019 - 31 Mar 2020
<u>Other operating income</u>		
Cost allocation to affiliates	1,820	0
Income from currency translation	51	35
Sundry other operating income	1,700	1,089
	<u>3,571</u>	<u>1,124</u>
<u>Income relating to other periods</u>		
Reversal of provisions	5,152	4,145
Reversal of valuation allowances	113	0
Income from tax field audit	274	0
	<u>5,539</u>	<u>4,145</u>
Total income relating to other periods		
	<u>9,110</u>	<u>5,269</u>

Personnel expenses of the fiscal year, classified pursuant to Sec. 275 (2) No. 6 HGB

EUR k	1 Apr 2018 - 31 Mar 2019	1 Apr 2019 - 31 Mar 2020
Wages and salaries	26,182	26,047
Social security	4,951	4,353
Pension costs	576	515
	<u>31,709</u>	<u>30,915</u>
Other personnel expenses		

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Other operating expenses

EUR k	1 Apr 2018 - 31 Mar 2019	1 Apr 2019 - 31 Mar 2020
<u>Operating expenses</u>		
Purchased services for maintenance	1,978	1,707
Purchased services and technical support	1,669	1,558
Other leasing expenses, rent and leases	1,710	1,351
	5,357	4,616
<u>Administrative expenses</u>		
Third-party IT services	237	229
Insurance premiums	188	221
Office materials	50	68
Other administrative expenses	352	761
	827	1,279
<u>Selling expenses</u>		
Freight costs	2,174	1,830
Expenses for warranties	424	411
Write-downs	0	248
Other selling expenses	2	4
	2,600	2,493
<u>Out-of-period expenses</u>		
Losses on the disposal of fixed assets	0	17
	0	17
Other incidental personnel costs	299	190
Charges from SMP Deutschland GmbH	461	1,668
Surveillance third parties	218	220
Third-party services	2,598	1,796
Expenses from currency translation	42	65
Sundry other expenses	2,190	56
Total other operating expenses	14,592	12,401

Interest and similar income includes interest from unwinding the discount on tooling reimbursement claims of EUR 55k (prior year: EUR 10k).

Interest and similar expenses includes the interest to SMRP B.V. of EUR 1,959k (prior year: EUR 2,245k). In addition, it includes expenses of EUR 7k (prior year: EUR 6k) from unwinding discounted provisions and expenses from the discount on the tooling reimbursement of EUR 115k are included.

Other taxes

Other taxes contain tax expenses relating to other periods of EUR 0k (prior year: EUR 43k).

Income from loss absorption

On 2 December 2013, a profit and loss transfer agreement was concluded with SMP GmbH in accordance with Sec. 291 (1) Sentence 1, 2nd alternative AktG ["Aktiengesetz": German Stock Corporation Act]. This agreement was approved by the shareholder meeting on 6 December 2013. Due to this profit and loss transfer agreement, the net loss for the year of EUR -6,604k (prior year: EUR -4,002k) is to be compensated by SMP GmbH.

Other notes

Other financial obligations

The purchase obligation for investment projects comes to EUR 505k as of the balance sheet date (prior year: EUR 668k). We do not see a real risk of utilization because the purchase obligation relates to permanent investment projects.

Rental and lease agreements

EUR k	31 Mar 2019	31 Mar 2020
within one year	387	1,362
between one and five years	1,498	1,337
more than five years	995	1,604
Total	2,880	4,303

The total obligation arising from rental and lease agreements of EUR 4,303k consists of, among other things, obligations of EUR 3,442k from rental agreements for land and buildings (prior year: EUR 2,242k) as well as lease agreements for forklifts of EUR 609k (prior year: EUR 235k). The rental and lease agreements allow for the liquidity outflows to be spread across the respective term of the agreement. This

contributes to reducing the amount of capital tied up and the investment risk remains with the lessor.

Furthermore, there are other financial obligations of EUR 9k relating to affiliates as in the prior year. These obligations result from IT support services and are due within one year.

Contingent liabilities

The Company is jointly and severally liable for the liabilities of Samvardhana Motherson Automotive Systems Group B.V. (SMRP B.V.) in connection with the senior secured notes (EUR 100m) concluded in June 2015, senior secured notes (USD 400m) concluded in June 2016, senior secured notes (EUR 300m) concluded in July 2017, the revolving credit facility agreement (EUR 500m) concluded in June 2017 as well as its increase in August 2018 (EUR 75m) and the term loan (USD 60m) concluded in September 2018. As of the balance sheet date, the liabilities from the revolving credit facility agreement were valued at EUR 50m.

In addition, local RCF carve outs were utilized by a few SMRPBV subsidiaries, for which the Company is also jointly and severally liable. As of 31 March 2020, these are as follows: SMP Automotive Produtos Automotivos do Brasil Ltda. of BRL 40.0m, SMR Automotive System (Thailand) Limited of THB 84.5k, SMP Automotive Systems México S.A. de C.V. of USD 63m and SMR Automotive (Langfang) Co. LTD (China) of CNY 39.5m.

SMP Automotive Exterior GmbH has provided the following collateral in this context:

- Land charges of EUR 60m registered in the Schierling land register (Regensburg local court)
- Pledged assets (pursuant to share pledge agreement)
- Collateral assignment of fixed and current assets (pursuant to security transfer agreement)

In addition, the Company is jointly and severally liable for the liabilities of USD 16m of SMP Automotive Systems México S.A. de C.V., Puebla, Mexico, and liabilities of SMP Automotive Technology Iberica SL of EUR 10m. As of the reporting date, both liabilities were valued at EUR 0. The Company's bank accounts were pledged as security for this purpose.

Despite the production downtimes due to the coronavirus crisis, we anticipate the probability of claims being brought under the contingent liabilities to be low on account of the current business development of SMRP B.V. and its subsidiaries.

The Company concluded factoring agreements with SMP Deutschland GmbH with a total financing limit of EUR 152,000k which are usable by both parties. Both parties issue a validity guarantee to the extent that the receivables exist, can be transferred and do not involve pleas, reservations or rights of the debtor or others. Accordingly, there is a joint several warranty assumption. As of the balance sheet date, the Company sold receivables of EUR 13,890k (prior year: EUR 14,396k) and SMP Deutschland GmbH sold receivables of EUR 69,465k (prior year: EUR 79,076k) under this agreement. The risk of utilization is deemed to be low because it is assumed that

the existence of the sold receivables is assured and therefore the receivables can be settled by the customer.

Notes on off-balance-sheet transactions

Factoring agreements were concluded to optimize the Company's working capital. As a result, the credit risk of the sold receivables of EUR 13,890k (prior year: EUR 14,396k) was transferred to the buyer as of the balance sheet date. The Company received cash and cash equivalents of the same amount from the receivables sold to the factoring banks as of the balance sheet date. A risk from the financing subject to variable interest up to the date of payment by the customer is deemed immaterial given the current negative conditions at the interest rate and capital market.

The consignment stock agreements concluded with various suppliers enable the Company to further optimize its working capital.

Employees

Average number of employees during the year:

Salaried employees:	289
Wage earners:	273
Trainees:	<u>12</u>
Total:	574

Management

The general manager of the Company is:

Andreas Heuser, Bad Soden-Salmünster, general manager for activities in Europe and America of the Samvardhana Motherhood Group.

Pursuant to Sec. 286 (4) HGB, total remuneration is not disclosed.

Auditor's fees

The total fees charged by the auditor for the fiscal year amounted to EUR 45k for audit services.

Group consolidation

Pursuant to Sec. 291 HGB, the Company is exempt from the obligation to prepare consolidated financial statements or a group management report as the Company and its subsidiaries are included in the consolidated financial statements and group management report of Samvardhana Motherhood Automotive Systems Group B.V. (SMRP B.V.), Amsterdam, Netherlands (smallest group of companies). The highest level of the Company is included in the consolidated financial statements of Motherhood Sumi Systems Limited (MSSL), India (largest group of companies). The consolidated financial statements of MSSL have been published on the Company's website (www.motherhood.com).

The consolidated financial statements and group management report of SMRP B.V. are prepared in accordance with International Financial Reporting Standards pursuant to the Official Journal of the European Union, EC No. L 243 Sentence 1 in the latest version (IFRSs) and published in the Bundesanzeiger [German Federal Gazette].

Subsequent events

The outbreak of the coronavirus in the first quarter of 2020 may have negative effects on deliveries of outgoing goods as well as on the Company's assets, liabilities, financial position and financial performance in fiscal year 2020/2021. The shutdown in April 2020 and the gradual ramp-up of production planned by the automotive manufacturers led to further loss of revenue in the month of May, however, it is expected that, starting from June, production can return to 85% of the level seen prior to the outbreak of the coronavirus pandemic.

SMP endeavors to counter the situation in the best possible way and has applied the short-term work furlough scheme throughout Germany since the end of March. Further details can be found in the chapters "Outlook" and "Risk and opportunities report" of the management report. There were no further significant events after the balance sheet date requiring consideration either in the income statement or in the balance sheet.

Schierling, 18 June 2020

SMP Automotive Exterior GmbH
General manager

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Andreas Heuser

SMP Automotive Exterior GmbH, Schierling**Attachment to the notes (Statement of changes in fixed assets for the period from 1 April 2019 to 31 March 2020)**

	Acquisition and production cost				31 Mar 2020	Accumulated amortization, depreciation and write-downs				Net book values	
	1 Apr 2019	Additions	Disposals	Reclassifications		1 Apr 2019	Additions	Disposals	31 Mar 2020	31 Mar 2020	31 Mar 2019
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	524.226,66	115.021,30	0,00	0,00	639.247,96	312.400,66	73.938,30	0,00	386.338,96	252.909,00	211.826,00
II. Property, plant and equipment											
1. Land, land rights and buildings, including buildings on third-party land	47.080.543,12	141.869,84	0,00	98.500,00	47.320.912,96	6.940.670,41	1.560.067,70	0,00	8.500.738,11	38.820.174,85	40.139.872,71
2. Plant and machinery	58.490.592,30	843.874,08	30.868,10	2.003.279,34	61.306.877,62	21.682.911,30	6.183.821,12	13.092,80	27.853.639,62	33.453.238,00	36.807.681,00
3. Other equipment, furniture and fixtures	1.966.550,11	91.277,47	2.629,34	46.795,25	2.101.993,49	1.126.796,11	383.405,72	2.485,34	1.507.716,49	594.277,00	839.754,00
4. Prepayments and assets under construction	2.203.355,59	208.693,00	0,00	-2.148.574,59	263.474,00	0,00	0,00	0,00	0,00	263.474,00	2.203.355,59
	109.741.041,12	1.285.714,39	33.497,44	0,00	110.993.258,07	29.750.377,82	8.127.294,54	15.578,14	37.862.094,22	73.131.163,85	79.990.663,30
III. Financial assets											
Shares in affiliates	26.544,00	0,00	0,00	0,00	26.544,00	0,00	0,00	0,00	0,00	26.544,00	26.544,00
	110.291.811,78	1.400.735,69	33.497,44	0,00	111.659.050,03	30.062.778,48	8.201.232,84	15.578,14	38.248.433,18	73.410.616,85	80.229.033,30

Management report for SMP Automotive Exterior GmbH, Schierling Fiscal year from 1 April 2019 to 31 March 2020

I. Company background

a. Business model of the Company

The core business of SMP Automotive Exterior GmbH (“**SMP AE**” or the “**Company**”) is processing plastics. SMP AE supplies plastic parts and entire system modules for vehicle exteriors. This includes producing and selling bumper systems and plastic parts for the exteriors of vehicle models produced by Germany’s leading automotive manufacturers, also referred to as OEMs (**O**riginal **E**quipment **M**anufacturers). SMP AE’s most important sales market is the German automotive sector.

SMP AE is incorporated in the SMP Group (SMP).

The Company supplies its products exclusively to the automotive market as a TIER 1 (system) supplier. Most of its customers are German premium manufacturers, as a result of which Germany accounts for 90.6% of its revenue (prior year: 74.3%). Other EU countries account for 8.7% of the Company’s revenue (prior year: 25.7%). For the first time, 0.7% related to countries outside the EU. Increasing integration due to just-in-time and just-in-sequence deliveries of products to customers make geographical proximity to customers’ production plants essential.

b. Objectives and strategies

As a key member of the Samvardhana Motherson Group, we are also in pursuit of the Group’s vision “**To be a Globally Preferred Solutions Provider**”.

The Samvardhana Motherson Group is a globally renowned supplier of high-quality components, modules and systems, primarily for customers in the automotive sector. The Group, which is based in Noida (India), boasts a diversified portfolio of products and services including electrical distribution systems, rear-view mirrors, camera systems, front-end modules, cockpits, air conditioning systems, lights, cabs for commercial vehicles, plastics processing, elastomer processing, plastic injection molding molds, IT services and development services.

Since becoming part of the Samvardhana Motherson Group SMP has been able to gain a large number of new orders that also required investment in new plants. While the new plants of the co-subsiaries in Mexico and Hungary were commissioned in 2017/18, a plant of a US-co-subsiary in Tuscaloosa (USA) started series production in 2018/19. This represents the continuation of SMP's efforts to increase its international presence with production facilities.

With its plant in Schierling (Bavaria) running at low capacity, SMP AE, which was founded in 2013, focused on measures in fiscal year 2019/20 aimed at improving the efficiency of its procedures and, in particular, on acquiring new orders.

c. Corporate governance

The objective-based governance of the Company is elementary to SMP AE's success and safeguarding its survival in the long term. The Company's management team determines the business policy framework for the divisions, monitors compliance with said framework, and manages the Company based on the specified corporate goals. The achievement of revenue, profitability and financial targets is coordinated and monitored centrally.

EBIT (Earnings Before Interest and Taxes) serves as an important management tool and key performance indicator based on internal management reporting. The company's performance is continuously measured based on this indicator. The EBIT for management reporting purposes is defined as the EBIT in accordance with the German Commercial Code plus other taxes and less interest expenses for operating lease agreements, which are treated as finance leasing agreements for the purposes of management reporting.

The EBIT margin (defined as earnings before interest and taxes in accordance with the management reporting in relation to revenue) is used as a key profitability indicator. Another increasingly important measure of profitability is ROCE (Return on Capital Employed), which shows the relationship between operating profit/EBIT and capital employed.

Compliance with ethical standards and principles is also a high priority within the Company's culture. The declarations made in 2011 by management and all of the Company's employees regarding compliance with ethical standards in business transactions still apply. These group-wide standards and principles are automatically passed on when hiring new employees and founding new entities. The General Works Agreement Governing Rules of Conduct for Business Dealings with Third Parties ("Anti-Corruption Policy") also describes the principles of constructive collaboration with customers, suppliers and other business partners. The declaration is reiterated by management and new hires each year.

d. Research and development

In order to remain competitive in the future and live up to our vision for the Group, the research and development department of SMP is an integral component of the Company's corporate policy. Innovation and development skills are elementary factors in this regard.

Lightweight construction plays a key role in our development activities. Compared to conventional energy carriers, the range of pure electric vehicles is limited and the weight is high due to the insufficient power density of the battery. The provision of solutions and concepts for reducing weight is therefore crucial for competition in the supplier industry. In this area, the developments of components which are strengthened using natural fibers or carbon fibers is worthy of mention. The challenges in this context are related to new processing methods or in the combination of processing methods. We achieved great success at combining processes for processing semi-finished goods that have been reinforced using natural fibers. After implementing the large-scale production of matrices for interior door panels, this technology was built into the new fully electric Taycan sports car for Porsche. In this way, the grammage of the supporting matrix was reduced further.

Our customers not only demand solutions for reducing weight, but also for decreasing the costs for parts due to the high costs for battery-electric drives. We were successful for instance by using recycled carbon fibers for the matrices of the console of the Porsche Taycan and for the instrument panel in the cockpit of the Porsche 911. Using carbon fiber leads to a significant weight reduction. In addition, the costs were significantly reduced because the use of carbon fiber reinforced plastic replaced the need for magnesium die casting used in the past.

Safety is a high priority, not only with regard to driver-assistance systems. The passenger airbag in the dashboard, for instance, is one of the main safety features for the front-seat passenger in the vehicle interior. What is more, the high demands on side impact protection in the interior door panels have to be fulfilled without fail regardless of design requirements. The requirements of the two-stage European Directive 2003/102/EC for vehicle exteriors, for example, include the protection of pedestrians and the fulfillment of statutory crash requirements for insurance classification purposes.

The trend towards autonomous driving requires the integration of a large number of sensor systems in the vehicle front, and automotive manufacturers wish to integrate the sensor systems for electric vehicles in closed surfaces with a new look. Our activities are therefore also focused on developing such surfaces and will lead to a completely newly developed vehicle front this calendar year, which we set up in a demonstrator for presentation to our customer.

In order to meet increasing customer requirements, innovations have been developed in all areas and are being incorporated into our products for the future. In addition, we are constantly working on further product and process innovations in ongoing research projects in order to strengthen and continuously develop the Company's key position on the market further.

The significance of SMP's position in the market is also underscored by the fact that OEMs include the Company in the decision-making phase in order to find potential solutions for problems involving interior and exterior products. This usually takes the form of participation in concept competitions. To make this possible, the engineering, advance development and sales departments collaborate very closely in order to prepare corresponding concept proposals that also include marketing of innovations from advance development projects, which is therefore a key element in winning new and additional orders.

In terms of quality planning, SMP performs the current development projects according to the customer-specific requirements. These development projects are reviewed regularly together with the customers' quality departments.

SMP has its own extensive testing facilities, which are currently being expanded. These comprise airbag testing, air conditioning testing and endurance tests. These facilities allow the Company to ensure that the high requirements are fulfilled in all respects, such as, for instance, those relating to passenger protection systems and pedestrian protection regulations.

II. Report on economic position

a. General conditions

Global economic growth slowed notably in 2019 compared to previous years. According to calculations by the World Bank, global gross domestic product (GDP) only grew by 2.4% in the previous year – the lowest level of growth seen since the global financial crisis.

The trade dispute between the US and China also had a negative impact on global growth in 2019. Growth of global trade was significantly below the long-term average with severely dampening effects seen on the industrial sectors of exporting economies. The uncertainty brought about by trade policy also led to subdued investment activity. Only consumption developed robustly – comparatively, growth was only slightly below the level seen in prior years.

GDP in industrialized countries increased in the past year by an estimated 1.6% and thus at a notably slower rate than in 2018. At 1.1%, economic output in the countries of the eurozone experienced much weaker growth compared to prior years. Some economies have been verging on a recession over the course of the year. The withdrawal of the United Kingdom from the European Union, which had hitherto not been settled, also had a negative impact on economic development in 2019. Industrial output in the eurozone, which was below the prior-year figure in each calendar month of 2019, had a particularly dampening impact on economic growth. Lower demand from Asia on account of growing tensions in global trade policy in particular brought about a decline in the export-oriented industrial sector. As a key industrial center in the

eurozone, the German economy was particularly hard hit by these effects. GDP in Germany rose by only 0.6% in 2019.

Economic development in the US was also weaker than in 2018. GDP increased by 2.3% in 2019. While significant growth was still seen in Q1, on an annual basis GDP growth rates only just exceeded the 2% mark in the following quarters. Private consumption developed robustly, driven by tax breaks and favorable employment figures on the US labor market. The unemployment rate fell to 3.5% at year-end. A lack of trust and uncertainty triggered by the sharpened trade dispute with China had a negative impact on investing activities and the industrial sector.

Developing and emerging economies recorded estimated growth in their economic output of 3.5%. As the most important driver of the global economy, GDP in China rose by 6.1%. Momentum in the Chinese economy dropped off notably on account of the cooling off of domestic demand, increased tensions in terms of trade policy with the US, the slower pace of growth of industrial production and lower investing activities due to uncertainty. The Indian economy grew at a significantly slower pace in fiscal year 2019/20, recording estimated growth of only 5%. Economic growth in Brazil was slightly down on the prior year, recording estimated growth of 1.1%. With growth of 1.2%, the Russian economy also demonstrated a slower pace of growth in 2019. In Mexico, economic growth came to a standstill in the past year (GDP growth: $\pm 0\%$).

Global demand for passenger cars dropped off significantly in 2019. On the whole, around 5% fewer new vehicles were sold globally than in the prior year. The US and Western Europe, which together with China make up the automotive hot spots, had a relatively robust year.

However, by contrast China, the world's biggest passenger car market, had the largest negative impact on global sales. On the whole, Chinese new vehicle sales decreased by almost 10% compared to 2018 – this corresponds to a decrease of more than 2.2 million units. This was mainly due to the ongoing trade dispute with the US, which had a significant dampening effect on the economic environment and also led to uncertainty amongst consumers. Reductions to buyer's premiums for electric vehicles also had a negative impact on demand.

In the US, sales of light vehicles declined by slightly more than 1% to around 17 million units. Despite the economic slowdown, the favorable situation on the labor market and rising wages bolstered demand for new vehicles. In this regard, buyers continued to focus on the light trucks segment, which saw an increase of almost 3%. By contrast, sales volume of passenger cars decreased by 10%.

On the Western European passenger car market, new registrations of passenger cars increased by almost 1% in 2019 to 14.3 million units. However, this year was still affected by the distortion caused by WLTP. The purchases brought forward in 2018 led to a weak first half of the year, whilst the second half of the year sometimes saw double-digit growth rates. Many new registrations were once again brought forward in the last month of the

year, as from 2020 vehicle manufacturers have to comply with the strict CO₂-targets for new vehicles sold. The German passenger car market attained strong growth of 5% to 3.6 million units – the highest volume seen since 2009. New registrations in France also increased by around 2%. The remaining top 5 markets in Western Europe were not able to keep pace with this. In Italy, demand was only at the prior-year level despite the eco-bonus, new vehicle registrations declined in Spain (down 5%). In the UK, new vehicle sales declined in 2019 for the third time in a row. Declining by 2%, the market reached a volume of 2.3 million units.

The recovery of the Russian automotive market came to a halt in 2019. Overall, sales figures for new vehicles declined by more than 2% to around 1.8 million light vehicles. With this result, the Russian automobile market remains below its potential. The light vehicles market in Mexico also has not displayed any upward trend over recent months. In 2019 as a whole, new vehicle sales declined by almost 8%. Brazil is the positive exception in emerging markets in the Group. Here demand for new vehicles increased by almost 8% in 2019 to around 2.7 million units.

Looking towards Asia, positive results were also not seen outside of China. In India, demand decreased dramatically over the course of the year, while the situation stabilized somewhat again at year-end. Nevertheless, an economic slowdown as a reluctance on the part of consumers to purchase high-value goods led to a decline on the Indian passenger car market of almost 13% over the full year in 2019. The rate of VAT was raised in Japan as of 1 October. This led to purchases being brought forward, however these could not compensate for the decline in new passenger car registrations in the final quarter of the year – market volume declined by slightly more than 2%. In South Korea, the temporary tax relief did not have a long-lasting effect – new passenger car registrations declined slightly by 1% in 2019.

The revenue of Germany's automotive companies rose 2% to around EUR 435b. In this regard, both revenue generated in other countries and revenue from domestic business increased by 2%. The automotive industry employed a total of 822,535 people in Germany in December 2019.

b. Significant factors in fiscal year 2019/2020

Fiscal year 2019/20 was mainly characterized by the improvement and optimization of capacity. The Company achieved an EBIT margin (according to management reporting) of -0.7% prior year: -1.0%) for the whole of 2019/2020.

Human resources

The Company's human capital is one of its biggest competitive advantages. That is why SMP employed 576 (prior year: 561) people in all parts of the Company (including trainees) as of the balance sheet date (31 March 2020).

In order to maintain and build on this competitive advantage, the Company's HR policy will focus even more in the future on developing employees' skills, defining managers' leadership skills, implementing global HR standards and

expanding the qualification matrix in all divisions of the plant. The aim is to create a new concept particularly for the development of executives that handles a variety of specific daily issues with shorter target-oriented training.

Training future specialists is an important success factor for practicing the Company's philosophy of filling new or vacated positions internally. For this reason SMP Automotive Exterior GmbH employed 9 trainees as of the balance sheet date (prior year: 12), covering a wide range of different training vocations. This means that the Schierling plant trains future specialists for the divisions in three technical and two administrative professions. One important and growing factor in this respect is also the Company's collaboration with various different educational institutions. At its Schierling plant SMP offers a range of opportunities such as theses or internships in order to give potential candidates an insight into the production facility at an early stage.

Another important contact channel is the Excellence partnership with the Eckert schools, offering a wide range of training opportunities for technician and foreperson training. SMP Schierling supports the graduates and participates by offering practical project work. Incentives are granted to the three best graduates of industrial technology.

Purchasing

The purchases department has been developing more and more into a key function within the Company. Integration in the Samvardhana Motherson Group presents numerous opportunities to reduce costs. In this way, the Vertical Integration project was consistently pursued. Furthermore, new avenues for low-cost procurement while retaining quality standards are being tapped into via our group companies in India.

Production

The Company's production volume decreased slightly in fiscal year 2019/20 compared to the prior year due to lower call-off volumes. Thus, the main focus was on the optimization and improvement of the manufacturing processes.

Capital expenditure

A total of EUR 1.3m was invested in property, plant and equipment in fiscal year 2019/20 (prior year: EUR 2.1m).

A significant investment of EUR 0.7m was made to expand the painting facility.

IT

In the area of IT, there are also new possibilities to provide information technology and services cost-effectively within the Group with the group company, MIND. We also work with our outsourcing partner T-Systems via SMP Deutschland GmbH.

Environment

Here at SMP AE we feel a deep sense of responsibility toward the environment. Compliance with SMP's environmental standards is a high priority throughout our organization. We attach great value to using resources sparingly, reducing our impact on the environment, and the health and safety of all of our employees while they are at work. This is not just an economic

matter, but to an even greater extent an obligation toward society. We are aided in this by numerous investments in protecting the environment and occupational health and safety, which ensure that SMP AE meets its customers' demands in terms of reliability and quality. SMP AE's environmental management system has been certified and validated in accordance with DIN EN ISO 14001 and EC Regulation 1221/2009 (EMAS III). The occupational health and safety management system has been certified in accordance with OHSAS 18001.

All production systems and equipment are operated in compliance with statutory requirements. This is ensured by using state-of-the-art air purification and waste water facilities that are regularly monitored and maintained, particularly in the paint lines. In order to meet both statutory and the Company's own requirements, there are trained health and safety officers (GUSi officers) at all SMP production facilities who work to achieve and maintain the requirements with respect to healthcare, protecting the environment and workplace safety. The knowledge of these GUSi officers is kept up-to-date through regular training. Compliance with the EU's end-of-life vehicles directive is ensured by monitoring the data reported by suppliers to the international materials data system, and involving SMP's suppliers in the development of new products at an early stage.

Equity investments

The Company still holds the following equity investment as of the balance sheet date:

- SM Real Estate GmbH, Gelnhausen, 94.8%

c. Position of the Company and development of its business

Financial performance

In fiscal year 2019/20 **series revenue** was slightly below the prior-year revenue as forecast in the prior year and came to EUR 146.7m (prior year: EUR 151.4m) due to a decrease in sales volume.

Other revenue amounted to EUR 2.1m (prior year: EUR 0.7m). This primarily contains services to SMP group companies.

On the balance sheet date the Company had signed orders on its books with a total volume of EUR 753.7m within the next five years. This revenue is mainly distributed between Daimler, BMW and Porsche. We see huge additional revenue potential with BMW and Porsche in particular.

Other operating income amounts to EUR 5.3m (prior year: EUR 9.1m) and thus EUR 3.8m lower than in the prior year. This mainly results from the lower reversal of provisions and the decrease in cost allocation to affiliates.

The **cost of materials ratio** was 71.8%, which is almost on a par with the prior year of 71.1%. This is measured at the cost of materials as a percentage of total operating performance (revenue +/- changes in inventories).

Personnel expenses totaled EUR 30.9m (prior year: EUR 31.7m). The reduction primarily results from the lower annual average of headcount. The ratio of personnel expenses to total operating performance was 20.8%, which matches the prior year (20.8%) exactly. Average expenses per employee stood at EUR 53.9k.

Amortization, depreciation and write-downs amounted to EUR 8.2m (prior year: EUR 8.2m).

Total **other operating expenses** amounted to EUR 12.4m (prior year: EUR 14.6m), and were much lower than in the prior year. They mainly consist of maintenance and technical consultation expenses amounting to EUR 3.3m (prior year: EUR 3.6m), leasing and rental expenses amounting to EUR 1.4m (prior year: EUR 1.7m), selling expenses amounting to EUR 2.5m (prior year: EUR 2.6m) and other costs charged by SMP Deutschland GmbH amounting to EUR 1.7m (prior year: EUR 0.5m).

EBIT came to EUR -4.3m (prior year: EUR -1.4m), which stands at -2.9% of the total operating performance (prior year: -0.9%).

The **financial result** came to EUR -2.2m on the balance sheet date (prior year: EUR -2.5m). This improvement mainly stemmed from the partial repayment of the loan granted by Samvardhana Motherston Automotive Systems Group B.V. (SMRP BV).

Financial position

Cash flow from operating activities amounted to EUR 12.0m at the end of the year. Cash flow from investing activities came to EUR -1.4m. Cash flow from financing activities amounted to EUR -8.0m. This led to a net change in cash and cash equivalents of plus EUR 2.6m.

The refinancing of the SMP Group and thus also of SMP Automotive Exterior GmbH changed significantly due to the bonds issued in the prior years by the Dutch holding company Samvardhana Motherston Automotive Systems Group BV (SMRP BV). Land charges and collateral assignments of fixed and current assets were pledged as collateral.

The Company has no external lines of credit at banks available as of the balance sheet date.

SMP AE is currently exclusively financed by an internal loan. A long-term shareholder loan from SMRP BV with a volume of EUR 100.0m is available for this purpose, and EUR 36.5m of this amount had been utilized as of the balance sheet date (prior year: EUR 44.5m).

Receivables amounting to EUR 13.9m (prior year: EUR 14.4m) had been sold as of the balance sheet date based on factoring agreements concluded in previous years.

The main aim of our financial management activities is to safeguard the Company's solvency. Particular consideration is given to opportunities for

internal financing by means of actively planning, monitoring and managing cash flows.

Credit insurance companies once again underwrote business for the Company in 2019/2020.

Assets and liabilities

Total assets were up EUR 4.3m year-on-year, at EUR 109.0m (prior year: EUR 104.7m). Due to the increase in total equity and liabilities, the equity ratio decreased to 15.4% (prior year: 16.0%).

Non-current assets amounted to EUR 73.4m on the balance sheet date (prior year: EUR 80.2m).

Current assets amounted to EUR 35.6m on the balance sheet date (prior year: EUR 24.5m), which represents a year-on-year increase of EUR 11.1m. Medium to long-term current assets amounted to EUR 3.9m (prior year: EUR 2.8m) for tooling cost reimbursement claims from engineering orders.

Short-term current assets rose by EUR 9.9m in comparison to the prior year, increasing from EUR 21.7m to EUR 31.7m.

Other provisions increased by EUR 6.2m to EUR 33.0m (prior year: EUR 26.8m). This increase mainly consisted of sales-related provisions amounting to EUR 5.6m.

ROCE, a performance indicator determined on the basis of management reporting, improved from -2.5% to -1.9%, but is still negative due to higher earnings before interest and taxes (EBIT) and the decrease in capital employed, contrary to the prior-year forecast.

Overall statement regarding the development of business

The business of SMP AE's outperformed expectations in 2019/20. While it met its revenue target, the Company easily passed the EBIT target (pursuant to management reporting), which is, however, still negative at EUR -1.0m. This also gives us confidence for the future, because the wide range of measures implemented in order to optimize the processes in series production are sustainable and suitable for improving the efficiency of production in the long term.

III. Forecast, opportunities and risks

a. Forecast

Forecast regarding the economy and automotive market

In its report dated January 2020, the World Bank forecast global economic growth for the current year of 2.5% – slightly higher than in 2019. The growth rate in industrialized countries is thus again losing impetus (up 1.4%). However, the World Bank is projecting an upward trend in developing and

emerging countries (up 4.1%). Amongst industrialized countries, the World Bank expects that the US economy in particular will lose momentum (GDP growth forecast 2020: up 1.8%) with the eurozone remaining on its low growth trajectory (up 1.0%). For Japan, it is expected that the pace of growth will continue to slow (to 0.7%) on account of the VAT increase in the previous year.

Amongst emerging markets, China has displayed slightly lower levels of momentum in the current year than was the case in 2019 (up 5.9%), based on the World Bank forecasts from January 2020. The World Bank expects that the Indian economy will once again pick up the pace in 2020/2021 (up 5.8%) and the Latin American countries will experience stronger growth than in 2019. For Russia, the World Bank expects GDP growth of 1.6% in 2020.

For the global passenger car market, the German association of the Automotive Industry (VDA) expects a further decline of 1% in 2020. As was the case in 2019, there will also be a lack of growth stimulus on the major automotive markets in the current year.

For the Chinese passenger car market, the VDA forecasts a slight decline (down 2%). The market for light vehicles in the US will also not reach the level seen in 2019 (down 3%). According to the VDA, in Europe the new CO2 regulations will trigger a negative effect, consequently the VDA expects a 2% decline on the European passenger car market.

Economic impact of the coronavirus pandemic

The spread of the novel coronavirus (COVID-19), which can now be seen on all continents, led to a crisis that will significantly dampen the economic outlook for 2020. In the April edition of its World Economic Outlook Report, the International Monetary Fund (IMF) forecast a decline in global economic output in 2020 of 3.0%. For industrialized countries, the IMF forecasts a decline of 6.1%. For developing and emerging markets, the IMF forecasts a decline of 1.0%.

The increasing number of coronavirus infections in China from January 2020 made it necessary for cities and regions to shut down and additional governmental measures to be taken to quell the epidemic. This also had an impact on the automotive sector, where automotive manufacturers' factories were closed. A gradual return to normality started from April with the easing of the restrictions.

The spread on the European and American continents also made it necessary for governments to introduce social distancing and quarantine measures in order to slow the infection rate. All production locations in Germany have restarted their production after the lockdown. The month of May was primarily characterized by start-up and test phases, however, we are expecting a further normalization of the situation from June, although production will not reach the level prior to the crisis.

It should be noted that the spread of the coronavirus will have negative effects on the global automotive sector in 2020, both in terms of demand and production. However, it is not possible to make a more reliable assessment

of the level at the present time. It is currently not possible to predict for how long and to what extent the measures to subdue the virus will have to be taken and to what extent automotive demand will ultimately be impacted by economic slumps. The German Association of the Automotive Industry (VDA) has not issued an adjusted forecast in this regard.

Company-specific forecast

Revenue is expected to decrease significantly compared to the prior year, because the lock down due to COVID-19 will lead to substantial decreases in revenue in the first quarter of fiscal year 2020/21. We expect that revenue of around 85% compared to the level of the prior months will be reached from June 2020. Therefore, the focus is on further optimizing our processes. The main goal is to adjust the Company's cost structure to this new level of revenue, mainly through the short-time work furlough scheme.

Because of our order portfolio, we anticipate employment to rise again for the fiscal years 2021/2022 to 2023/2024. Revenue of more than EUR 200m is expected from fiscal year 2022/2023 due to additional Porsche programs and a significant increase in the value of follow-up projects for BMW.

For our internal performance indicator (EBIT determined on the basis of management reporting) we expect negative EBIT of EUR -4.6m due to the reduction in volume for fiscal year 2020/2021. This will also have a negative effect on the ROCE indicator. Due to the improving utilization of capacity from 2021/2022 onwards and the related revenue, we expect to generate positive EBIT from fiscal year 2021/2022 onwards.

In the past year, continuous improvement process (CIP) measures were again implemented in production and also in the administrative functions. The relentless pursuit of measures and ideas to continuously improve our processes helped compensate discounts granted to customers and also any price increases on the procurement side.

The Company has access to sufficient financing in the form of loans from SMRPBV, leasing contracts, factoring and supply chain financing in order to face the challenges of 2020/21.

b. Risk report

In the course of its operations, SMP AE is exposed to a number of risks that are inseparably associated with its business activity. We use internal management and monitoring systems to spot risks at an early stage, evaluate them and consistently eliminate them.

Business activity also involves developing and exploiting opportunities in order to safeguard and enhance the Company's ability to compete.

Taking calculable risks is an integral part of business as part of our risk strategy. Risks that jeopardize the Company's ability to continue as a going concern, on the other hand, need to be avoided.

Risk management

SMP AE's risk management system is integrated into all of its planning, management and monitoring processes. The Company's presence throughout Germany and its decentralized management structure make systematic risk management a necessity. Various policies specify the corresponding principles, processes and responsibilities. We take new findings into account when developing our policies and systems.

The regulations, instructions, implementation provisions and above all regular communication regarding the closed management cycle of planning, controlling and monitoring constitute the risk management system for defining, recording and minimizing operating and strategic risks.

We define risks as potential future developments or events resulting in a negative deviation from our forecast.

Successfully managing opportunities and risks is a part of business and a primary task of all managers. Opportunities, risks and optimization measures are systematically dealt with in regular management meetings at all levels of management. Fast, frank and unreserved communication between all management levels regarding risks and pending exceptional situations means that potential risks can be identified and localized at an early stage. Awareness of risk and the organizational integration of risk management into the permanent responsibilities of managers allows them to prevent negative effects on the Company's assets, liabilities, financial position and financial performance or to keep them to a minimum.

Strategic risks

An assessment of the Company's strategic risks comes to the same result. The strategic initiatives for advance product development or to improve the quality of products and processes are reviewed regularly, and the resulting findings are discussed by SMP AE's management with the aim of enhancing the Company's competitive advantages. One important source of information is regular participation in the relevant associations (VDA/VDI), attending relevant trade fairs and events, and systematically analyzing discussions with suppliers.

The barriers to market entry in the automotive supplier sector are very high on account of the long-standing relationships between suppliers and automotive manufacturers as well as the quality requirements. That is why strategic changes become apparent in the market at an early stage.

We consider the likelihood of strategic risks occurring to be low. The potential impacts of these risks on the Company's ability to achieve our projected targets for revenue and profit are moderate.

Market risks

On account of its product structure and customer base, SMP AE is almost entirely dependent on the development of the automotive industry. The economic development of this sector exerts a decisive influence over the Company's current and future revenue as well as its financial capacity. SMP AE's reliance on a small number of important customers constitutes a risk. The focus of the sales activities on new orders from automotive manufacturers that have only made minor contributions to SMP AE's revenue in recent years is aimed at balancing out and expanding the customer portfolio and is the basis for future growth. Since the acquisition of SMP AE by the Samvardhana Motherhood Group, significant progress has been made with regard to the revenue mix.

The cycles for awarding contracts in the product divisions are long-term in nature (generally five to eight years). That is why the effects of a strategic optimization can only be reflected in the long-term corporate planning. The long contract terms are however also the foundation for a high degree of security in terms of a stable situation with respect to revenue in the years to come, also because customers are tied to SMP AE for the same periods of time.

SMP addresses the pressure on prices by initiating improvements to processes at an early stage, reducing quality-related costs (including by reducing wastage and optimizing operating and logistics processes, resulting in the improved utilization of equipment and enhanced productivity in all production units). Membership of the Samvardhana Motherhood Group also offers new potential for synergies and the vertical integration of services and component production.

The automotive industry is generally subject to market fluctuations, which can, for example, be influenced by trends in the global financial market as well as turbulence in the euro zone. The economic development of the "BRIC" countries plays an important role in the global growth of global car sales. However, social, infrastructural, economic and political developments in these regions are difficult to predict.

There is also always a latent risk of declining call-offs from the Volkswagen Group, BMW and Daimler as a result of the accusations of manipulation relating to the emissions figures for diesel vehicles. We also see this latent risk with respect to Porsche on account of new exhaust testing cycles/processes. There already was a noticeable decline in revenue with our customers as a result of this in fiscal year 2018/19, a sharp drop in the unit

Translation from the German language

sales figures for the vehicle models that we supply (even a temporary one) could have a noticeable impact on our planned targets. We nevertheless assume that this risk with respect to our planning should be limited.

SMP AE's business in Germany also depends on the trends in the US and the BRIC countries on account of the high volume of vehicle exports from Europe to those regions. The resurgence of protectionism, which is currently becoming apparent in the US with the announcement of increased import tariffs on passenger cars from Europe as well as the UK's exit from the EU, puts jobs at risk in the German automotive industry and therefore also at SMP.

The corona crisis is currently determining the market environment and is leading to restrictions, measures and changes in behavior due to the crisis management measures of governments and companies worldwide, which in turn is significantly influencing market demand, particularly for cars. Temporary discontinuation of production has been the result. The duration of the recovery of production, rebounding demand for automobiles and a stable start-up of supply chains are the current uncertainty factors that make it difficult to pursue planned, routine operations and also entail existential risks for companies. Therefore, a top priority for companies is to secure their viability and liquidity. The collapse of the automotive market triggered by the coronavirus poses a high risk for fiscal year 2020/2021 with an associated difficulty in reliably forecasting when the market conditions will normalize again.

In the current market environment the aforementioned risks to the projected business are therefore to be classified as moderate to high in terms of both their likelihood of occurrence and their impact on SMP AE.

Procurement risks

The crisis in global supplies continued to deteriorate in the last quarter of the fiscal year due to the COVID-19 pandemic. The supply of production was ensured without any restrictions.

For this reason, the Company has not changed its assessment of the procurement risks it faces. The prices of raw materials for plastic products are largely dependent on the trend for the price of crude oil. This applies to both plastic granulates and paints. These purchase price fluctuations are passed on to customers with a delay and only in proportion to the procurement volumes specified by the customers by means of agreements with said customers that generally specify the raw materials/suppliers to be used. Commodity prices are very likely to become more volatile due to the pandemic, but to what extent this will be the case is not foreseeable at present. The willingness to consider at least two alternative raw materials in all projects resulted in a certain capacity to negotiate price increases to a limited extent. Contracts for the supply of energy and gas were generally concluded for a term of one year.

SMP AE's other procurement volumes are also protected in terms of price and quality as well as volume by long-term procurement agreements. There is a high degree of certainty with respect to costs, as well as the capacity to change suppliers in the medium term. The purchases department is instructed to regularly review the costs and possibilities for the substitution of certain materials. The financial solvency and reliability of suppliers is also routinely verified.

Current risks in the supply market for injection-molded parts with low machinery tonnages are eliminated by outsourcing to Indian affiliates.

We consider the likelihood of the procurement risks described occurring to be moderate. We consider the potential impacts of these risks on the Company's ability to achieve our projected targets for revenue and profit to be moderate to high.

Location risks

There were no changes with respect to the location of the Company's production facilities in the past fiscal year. The close logistics links with customers necessitate production in Germany in close proximity to the customer's destination plant. The close links with customers and relatively capital-intensive production equipment, for which the procurement lead times are generally very long, would lead to considerable risks if a plant were to drop out due to force majeure. This risk is exacerbated by the just-in-time and just-in-sequence delivery arrangements, which limit response times in the event of disruptions to a few hours at most. In order to minimize this risk, "alarm chains" have been installed that notify specialists for the rectification of technical problems as well as the customers affected in the event of disruptions. This results in very short response times when necessary. In emergencies, an alternative production system is already in place to avoid interruptions to customers' production activities.

Translation from the German language

The Company's premises are not situated in an area that is subject to an above-average risk of natural disasters. Regular checks of the preventive safety facilities that have been installed ensure a high degree of reliability for production. Costly structural fire prevention measures have been implemented at the production plant. Reserve inventories are also maintained in accordance with the Company's agreements with customers.

Adequate property and loss of profit insurance has been taken out to cover this risk.

We consider the likelihood of the location risks described eventuating to be low. We consider the potential impacts of these risks on the Company's ability to achieve our projected targets for revenue and profit to be substantial.

Personnel risks

The risk of bottlenecks (the danger that it will not be possible to fill vacant positions at the Company as planned) is addressed in the long term using internal resources by continuing the needs-based focus of training. Merely the situation regarding applicants for our apprenticeships is not satisfactory. If necessary, the qualification level of potential candidates needs to be raised by means of a stronger focus on internal training units by our training officers.

College recruitment efforts were intensified in 2019/2020 by defining target colleges and increasing the number of theses available to future graduates. Measures were defined based on the target colleges in order to position the Company as an attractive employer for the relevant students. It goes without saying that the HR function also successfully participates in the colleges' regional and multi-regional job markets. Graduates from several disciplines were offered a permanent position at SMP Automotive Exterior after completion of their theses in HR, Industrial Engineering and logistics planning.

The aim for 2020/2021 is to use targeted personnel marketing measures so that the Company is perceived as an employer of choice. The strategic development of an employer brand was already successfully completed in the past. The "emcruit" employee recommendation program introduced in 2016/2017 has continues to prove its value with individual vacancies.

Statutory occupational health and safety requirements are complied with. Days absent due to sickness are recorded, and employees who are sick for more than 42 days in a given calendar year are offered reintegration services. The comprehensive risk assessment required by Sec. 5 ArbSchG ["Arbeitsschutzgesetz": German Occupational Health and Safety Act] is also carried out. Our local occupational health and safety specialist provided managers various internal courses of training on how to prepare professional risk assessments. The introduction of shift patterns that are more appealing from a health perspective was also taken into account when adjusting the models for working hours at the plant.

The Company addresses the risk to health by continuing to reinforce its

company health management (CHM) measures. A number of individual campaigns took place in fiscal year 2019/20 dealing with musculoskeletal, cardiovascular and mental strains as well as potential individual countermeasures. At the end of the fiscal year, a health day at the plant was carried out for all employees in cooperation with a regional health insurance company. Here, among other things, lectures with the focus on "Health in shiftwork" were offered and enjoyed high attendance. Another measure is an employee-oriented cooperation model with a local health studio and gym, which is supported by SMP.

There are currently risks related to filling individual specialist positions in the field of quality management. The applicant situation is critical in this field and requires above-average onboarding.

We consider the likelihood of the personnel risks described eventuating to be moderate. This process of training and onboarding new employees can be completed at additional cost based on past experience. External support might also be needed, which may entail higher costs, but does not pose a risk on supplying customers.

SMP AE was hit with great force by the coronavirus crisis and suffered from severe effects in some aspects. We are battling massive decreases in sales due to differentiated shut downs and plant closures among our customers. An application for the short-time work furlough scheme was lodged at the applicable employment agency as the quickest reaction, with the aim of implementing the program consistently to reduce personnel expenses. It is also important that specialist employees are not lost at the current time so that they will be available immediately for the subsequent start up and ramp up. All the avenues available under the law that have a positive impact on the Company's liquidity were exploited immediately and measures such as deferrals of social security contributions, compensatory levies in lieu of employing severely disabled, contributions to employer's liability insurance and tax liabilities were applied for and reported. As of today, measures are being developed and introduced in close collaboration with HSE/GUSI, the company doctor and the production areas in order to keep the infection risk during a restart of production as low as possible within the Company. Which further measures will be necessary depends on the market-specific development and difficult to predict at present.

IT risks

As a global tier-1 automotive supplier, SMP AE is integrated into automotive manufacturers' just-in-time/just-in-sequence supply chains. IT systems therefore represent a crucial component of the internal value added and logistics process. This requires a highly integrated system landscape with IT support at almost every workstation, both on the shop floor and in office areas.

Outages and disruptions in the IT environment (such as system outages, loss of data, security loopholes etc.) usually have a direct impact on the Company's ability to make deliveries to customers.

As a result, corresponding priority must be assigned to IT and IT security within the Company. It is to be assumed that this trend will be amplified in the years ahead by “Industry 4.0” and digital transformation concepts, and that IT solutions will make up a greater share of the value added process.

As part of a hosting outsourcing agreement with T-Systems, all important high-availability systems (e.g. SAP ERP) have been transferred to a T-Systems data processing center as a private cloud solution, where they are run as an IaaS solution. A corresponding ISAE 3402 Type II Report has been submitted for these services that confirms proper operation and does not identify any material risks.

An agreement dated 4 December 2014 transferred IT operations management from T-Systems to MothersonSumi Infotekk and Design GmbH (MIND). Like SMP, MIND is a company of the Motherson Group. The hosting agreement with T-Systems remains unaffected by this.

The Process and Information Management (PIM) unit is SMP’s internal IT function and among other things provides the interface for all of the Company’s process and IT functions. This is also where all projects and change requests are channeled, prioritized, planned and implemented or forwarded to the relevant providers.

All IT projects are prioritized, evaluated and approved for implementation by means of a standardized portfolio and project management process. The risks of non-implementation are evaluated, as are the actual benefits of the project. This process also includes standardized approval and implementation.

The IT service management processes have been expanded again, and in addition to prioritization and risk evaluation also include clear specifications for testing as well as rollbacks in the event of errors. It also conducts change management and service request fulfillment. Approval is given by the “Change Advisory Board”, which meets every week to discuss and evaluate all of the consequences and risks to operations before giving approval. In addition, extensive problem management was introduced in order to avoid recurring disruptions in the long term.

In order to ensure the 100% availability of the production supply chain and deal with the associated risks in the event of a system outage, manual contingency plans have been introduced and established at SMP.

We consider the likelihood of the IT risks described occurring to be low. The potential impacts of these risks on the Company’s ability to achieve our projected targets for revenue and profit could be severe.

Financial risks

The Company is exposed to a range of financial risks. These currently mainly comprise default risks in connection with receivables from customers, performance by suppliers, liquidity risks and risks relating to interest and exchange rate fluctuations.

Counterparty credit risks are all but eliminated by means of assessing the creditworthiness of all customers as a preventive measure, non-OEM customers in particular, as well as monitoring the compliance of all customers with the agreed terms of payment. Monitoring and creditworthiness assessments are also carried out regularly with respect to suppliers. Replacement suppliers are built up if critical trends are identified.

SMP AE's liquidity is monitored by means of the continuous assessment and liquidity reporting of the anticipated incoming payments and necessary cash outflows. Currency-related risks with respect to both customers and suppliers are largely avoided by concluding contracts in euros. The only applicable interest rate fluctuation risks relate to the variable-interest factoring agreements, but these are not significant. Interest and exchange rate risks are monitored by the Treasury unit in partnership with the Regional Chairman Offices of the Motherson Group, and any identified risks are hedged in a targeted manner in the event of future necessity.

Any potential margin increase of the factoring banks is an additional risk due to the current situation caused by the global spread of COVID-19. The treasury department collaborates closely with the banks, however, a margin increase cannot be entirely ruled out at present due to the effects expected on the global financial markets.

We consider the likelihood of the financial risks described above eventuating to be medium. We consider the potential impacts of these risks on the Company's ability to achieve our projected targets for revenue and profit to be low.

Liability risks

SMP AE's products can be classified as non-critical and not relevant for the purposes of vehicle safety.

The remaining risks associated with product and manufacturer liability claims are insured by liability insurance from XL Insurance Company SE. The risk of costs being passed on in the event of vehicle recalls by customers due to defects in supplied parts is insured up to an amount of EUR 10.0m. Another EUR 15.0m is available from an excess liability insurance policy with QBE Insurance Europe (Limited) within the Samvardhana Motherson Group.

SMP AE's procedures and processes are optimized by means of effective measures aimed at reinforcing process reliability and quality management. This, and to no small extent, the quality management system that has been certified in accordance with ISO/TS 16949:2009, keep liability risks to a minimum thanks to reliable procedures.

Translation from the German language

Liability risks as an employee, for example for inadequate safety precautions or accidents at the workplace, are limited by providing corresponding instruction to all employees on safe conduct in the workplace, as well as by putting the organizational preconditions required by law into place. Sufficient consideration is given to accident prevention in particular by the prioritization of workplace safety throughout SMP AE through the work of the GUSi officers (GUSi = **G**esundheitsförderung, **U**mweltschutz und **S**icherheit (*health promotion, environmental protection and safety*), i.e. tours, information and instructions on how to avoid, assess and report accidents with efforts to ensure countermeasures in all units. The occupational health and safety management system is certified in accordance with OHSAS 18001:2007.

The liability risks relating to harm to the environment can be considered low on account of the regular checks of technical equipment, checking and certification in accordance with DIN 14001:2004 and the compliance of the environmental management system with EC Regulation 1221/2009 pursuant to EMAS registration. All facilities that are relevant for environmental purposes are covered by environmental liability insurance. Any claims against SMP AE on the basis of USchadG [“Gesetz über die Vermeidung und Sanierung von Umweltschäden”: German Act Governing the Prevention and Restoration of Harm to the Environment] or other national implementing laws based on the European Environmental Liability Directive (2004/35/EC) are covered by environmental damage insurance.

We consider the likelihood of the liability risks described occurring to be low. We consider the potential impacts of these risks on the Company’s ability to achieve our projected targets for revenue and profit to be moderate.

c. Opportunity report

The constant pursuit of our strategy and the vertical integration of SMP AE into the Samvardhana Motherhood Group presents numerous opportunities for savings for the Company. The Company has extensive opportunities to fall back on cost-effective suppliers within the Group.

The portfolio of customers can be made more balanced thanks to the owner's customer relationships with the OEMs and various Japanese customers. Major projects received in Mexico and the US in particular emphasize SMP's strong ranking among the top automotive suppliers.

Both the North American and the Asian market are open to the SMP Group resulting in opportunities to further optimize the product range. With the Samvardhana Motherhood Group opening up the future growth markets (US, India and China), great opportunities arise for SMP to be successful on the automotive supplier market, both in series production and engineering.

Further integration of the intragroup CAD service providers and tool makers will lead to a fast improvement in the projects (both from a financial and time perspective). The well-equipped machinery pool at the intragroup tool maker in India will be a significant addition to the supplier list for tools and other equipment.

Reliable supplies and pricing advantages present additional opportunities for enhancing the value added for existing products. The bundling of various different materials and purchased parts offer enormous potential for SMP and the other companies of the Samvardhana Motherhood Group to reduce costs in the procurement sector. The exploitation of this potential has already begun, and is set to pick up even more in the years ahead.

The exchange and interest rate risks listed under financial risks are offset by the opportunities that the factors referred to could also change in a way that is beneficial to the Company. Exchange and interest rate risks are monitored with the help of an organization created specifically for that purpose within the Samvardhana Motherhood Group.

Opportunities arising from research and development thanks to continuous innovation are an integral component of our strategy and already taken into account in our forecast. There are also opportunities relating to the market acceptance of new developments that go beyond our expectations as well as superior innovations that have not yet been taken into consideration during development.

The headquarters and engineering department have been added to the CIP program alongside the production, procurement and sales departments so that there are opportunities for further cost reductions.

The risks described under procurement risks are offset by the opportunity that the factors referred to could change in a way that is beneficial to SMP.

The Company's order backlog increased considerably year on year.

d. Overall opportunity and risk profile

Following a thorough assessment, the risks described above are manageable for SMP AE. Regular discussions of the trends for the market, business and competition have not and do not identify any risks to the Company's ability to continue as a going concern, even on aggregate.

Risks that are not currently classed as significant are being monitored by management in order to identify any negative consequences (which can never be ruled out) and take suitable measures at the appropriate time.

Particular opportunities are seen in the Company's membership of the Samvardhana Motherson Group, order backlog and customer portfolio, and the owner's relationships with customers.

We consider the opportunities and risks described above to be balanced with respect to the ability of achieving our projected targets for revenue and net profit.

We anticipate some employee churn in the first quarter of fiscal year 2020/21 due to the COVID-19 pandemic. This will be largely absorbed by the short-time work furlough scheme and flexible working time models in particular. However, the exact extent is not currently foreseeable.

IV. Advancement of women

SMP Automotive Exterior GmbH has regularly employed more than 500 people since November 2016 and is therefore obliged to set up a supervisory board pursuant to Sec. 1 (1) No. 3 DrittelbG [“Drittelbeteiligungsgesetz”: German One-Third Employee Participation Act]. A supervisory board has not yet been set up. The Company's management have not yet completed their discussions regarding the establishment of a supervisory board based on co-determination, and will continue them with a view to achieving an outcome in 2020/2021. The German Act on the Equal Participation of Women and Men in Leadership Positions within the Private Economy and Public Service also requires SMP Automotive Exterior GmbH to define targets for the proportion of women in management as well as the first two management levels below company management, even in the absence of a supervisory board. Deadlines must also be set for achieving these targets. No targets or deadlines have been set thus far.

Schierling, 18 June 2020

SMP Automotive Exterior GmbH
The general manager

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Andreas Heuser