

CONTENTS

FINANCIAL STATEMENTS

- Balance sheet at March 31, 2020
- Income statement for the year ended March 31, 2020
- Statement of changes in equity for the year ended March 31, 2020
- Cash flow statement for the year ended March 31, 2020
- Notes corresponding to the year ended March 31, 2020

MANAGEMENT REPORT

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Balance sheet at March 31, 2020
(In euros)

ASSETS	Notes	03.31.2020	03.31.2019
NON-CURRENT ASSETS		23,096,026	22,971,086
Intangible assets	5	275,485	24,643
Software		275,485	24,643
Property, plant, and equipment	6	11,819,744	12,602,789
Land and buildings		3,242,569	3,385,673
Technical installations, machinery, and other PP&E items		7,438,744	7,255,260
PP&E under construction and prepayments		1,138,431	1,961,856
Non-current investments in group companies and associates		10,388,699	9,925,266
Equity instruments	8	2,201,371	2,201,371
Non-current loans to group companies and associates	7, 9, 24	8,187,328	7,723,895
Non-current financial investments	7, 9	31,111	31,219
Deferred tax assets	18, 20	580,987	387,169
CURRENT ASSETS		19,460,606	16,634,918
Inventories	10	6,435,117	6,277,352
Trade and other receivables	9	7,196,044	4,878,666
Trade receivables for sales and services	7	4,171,058	4,079,264
Trade receivables from group companies and associates	7, 24	1,979,620	799,402
Other receivables from public administrations	20	1,045,366	-
Current investments in group companies and associates	7, 9, 24	4,192,165	3,003,356
Loans to group companies and associates		4,192,165	3,003,356
Current financial investments	7, 9	850,000	-
Loans to companies		850,000	-
Accruals	7	92,789	95,176
Cash and cash equivalents	7, 11	694,491	2,380,368
TOTAL ASSETS		42,556,632	39,606,004
EQUITY AND LIABILITIES			
EQUITY		12,596,683	8,132,700
CAPITAL AND RESERVES		11,427,096	7,941,756
Capital	12	1,165,963	1,165,963
Issued capital		1,165,963	1,165,963
Reserves	13	667,451	667,451
Legal and statutory reserves		233,193	233,193
Other reserves		434,258	434,258
Profit (loss) for the year	14	9,735,147	7,377,548
Interim dividend	14	(141,465)	(1,269,206)
GRANTS, DONATIONS, AND LEGACIES	15	1,169,587	190,944
NON-CURRENT LIABILITIES		14,934,296	15,630,023
Non-current borrowings	7, 16	504,319	611,396
Other financial liabilities		504,319	611,396
Non-current borrowings from group companies and associates	7, 16, 24	13,954,872	14,860,581
Deferred tax liabilities	18, 20	475,105	158,046
CURRENT LIABILITIES		15,025,653	15,843,281
Current provisions	17	282,127	55,474
Current borrowings	7, 16	757,733	1,126,716
Other financial liabilities		757,733	1,126,716
Borrowings from group companies and associates	7, 16, 24	713,875	1,129,945
Trade and other payables	16	13,271,918	13,531,146
Suppliers	7	4,756,043	5,821,815
Suppliers, group companies, and associates	7, 24	2,193,718	1,875,995
Other payables	7	4,359,161	4,004,270
Employee benefits payable	7	801,940	554,883
Other payables to public administrations	20	1,161,056	1,274,183
TOTAL EQUITY AND LIABILITIES		42,556,632	39,606,004

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Income statement for the year ended March 31, 2020
(in euros)

	Notes	03.31.2020	03.31.2019
CONTINUING OPERATIONS			
Revenue	19	60,587,227	62,327,262
Sales		60,587,227	62,327,262
Changes in inventory of finished goods and work in progress		336,710	1,445,095
Cost of sales	19	(31,074,724)	(33,851,037)
Consumption of goods		(143,761)	(794,080)
Consumption of other supplies		(29,113,120)	(30,687,980)
Subcontracted work		(1,758,716)	(2,399,609)
Impairment of goods for resale	10	(59,127)	30,632
Other operating income		2,647,179	1,691,431
Ancillary income		2,647,179	1,691,431
Employee benefits expense	19	(9,946,234)	(9,242,094)
Wages, salaries, et al.		(7,525,498)	(6,985,286)
Social security costs		(2,420,736)	(2,256,808)
Other operating expenses		(11,733,536)	(10,992,831)
External services	19	(10,568,682)	(10,535,278)
Taxes	19	(55,933)	(69,408)
Losses on, impairment of, and changes in trade provisions	9	14,450	68,473
Other current operating expenses		(1,123,371)	(456,618)
Depreciation and amortization	5, 6	(1,794,425)	(1,745,925)
Grants related to non-financial assets and other grants released to income statement	15	57,166	58,062
Overprovisions		-	52,386
Impairment losses and gains (losses) on disposal of assets		21,046	(6,954)
Impairment and losses	6	21,046	21,046
Gains (losses) on disposals and other gains and losses	6	-	(28,000)
Other gains or losses		(376)	1,037
OPERATING PROFIT		9,100,033	9,736,432
Finance income	24	3,607,324	972,009
Dividends		3,049,807	468,755
Group companies and associates	8	3,049,807	468,755
Marketable securities and other financial instruments		557,517	503,254
Group companies and associates		557,517	503,254
Finance expenses		(1,008,654)	(1,107,743)
Group companies and associates	24	(894,291)	(971,098)
Other		(114,363)	(136,645)
Exchange gains (losses)		462	(25,448)
FINANCE COST		2,599,132	(161,182)
PROFIT BEFORE TAX		11,699,165	9,575,250
Corporate income tax	20	(1,964,018)	(2,197,702)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		9,735,147	7,377,548
PROFIT FOR THE YEAR		9,735,147	7,377,548

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Statement of changes in equity for the year ended March 31, 2020
(In euros)

A) Statement of recognized income and expense for the year ended March 31, 2020

	Notes	03.31.2020	03.31.2019
PROFIT (LOSS) FOR THE YEAR	14	9,735,147	7,377,548
INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY	15	1,020,245	-
Grants, donations, and bequests received		1,360,327	-
Tax effect		(340,082)	-
AMOUNTS TRANSFERRED TO THE INCOME STATEMENT	15	(41,602)	(42,228)
Grants, donations, and bequests received		(57,166)	(58,062)
Tax effect		15,564	15,834
TOTAL RECOGNIZED INCOME AND EXPENSE		10,713,790	7,335,320

B) Statement of total changes in equity for the year ended March 31, 2020

	Issued capital	Legal reserve	Other reserves	Profit (loss) for the year	Interim dividend	Grants	TOTAL
BALANCE AT 03.31.2018	1,165,963	233,193	801,366	8,408,661	(4,096,864)	233,172	6,745,491
Total recognized income and expense	-	-	-	7,377,548	-	(42,228)	7,335,320
Transactions with partners							
Dividend distribution	-	-	(4,678,905)	-	(1,269,206)	-	(5,948,111)
Other changes in equity	-	-	4,311,797	(8,408,661)	4,096,864	-	-
BALANCE AT 03.31.2019	1,165,963	233,193	434,258	7,377,548	(1,269,206)	190,944	8,132,700
Total ingresos y gastos reconocidos	-	-	-	9,735,147	-	978,643	10,713,790
Operaciones con socios							
Distribución de dividendos	-	-	(6,108,342)	-	(141,465)	-	(6,249,807)
Otras variaciones del patrimonio neto	-	-	6,108,342	(7,377,548)	1,269,206	-	-
BALANCE AT 03.31.2020	1,165,963	233,193	434,258	9,735,147	(141,465)	1,169,587	12,596,683

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Statement of cash flows for the year ended March 31, 2020
(in euros)

	Notes	03.31.2020	03.31.2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	20	11,699,165	9,575,250
Adjustments to profit		(578,134)	1,655,769
Depreciation and amortization	5, 6	1,794,425	1,745,925
Impairment	6, 9, 10	57,086	(120,151)
Changes in provisions (+/-)	17	226,653	(101,125)
Grants released to income (-)	15	(57,166)	(58,062)
Gains (losses) from derecognition and disposals of assets	6	-	28,000
Finance income		(3,607,324)	(972,009)
Finance expenses		1,008,654	1,107,743
Exchange gains (losses)		(462)	25,448
Change in working capital		(1,764,642)	(503,355)
Inventories		(216,892)	(788,427)
Trade and other receivables		(1,291,017)	(226,902)
Other current assets		2,387	12,334
Trade and other payables		(259,228)	502,590
Other non-current assets and liabilities		108	(2,950)
Other cash flows from operating activities		17,305	(2,648,242)
Interest paid		(1,008,654)	(1,107,743)
Interest received		3,607,324	972,009
Income tax receipts (payments)	20	(2,581,365)	(2,512,508)
CASH FLOWS FROM OPERATING ACTIVITIES		9,373,694	8,079,422
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		(3,743,418)	(3,870,524)
Group companies and associates		(1,652,242)	(1,491,146)
Intangible assets	5	(34,794)	(3,430)
Property, plant, and equipment	6	(1,206,382)	(2,375,948)
Other financial assets		(850,000)	-
Proceeds from sale of investments		-	24,500
Property, plant and equipment	6	-	24,500
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(3,743,418)	(3,846,024)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		314,961	-
Grants, donations, and bequests received	15	314,961	-
Proceeds from and payments of financial liabilities		(1,381,769)	(471,410)
Repayment and redemption of:			
Borrowings from group companies and associates		(905,709)	(28,902)
Other debts		(476,060)	(442,508)
Dividends paid		(6,249,807)	(5,948,110)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(7,316,615)	(6,419,520)
NET FOREIGN EXCHANGE DIFFERENCE		462	(25,448)
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(1,685,877)	(2,211,570)
Cash and cash equivalents, opening balance	11	2,380,368	4,591,938
Cash and cash equivalents, closing balance	11	694,491	2,380,368
		1,685,877	2,211,570

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A.U.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. GENERAL INFORMATION

SMR Automotive Systems Spain, S.A., Sole Shareholder Company ("the Company"), was incorporated on July 13, 1990 with the registered name of Alfred Engelmann, S.A. (later changed to Visiocorp España, S.A.U.), and is located in Épila, Polígono Industrial Valdemuel s/n.

The Company's corporate purpose is the production and sale of technical parts for high quality plastic materials used in the automotive industry, especially exterior and interior rear-view mirrors.

On June 9, 2009, the sole shareholder decided to change the Company's registered name from Visiocorp España, S.A.U. to SMR Automotive Systems Spain, S.A.U.

The Company belongs to the group led by Samvardhana Motherson Reflectec Group Holdings Ltd. (formerly Samvardhana Motherson Visiocorp Solution Ltd) through its sole shareholder, SMR Automotive Mirrors Stuttgart GmbH, domiciled in Germany.

The parent of the aforementioned group, Samvardhana Motherson Reflectec Group Holdings Ltd., has its registered address in India, where it files its consolidated financial statements.

2. BASIS OF PRESENTATION

a) True and fair view

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

These financial statements have been prepared by the directors of the Company and will be submitted for approval by the sole shareholder. They are expected to be approved without modification. The prior annual financial statements, for the year ended March 31, 2019, were approved by the sole shareholder on September 30, 2019.

The figures contained in the documents which make up these financial statements are expressed in euros without decimals.

b) Grouping of items

For purposes of clarity, the items shown on the accompanying balance sheet, income statement, statement of changes in equity, and cash flow statement have been grouped, and an analysis is provided in the notes to the financial statements where appropriate.

c) Critical issues concerning the measurement and assessment of uncertainty

Preparation of the financial statements requires the Company to make, and continually review, certain judgments and estimates with respect to the future, based on historical experience and other factors, including expectations with regard to future events that seem reasonable given present circumstances.

The estimates considered were made based on the best information available at the date of preparation of the accompanying financial statements, and any modifications to said estimates in

the future will be applied prospectively, recognizing the effect of the changes made in the income statement of the corresponding year.

The main estimates and judgments made in the preparation of the financial statements were the following:

- The useful life of property, plant, and equipment and intangible assets (Notes 3.1 and 3.2)
- The recoverable amounts corresponding to interest held in group companies (Note 3.5)
- Calculation of provisions (Note 3.12)

3. ACCOUNTING POLICIES

3.1 Intangible assets

IT applications

Computer software licenses acquired from third parties are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years.

Costs associated with maintaining computer software programs are recognized as expenses when incurred.

3.2 Property, plant, and equipment

Items of property, plant, and equipment are recognized at either acquisition or production cost, less accumulated depreciation.

The amount recognized for work performed by the Company in connection with its PP&E items is calculated by adding the acquisition price of the consumables used and the related direct or indirect costs attributable to said items.

Expenses incurred for expansion, modernization or improvements to PP&E items which increase productivity and capacity, or prolong their useful life, are capitalized as an increase in the value of the assets provided that it is possible to identify or estimate the underlying book value of the assets derecognized from the inventory as a result of their replacement.

Costs incurred as a result of important repairs are capitalized and depreciated during the estimated useful life of the related assets, while recurring maintenance expenses are taken to the income statement in the year in which they are incurred.

Except for land, which is not depreciated, depreciation of PP&E items is calculated on a straight-line basis over their estimated useful lives, including effective depreciation due to functioning, use, and operation.

The annual depreciation rates applied on a straight line basis are the following:

	Rate
Buildings	3%
Plant	12 % - 15%
Machinery	12% - 21%
Tools	33%
Other installations	10%
Furniture	10%-25%
Information technology equipment	25%
Transport equipment	16%-32%
Other property, plant, and equipment	10%-15%

At each balance sheet date, residual values and useful lives are reviewed and adjusted where applicable.

When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is immediately written down to its recoverable amount (Note 3.4).

Gains and losses arising from the sale of PP&E items are calculated by comparing income obtained from the sale to the carrying amount and are recognized in the income statement.

3.3 Borrowing costs

Finance expenses directly attributable to the acquisition or construction of PP&E items that need more than one year to be brought into working condition are included in the cost of the assets until they are ready for use.

3.4 Impairment of non-financial assets

Depreciable assets are tested for impairment when changes in circumstances indicate that the carrying amount might not be recoverable. Impairment losses are recognized for the excess carrying amount of an asset over its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. To assess impairment losses, assets are classified into the smallest group for which separate cash flows can be identified (cash generating unit).

3.5 Financial assets

a) Loans and receivables

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

These financial assets are measured initially at their fair value, including directly attributable transaction costs, and subsequently at amortized cost recognizing accrued interest at the effective rate. The effective interest rate is the rate that equates the carrying amount of the instrument with the total estimated cash flows to maturity.

Nevertheless, trade receivables which mature within less than one year are carried at nominal value both at initial and subsequent recognition, when the effect of not discounting cash flows is insignificant.

At least at year end, the necessary impairment adjustments are made when there is objective evidence that not all amounts owed will be collected.

The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate upon initial recognition. Impairment losses and related reversions are recognized in the income statement.

b) Equity investments in group companies, jointly controlled entities, and associates

These are valued at cost less any accumulated impairment losses when applicable. However, when an investment exists prior to classification as a group company, jointly controlled entity, or associate, the carrying amount of that investment prior to its new classification is taken as its cost. The previous value adjustments recognized directly in equity continue under that heading until the investment is derecognized.

If there is objective evidence that the carrying amount is not recoverable, the appropriate value adjustments are made for the difference between the carrying amount and the recoverable amount. Unless better evidence of the recoverable amount is available, impairment losses are estimated taking into account the net equity of the investee, adjusted by any tacit capital gains existing at the valuation date. Impairment losses, as well as any related reversals, are recognized in the income statement in the year in which they occur.

3.6 Inventories

Inventories are measured at the lower of cost or net realizable value. When the net realizable value of inventories is less than their cost, they are written down and an expense is recognized in the income statement. If the circumstances causing the write-down disappear, the corresponding amount is reversed and recognized as income in the income statement.

The cost of raw materials is determined by the weighted average cost method and includes all expenses associated with the acquisition of said raw materials, mainly relating to transportation and freighting.

In addition to the cost of raw materials, the cost of finished products and products in progress includes design costs, the applicable portion of direct and indirect labor costs as well as other general production overheads (based on the normal working capacity of the production methods).

The Company's inventories include production work for molds, which are ordered by clients for subsequent production of parts by the Company. Their valuation includes all the expenses invoiced by the suppliers contracted for production plus the direct and indirect attributable production expenses.

The invoicing for said molds is conducted in accordance with the agreed upon terms and income is not recognized until the corresponding certification has been obtained or the goods have been accepted by the client.

Possible losses which the mold projects may incur are recognized as soon as they arise.

Net realizable value is the estimated selling price in the normal course of business less any estimated necessary costs to sell. In the case of raw materials and products in progress, net realizable value includes any estimated costs necessary to complete production.

3.7 Equity

Share capital is comprised of registered shares.

The cost of issuing new shares is recognized directly in equity as a reduction of reserves.

3.8 Financial liabilities

a) Trade and other payables

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

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

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

3.9 Grants received

Repayable grants are recognized as liabilities until the conditions for them to be considered non-refundable are met, while non-repayable grants are recognized directly in equity as income systematically and rationally correlated with the expenses relating to the grant. Non-refundable grants received from the partners are recognized directly in equity.

For these purposes, a grant is considered as non-refundable when there is an individualized grant concession agreement, all stipulated conditions for the concession have been met, and there are

no reasonable doubts regarding collection of the grant.

Monetary grants are valued at the fair value of the amount received and non-monetary grants at the fair value of the goods received, both measured at the date of reception.

Non-repayable grants related to the acquisition of intangible assets, PP&E items, and investment properties are recognized as income for the year in proportion to the amortization or depreciation of the corresponding assets or, if applicable, when the assets are disposed of, valuation adjustments are made to the carrying amounts due to impairment, or when the assets are derecognized. In addition, non-refundable grants relating to specific expenses are recognized in the income statement during the period in which the corresponding expenses are accrued, and those granted to offset operating deficits are recognized during the year in which they are granted, except when they are used to offset operating deficits in future periods, in which case the corresponding amounts are recognized in said years.

3.10 Current and deferred income tax

Income tax expense/(income) is the total amount accrued in the year, including expenses for both current income tax and deferred tax.

Current and deferred tax expense/(income) is recognized in the income statement. However, the tax effect related to items recognized directly in equity is likewise recognized in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, in accordance with prevailing tax legislation at the balance sheet date.

Deferred taxes are calculated based on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts. Deferred taxes are determined in accordance with prevailing legislation and the tax rates approved at the balance sheet date, and also by applying the rates and legislation expected for when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

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

Effective from April 1, 2015, the Company has been filing a consolidated corporate tax return with the parent of its tax group, SMP Automotive Technology Ibérica, S.L., together with other subsidiaries of the group. Thus, tax assets and obligations with the public administrations are reported in the financial statements of group companies when applicable.

3.11 Employee benefits

Termination benefits are paid to employees when the Company decides to terminate their labor contract before they reach retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it has a demonstrable commitment to terminate labor contracts under an irrevocable, formal, and detailed plan or to make indemnity payments as part of an offer to encourage voluntary redundancy. Benefits that will not be paid in the twelve months subsequent to the balance sheet date are discounted to their present value.

3.12 Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or implicit) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the corresponding amounts can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the current value of the expected outflow to settle the obligation, using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the liability. Provision discount adjustments are recognized as a finance cost as they accrue.

Provisions due for settlement within one year from the end of the reporting period are not discounted if the financial effect is not significant.

When it is expected that part of the provision will be reimbursed by a third party, the reimbursement is recognized as a separate asset, provided that such reimbursement is practically certain.

Contingent liabilities are considered to be possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not within the control of the Company. Such contingent liabilities are not recognized but are disclosed in the notes to the financial statements.

3.13 Recognition of income

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

Income is recognized when it can be reliably measured and when future economic benefits are likely to flow to the Company. Income cannot be measured reliably until all sales-related contingencies have been resolved.

The main activity of the Company is the production and sale of rear-view mirrors for vehicles. Income is recognized in the income statement as soon as the risks and benefits associated with the products are transferred, which normally coincides with the date on which the purchaser can make use of the product.

The prices applied are based on agreements signed with the clients which also establish the remaining applicable commercial terms. These prices are renewed annually.

In addition, the Company internally produces or subcontracts the production of molds for the subsequent manufacture of automobile parts. Once the mold production process finalizes, the molds are sold to clients based on the agreed upon prices.

The expenses incurred by the Company in the manufacture of said molds are recognized under the current heading for inventories.

Income relating to the sale of molds is recognized as soon as the buyer has received and can make use of them, as it is at that moment that the related risks and benefits have effectively been transferred.

Interest income is recognized using the effective interest method. When an account receivable is impaired, the Company reduces the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument, and continues carrying the discounted cash flow as a decrease in interest income. Interest income from impaired loans is recorded using the effective interest rate method.

3.14 Leases

Leases where the lessor substantially retains all the risks and benefits of ownership of the asset are classified as operating leases. Payments on operating leases (net of any incentives received from the lessor) are taken to the income statement for the year as accrued on a straight-line basis during the lease period.

3.15 Related-party disclosures

Transactions carried out between Group companies are generally measured initially at fair value. When the agreed-upon prices differ from fair value, the differences are recognized based on the economic reality of the transaction. Subsequent measurements are carried out as established in the corresponding regulations.

3.16 Environmental matters

Expenses arising from business actions taken to protect and improve the environment are recognized as an expense in the year incurred.

When these expenses constitute additions to PP&E items that will be used to minimize the environmental impact of activities as well as protect and improve the environment, they are recorded as an increase in the value of the asset.

3.17 Foreign currency transactions

(a) Functional and presentation currency

The financial statements are presented in euros, which is the Company's functional and presentational currency.

(b) Transactions and balances

Foreign currency transactions are converted to the functional currency at the exchange rates prevailing on the respective transaction dates. Gains and losses in foreign currency arising from the settlement of transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Company's activities are exposed to various financial risks: interest rate risk, credit risk, and liquidity risk.

Management of risk is controlled by the Company, which identifies, evaluates, and covers the financial risks in accordance with policies approved by the Group. The Group provides policies for overall risk management, as well as policies for covering specific areas, such as interest rate risk, liquidity risk, and investment of excess liquidity.

a) Interest rate risk

Since the Company does not have any significant remunerated assets, income and cash flows from operating activities are not significantly exposed to the risk of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risk.

b) Credit risk

Credit risk arises from cash and cash equivalents, and clients, including receivables pending collection and transactions to which the Company has committed itself. The credit quality of the clients is evaluated taking into account their financial position, past experience, and other factors.

The main clients of the Company are important companies active in the automotive sector which have no history of non-payments. The Company's policy is to provision all past due balances older than 6 months.

The level of credit extended is regularly monitored.

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

c) Liquidity risk

Prudent management of liquidity risk consists in maintaining sufficient cash and marketable securities, having sufficient financing available from committed credit facilities, and having the capacity to exit market positions.

Management monitors forecasts relating to the Company's liquidity reserves, comprising available credit as well as cash and cash equivalents, based on expected cash flows.

The following table shows an analysis of the financial liabilities, grouped by maturities in accordance with pending installments at the balance sheet date until the maturity date established in the corresponding contracts.

Financial liabilities							
Euros	2020	2021	2022	2023	2024	Subsequent years	Total
Trade and other payables (Note 16)	12,110,862	-	-	-	-	-	12,110,862
Borrowings from group companies and associates (Note 24)	713,875	-	-	13,954,872	-	-	14,668,747
Other financial liabilities (Note 16)	757,733	141,025	141,025	114,381	62,769	125,537	1,342,470
	13,582,470	141,025	141,025	14,069,253	62,769	125,537	28,122,079

"Other financial liabilities" includes loans received by public bodies at subsidized interest rates, which are consequently recognized at amortized cost. The maturities shown in the above table do not take into account the effect of amortized cost on these loans, which amounts to 80,418 euros.

4.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on market prices at the balance sheet date. The market price used for financial assets is the current purchase price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses the discounted cash flow method, applying hypotheses based on current market conditions at each balance sheet date.

The Company assumes that the carrying amounts of trade receivables and payables approximately agree with their fair value.

5. INTANGIBLE ASSETS

The breakdown and movements in the items recognized under "Intangible assets" are as follows:

(In euros)	Beginning balance	Additions and allowances	Transfers	Balance at year end
03.31.2020				
Cost				
Software	547,021	34,794	255,987	837,802
	547,021	34,794	255,987	837,802
Accumulated amortization				
Software	(522,378)	(39,939)	-	(562,317)
	(522,378)	(39,939)	-	(562,317)
Net carrying amount	24,643			275,485
03.31.2019				
Cost				
Software	526,566	3,430	17,025	547,021
	526,566	3,430	17,025	547,021
Accumulated amortization				
Software	(497,204)	(25,174)	-	(522,378)
	(497,204)	(25,174)	-	(522,378)
Net carrying amount	29,362			24,643

At March 31, 2020, fully amortized intangible assets still in use amounted to 518,247 euros (2019: 484,838 euros).

6. PROPERTY, PLANT, AND EQUIPMENT

The breakdown and movements in the items recognized under "Property, plant, and equipment" are as follows:

(In euros)	Beginning balance	Additions and allowances	Derecognitions	Transfers	Balance at year end
03.31.2020					
Cost					
Land and buildings	6,013,140	21,779	-	13,736	6,048,655
Plant and other PP&E items	31,657,699	319,641	(1,327)	1,418,664	33,394,677
Prepayments and PP&E under construction	1,961,856	864,962	-	(1,688,387)	1,138,431
	39,632,695	1,206,382	(1,327)	(255,987)	40,581,763
Accumulated depreciation					
Land and buildings	(2,627,467)	(178,619)	-	-	(2,806,086)
Plant and other PP&E items	(24,333,058)	(1,575,867)	1,327	-	(25,907,598)
	(26,960,525)	(1,754,486)	1,327	-	(28,713,684)
Impairment					
Plant and other PP&E items	(69,381)	-	21,046	-	(48,335)
	(69,381)	-	21,046	-	(48,335)
Net carrying amount	12,602,789				11,819,744
03.31.2019					
Cost					
Land and buildings	6,010,107	3,033	-	-	6,013,140
Plant and other PP&E items	30,289,717	1,094,541	(60,000)	333,441	31,657,699
Prepayments and PP&E under construction	1,058,448	1,278,374	(24,500)	(350,466)	1,961,856
	37,358,272	2,375,948	(84,500)	(17,025)	39,632,695
Accumulated depreciation					
Land and buildings	(2,449,480)	(177,987)	-	-	(2,627,467)
Plant and other PP&E items	(22,822,294)	(1,542,764)	32,000	-	(24,333,058)
	(25,271,774)	(1,720,751)	32,000	-	(26,960,525)
Impairment					
Plant and other PP&E items	(90,427)	-	21,046	-	(69,381)
	(90,427)	-	21,046	-	(69,381)
Net carrying amount	11,996,071				12,602,789

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

At March 31, 2020, the amount recognized for land and buildings totaled 110,465 euros and 3,132,104 euros, respectively (2019: 110,465 euros and 3,275,208 euros, respectively).

Acquisitions for the years ended March 31, 2020 and March 31, 2019 correspond to investments in machinery and installations for the manufacturing of new projects.

The decreases for the years ended March 31, 2020 and March 31, 2019 mainly correspond to technical installations elements.

No PP&E items were purchased from or sold to Group companies during the current year or the prior year.

In prior years, during a period of three months, the Company manufactured plastic parts for the Group company SMP Automotive Technology Ibérica S.L. In order to perform this activity, it was necessary to make investments in machinery amounting to 174,609 euros. Once said period had ended, Management decided to recognize impairment losses equivalent to the acquisition cost of these investments, given that said assets cannot be utilized for the production of plastic components by the Company. During the year ended March 31, 2020, said provision was reversed in the amount of 21,046 euros (2019: 21,046 euros), in line with the depreciation allowance recognized for the period.

a) Fully depreciated assets

At March 31, 2020 fully depreciated PP&E items still in use were recognized in the amount of 19,799,818 euros (2019: 18,781,090 euros).

b) Insurance

The Company has taken out various insurance policies to cover the risks to which its PP&E items are exposed. The coverage of these policies is considered sufficient.

c) Goods under operating leases

The income statement includes expenses corresponding to operating leases in connection with the leasing of the following items:

(In euros)	03.31.2020	03.31.2019
Buildings	49,027	116,819
Transport equipment	152,738	130,824
Other	8,740	9,428
	210,505	257,071

In July 2014, a five-year operating lease was contracted for the rental of a warehouse next to the Company's installations, subsequently renewable annually. During the current period expenses relating to this lease accrued in the amount of 49,027 euros (2019: 116,819 euros).

Note 19.e) to the accompanying financial statements provides disclosure on the future minimum lease payments in connection with the aforementioned items.

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

d) Revaluation of assets

As described in Note 13 to the accompanying financial statements, the Company restated certain PP&E items as permitted by various legal provisions. At March 31, 2020 the amount of net revaluations accumulated and recognized as per said legal provisions and the effect on depreciation allowances for the period was as follows:

(In euros)	Beginning balance	Additions and allowances	Balance at year end
03.31.2020			
Cost			
Land and buildings	177,071	-	177,071
Plant and other PP&E items	270,618	-	270,618
	447,689	-	447,689
Accumulated depreciation			
Land and buildings	(129,539)	(5,852)	(135,391)
Plant and other PP&E items	(270,618)	-	(270,618)
	(400,157)	(5,852)	(406,009)
Net carrying amount	47,532		41,680
03.31.2019			
Cost			
Land and buildings	177,071	-	177,071
Plant and other PP&E items	270,618	-	270,618
	447,689	-	447,689
Accumulated depreciation			
Land and buildings	(123,687)	(5,852)	(129,539)
Plant and other PP&E items	(270,618)	-	(270,618)
	(394,305)	(5,852)	(400,157)
Net carrying amount	53,384		47,532

7. ANALYSIS OF FINANCIAL INSTRUMENTS

7.1 Analysis by categories

The carrying amount of each of the categories of financial instruments established in the standard for recognition and measurement of "Financial instruments," excluding investments in Group companies and associates (Note 8), is as follows:

(In euros)	Loans, derivatives, and other		Total	
	03.31.2020	03.31.2019	03.31.2020	03.31.2019
Non-current financial assets				
Loans and receivables (Note 9)	8,218,439	7,755,114	8,218,439	7,755,114
Current financial assets				
Loans and receivables (Note 9)	6,150,678	4,878,666	6,150,678	4,878,666
Loans to group companies and associates (Note 9)	4,192,165	3,003,356	4,192,165	3,003,356
Loans to companies	850,000	-	850,000	-
Cash and cash equivalents (Note 11)	694,491	2,380,368	694,491	2,380,368
	20,105,773	18,017,504	20,105,773	18,017,504

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

The heading for short term accruals, amounting to 92,789 euros, includes anticipated expenses for services to be received in the short term (2019: 95,176 euros).

(In euros)	Derivatives and other		Total	
	03.31.2020	03.31.2019	03.31.2020	03.31.2019
Non-current financial liabilities				
Borrowings from group companies and associates (Note 16)	13,954,872	14,860,581	13,954,872	14,860,581
Trade and other payables (Note 16)	504,319	611,396	504,319	611,396
	14,459,191	15,471,977	14,459,191	15,471,977
Current financial liabilities				
Borrowings from group companies and associates (Note 16)	713,875	1,129,945	713,875	1,129,945
Trade and other payables (Note 16)	12,868,595	13,383,679	12,868,595	13,383,679
	13,582,470	14,513,624	13,582,470	14,513,624

7.2 Breakdown by maturity

The breakdown of financial assets classified by maturity is as follows:

Financial assets							
(In euros)	2020	2021	2022	2023	2024	Subsequent years	Total
Loans to group companies and associates (Note 24)	4,192,165	-	-	8,187,328	-	-	12,379,493
Loans and receivables (Note 9)	6,150,678	-	-	-	-	-	6,150,678
Other financial assets (Note 9)	-	-	-	-	-	31,111	31,111
Loans to companies	850,000	-	-	-	-	-	850,000
Cash (Note 11)	694,491	-	-	-	-	-	694,491
	11,887,334	-	-	8,187,328	-	31,111	20,105,773

The breakdown of financial liabilities classified by maturity is as follows:

Financial liabilities							
(In euros)	2020	2021	2022	2023	2024	Subsequent years	Total
Trade and other payables (Note 16)	12,110,862	-	-	-	-	-	12,110,862
Borrowings from group companies and associates (Note 24)	713,875	-	-	13,954,872	-	-	14,668,747
Other financial liabilities (Note 16)	757,733	114,019	119,839	109,862	53,758	106,841	1,262,052
	13,582,470	114,019	119,839	14,064,734	53,758	106,841	28,041,661

"Other financial liabilities" includes loans received by public bodies at subsidized interest rates, which are consequently recognized at amortized cost. The maturities shown in the above table take into account the effect of amortized cost on these loans.

7.3 Credit rating of financial assets

None of the financial assets recognized have a credit rating granted by external bodies which might serve to evaluate the credit quality of the assets. The directors consider the risk of insolvency or late payments as low for the financial assets held given the disclosure provided in Note 4 to the accompanying financial statements on credit risk.

The accounts receivable from Group companies and public administrations are considered low risk.

None of the unmatured financial assets were subject to renegotiations during the period. The amounts collected prior to the preparation of the accompanying financial statements, together with the client histories, allow the directors to consider that none of the matured balances represent a significant risk of insolvency or late payment, and thus they did not consider it necessary to recognize any impairment losses on the accounts receivable in addition to those recognized at March 31, 2020.

8. INVESTMENTS IN GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES, AND ASSOCIATES

Interest held in Group companies corresponds to the 35.32% stake in SMR Automotive Vision Systems Mexico S.A. de C.V. (previously Visiocorp México S.A. de C.V.), a company which performs the same activity as the Company and whose shares are not listed on a stock exchange.

The amounts of capital, reserves, and profit (loss) for the period, as well as other relevant information, as presented in the individual financial statements of the company at December 31, 2019, are as follows:

(In euros)	Share capital	Reserves and retained earnings	Profit for the year	Total equity (*)	Dividends received
12.31.2019					
SMR Automotive Vision Systems Mexico, S.A. de C.V.	4,763,367	17,039,007	10,162,688	31,965,062	3,049,807
12.31.2018					
SMR Automotive Vision Systems Mexico, S.A. de C.V.	2,854,788	13,196,777	13,835,049	29,886,614	468,755

(*) Data according to financial statements translated to euros at the year-end exchange rate of the society. There is not impairment if it is considered the exchange rate at the date of the preparation of the financial statements. The financial statements as at December 31, 2019 were audited by EY Mexico.

9. LOANS AND RECEIVABLES

The breakdown of "Loans and receivables" is as follows:

(In euros)	03.31.2020	03.31.2019
Non-current financial assets		
Borrowings from group companies and related parties (Note 24)	8,187,328	7,723,895
Other financial assets	31,111	31,219
	8,218,439	7,755,114
Current financial assets		
Clients	4,255,349	4,150,140
Receivables from group companies and related parties (Note 24)	1,979,620	799,402
Other receivables from public administrations	1,045,366	-
Borrowings from group companies and related parties (Note 24)	4,192,165	3,003,356
Loans to companies	850,000	-
Impairment loss provisions	(84,291)	(70,876)
	12,238,209	7,882,022
	20,456,648	15,637,136

At the closing of the period there were receivable balances amounting to 751,246 euros (2019: 958,993 euros) classified as clients who enjoy different prices and who will be compensated via future sales invoices.

At 2020 year end, the Company had access to various non-recourse factoring lines with a total limit of 13,425,000 euros (2019: 13,895,600 euros), having drawn down 5,205,096 euros at March 31, 2020 (2019: 6,415,914 euros).

The movements in the impairment loss allowances relating to the accounts receivable from clients are as follows:

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

(In euros)	03.31.2020	03.31.2019
Beginning balance	(70,876)	(91,044)
Provision for impairment of receivables	(19,005)	-
Reversal of impaired receivables	-	19,734
Losses on irrecoverable trade receivables	5,590	434
Balance at year end	(84,291)	(70,876)

Impairment losses on accounts receivable from clients and any related reversals are recognized under "Losses on, impairment of, and change in trade provisions" in the income statement. Normally, amounts charged to impairment losses are derecognized when the possibility of recovering more cash is remote. Under this line of the income statements are recognised too the movements of the comercial provision related to clients` guarantees (Note 17). As at March 31, 2020 the net effect has been 33,455 euros (2019: 48,739 euros).

The maximum credit risk exposure at the balance sheet date corresponds to the fair value of each of the aforementioned receivable categories.

10. INVENTORIES

The breakdown for this balance sheet heading is as follows:

(In euros)	03.31.2020	03.31.2019
Goods for resale	3,926,684	4,021,147
Raw materials and other consumables	1,021,598	1,049,905
Work in progress	785,856	670,243
Finished goods	774,489	553,391
Prepayments to suppliers	2,951	-
Impairment of raw materials	(76,461)	(17,334)
Total	6,435,117	6,277,352

a) Insurance

The Company has taken out insurance policies to cover the risk of damage to its inventories. The coverage of these policies is considered sufficient.

c) Impairment allowances for inventories

The movements in the impairment loss allowances relating to inventories are as follows:

(In euros)	03.31.2020	03.31.2019
Beginning balance	(17,334)	(47,966)
Provisions for impairment of inventory	(59,127)	-
Reversal of provisions for impairment of inventory	-	30,632
Balance at year end	(76,461)	(17,334)

11. CASH AND CASH EQUIVALENTS

At March 31, 2020 and 2019 the balance for cash and cash equivalents is broken down as follows:

(In euros)	03.31.2020	03.31.2019
Cash in hand	3,338	2,971
Cash in foreign currency	188	386
Demand deposits in current accounts	690,965	2,377,011
Total	694,491	2,380,368

12. SHARE CAPITAL

Issued capital consists of 194,000 registered shares with a nominal value of 6.010121 euros each, fully subscribed and paid-in.

The entire share capital of the Company is owned by SMR Automotive Mirrors Stuttgart GmbH.

The Company is registered in the Mercantile Register as a sole shareholder company,

The Company's shares are not listed.

13. RESERVES AND RETAINED EARNINGS

The breakdown of this heading is the following:

(In euros)	03.31.2020	03.31.2019
Legal reserve	233,193	233,193
Revaluation Reserve Royal Decree-Law 7/1996	434,258	434,258
	667,451	667,451

Legal reserve

The legal reserve must be allocated in accordance with Article 274 of the Spanish Corporate Enterprises Act, which states that an amount equal to 10% of the profit for each year must be earmarked for the legal reserve until it represents at least 20% of share capital.

This reserve may not be distributed and can only be used to offset losses if no other reserves are available. Any amount of the reserve used for this purpose must be restored with future profits.

Revaluation Reserve Royal Decree-Law 7/1996, dated June 7

This reserve arises from the revaluation of balances as regulated by article 5 of said Royal Decree-Law.

Given that the three-year period counted from the closing date of the balance sheet in which the revaluations were carried out elapsed without the Tax Authorities having performed any verification, the revaluations are considered to be correct and accepted by the Tax Authorities. Thus, the balance can be used to:

- Eliminate negative accounting results
- Increase share capital
- Constitute freely distributable reserves, once ten years have elapsed counted from the balance sheet date on which the revaluations were carried out

The balance of this line item cannot be distributed, directly or indirectly, unless the gains have been realized, which is understood to have occurred when the revalued items have been completely amortized/depreciated, transferred or derecognized in the accounting records.

14. PROFIT FOR THE YEAR

a) Proposed appropriation of profit

The proposed appropriation of profit and reserves to be presented to the Sole Shareholder in 2020 as well as the distribution approved by the Sole Shareholder in the prior period are as follows:

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

(In euros)	03.31.2020	03.31.2019
Basis of appropriation:		
Income statement balance	9,735,147	7,377,548
	9,735,147	7,377,548
Distribution to:		
Interim dividend	141,465	1,269,206
Voluntary reserves	9,593,682	6,108,342
	9,735,147	7,377,548

b) Interim dividend

The Sole Shareholder agreed upon an interim dividend distribution amounting to 141,465 euros on March 13, 2020.

These amounts to be distributed did not exceed the results obtained since the end of the last fiscal year, after deducting the estimated corporate income tax payable on those results, in accordance with article 277 of the Revised Text of the Spanish Corporate Enterprises Act as per Royal Decree 1/2010 of July 2, 2010.

The provisional accounting statement shown below, approved in accordance with legal requirements, shows sufficient liquidity to distribute said dividend:

(In euros)	
PROFIT (LOSS) BEFORE TAXES FROM 04.01.2019 TO 02.29.2020 (*)	10,282,502
Estimated payable income tax (tax payable less withholdings and payments on account)	1,884,216
Legal reserves to be allocated	-
Maximum possible amount distributable	8,398,286
Amount to be distributed	141,465

(*) Entity's latest closing balance available before the date of the agreement

15. GRANTS RECEIVED

The breakdown of non-repayable grants which are reflected in the balance sheet under "Grants, donations, and legacies" is as follows:

Grantor	Grants awarded	Grant 03.31.2020 (*)	Year grant awarded
1.-Government of Aragon	5,253	5,253	1993
2.-Government of Aragon	7,036	44	2011
3.-Government of Aragon	6,881	43	2012
4.-Ministry for Industry	264,045	43,548	2012
5.-Government of Aragon	262,896	100,454	2017
6.-Government of Aragon	1,360,327	1,020,245	2019
	1,906,438	1,169,587	

(*) Grant net of tax effect

The grant awarded in 1993 was used for acquiring the land where the Company performs its habitual activities.

On June 2, 2011 the Ministry for Industry, Tourism, and Trade granted the Company a loan under the Competitiveness Plan for Developing Strategic Sectors. This loan totaled 632,979 euros, repayable at 0% interest over a period of 15 years with a five-year grace period. The grant associated with this loan amounts to 264,045 euros and was almost entirely used for acquiring fixed assets.

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

On May 17, 2016 the Regional Government of Aragon, Department of Economy, Industry, and Employment, awarded a grant to the Company meant for the realization of an investment project which had already been executed in prior years, consisting in expansion of the paint plant in Épila, Zaragoza.

On October 18, 2019 the Regional Government of Aragon awarded a grant to the Company amounting to 1,360,327 euros meant for the realization of business projects about the development of the electric vehicle. Said grant will be collected through different annual payments and at March 31, 2020 are still pending to be received 1,045,366 euros under the heading for "Other receivables from public administrations". It will be recognized in the income statement during the period in which the Company begins to sell the products concerned.

The movements under this heading during the year were as follows:

(In thousands of euros)	Beginning balance	Additions	Transfers to income statement	Tax effect (Note 20)	Balance at year end
03.31.2020					
Grants	190,944	1,360,327	(57,166)	(324,518)	1,169,587
Net carrying amount	190,944				1,169,587
03.31.2019					
Grants	233,172	-	(58,062)	15,834	190,944
Net carrying amount	233,172				190,944

16. TRADE AND OTHER PAYABLES

The breakdown of "Trade and other payables" at year end is as follows:

(In euros)	03.31.2020	03.31.2019
Trade and other payables		
Borrowings from group companies and associates (Note 24)	13,954,872	14,860,581
Other financial liabilities	504,319	611,396
	14,459,191	15,471,977
Current trade and other payables		
Asset suppliers	616,708	985,691
Other financial liabilities	141,025	141,025
Suppliers and creditors	9,115,204	9,826,085
Borrowings from group companies and associates (Note 24)	713,875	1,129,945
Suppliers, group companies and associates (Note 24)	2,193,718	1,875,995
Other payables to public administrations	1,161,056	1,274,183
Employee benefits payable	801,940	554,883
	14,743,526	15,787,807

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

- a) Information on average payment periods for suppliers. Third additional provision, "Reporting requirement" of Law 15/2010 of July 5

The breakdown of required information relating to the average payment periods for suppliers is as follows:

	03.31.2020	03.31.2019
(Days)		
Average supplier payment period	64	76
Paid transactions ratio	61	64
Outstanding transaction payment ratio	76	137
(Euros)		
Total payments made	39,522,938	51,819,015
Total payments outstanding	9,478,153	10,136,784

- b) Other non-current financial liabilities

In prior periods the Company received two loans from the Center for Industrial Technological Development (CITD) with a limit of 536 thousand euros and 158 thousand euros, of which at present 475 thousand and 153 thousand euros have been drawn down, respectively. Given that these loans are repayable over 10 years at 0% interest with a three-year grace period, the Company recognized the corresponding grant at a subsidized interest rate (Note 15). At March 31, 2020 the carrying amount of said loans amounts to 273,538 euros (2019: 337,555 euros). The implicit interest accrued during the year amounted to 14,240 euros (2019: 17,334 euros).

On June 2, 2011 the Ministry for Industry, Tourism, and Trade granted a loan under the Competitiveness Plan for Development of Strategic Sectors for a nominal amount of 632,979 euros, fully drawn down and almost entirely used to acquire fixed assets. Said loan is repayable over 15 years at 0% interest with a five-year grace period and was consequently recognized as a grant at a subsidized rate (Note 15). The carrying amount of said loan at March 31, 2020 totaled 371,806 euros (2019: 414,866 euros). Interest accrued during period, arising from valuation of the loans at amortized cost, amounted to 19,709 euros (2019: 21,092 euros).

17. PROVISIONS

At March 31, 2020 and 2019, the heading for short-term provisions includes provisions for guarantees as well as other provisions.

The movements in this heading during the year were as follows:

(In euros)	Amounts			
	03.31.2019	provisioned	Reversal	03.31.2020
Guarantees	55,474	-	(33,455)	22,019
Other	-	260,108	-	260,108
Balance at year end	55,474	260,108	(33,455)	282,127

(In euros)	Amounts			
	03.31.2018	provisioned	Reversal	03.31.2019
Guarantees	104,213	-	(48,739)	55,474
Other	52,386	-	(52,386)	-
Balance at year end	156,599	-	(101,125)	55,474

Amounts set aside and reversed in connection with these provisions are recognized under "Losses, impairment and changes in trade provisions" in the income statement.

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

Since the products manufactured by the Company have a two-year use warranty, it sets aside a provision each year to settle estimated costs relating to said warranties in effect at year end. At March 31, 2020 the provision for guarantees is recognized as a generic provision amounting to 22,019 euros, while at the 2019 closing said provision totaled 55,474 euros.

With respect to the generic provision, its calculation is determined based on revenue, historical experience of the Company, and information obtained from clients relating to deficient quality in the products sold.

On March 31, 2020, the Company recognized a provision amounting to 260,108 euros to cover the impact of the COVID-19 outbreak on the Company's operations. It considers the future expenses that the Company will have to assume as a result of the pandemic, concerning the extraordinary payments as well as the Company's contributions to Social Security of those employees covered by the Temporary Employment Regulation Record ("ERTE") which the Company approved before year end.

18. DEFERRED TAX LIABILITIES

The movement in deferred tax assets during the period was the following:

(In euros)	Beginning balance	Additions	Derecognitions	Balance at year end
03.31.2020				
Deferred tax assets				
Depreciation and amortization	137,416	-	(22,953)	114,463
Impairment	22,910	-	-	22,910
Provisions	226,843	420,662	(203,891)	443,614
	387,169	420,662	(226,844)	580,987
03.31.2019				
Deferred tax assets				
Depreciation and amortization	160,369	-	(22,953)	137,416
Impairment	22,910	-	-	22,910
Provisions	76,452	164,703	(14,312)	226,843
	259,731	164,703	(37,265)	387,169

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

The movement in deferred tax liabilities during the period was the following:

(In euros)	Beginning balance	Additions	Derecognitions	Balance at year end
03.31.2020				
Deferred tax liabilities				
Amortization/depreciation D.L. 3/93	4,616	-	(41)	4,575
Amortization/depreciation D.L. 3/94	29,736	-	(3,265)	26,471
Amortization/depreciation D.L. 3/95	681	-	(71)	610
Accelerated depreciation/amortization (Note 20)	45,745	-	(4,082)	41,663
Grants (Note 15)	77,268	340,082	(15,564)	401,786
	158,046	340,082	(23,023)	475,105
03.31.2019				
Deferred tax liabilities				
Amortization/depreciation D.L. 3/93	4,657	-	(41)	4,616
Amortization/depreciation D.L. 3/94	32,999	-	(3,263)	29,736
Amortization/depreciation D.L. 3/95	752	-	(71)	681
Accelerated depreciation/amortization (Note 20)	49,826	-	(4,081)	45,745
Grants (Note 15)	93,102	-	(15,834)	77,268
	181,336	-	(23,290)	158,046

In 1994 and 1995 the Company availed itself of the tax benefits established in Royal Decree Law 7/94 and 2/95, respectively, which allow for accelerated depreciation of PP&E items acquired during the period based on the increase in the average employee headcount. Thus, the related difference between accounting depreciation charges and tax deductible depreciation for the year ended March 31, 2020 amounted to 13,502 euros (March 31, 2019: 13,502 euros).

In addition, the Company applied the tax regime of accelerated depreciation to all acquisitions of PP&E items which were put to use during the year ended March 31, 2012 and which were related to the Company's corporate activity. Thus, the related difference between accounting depreciation charges and tax deductible depreciation for the year ended March 31, 2020 amounted to 16,327 euros (March 31, 2019: 16,371 euros).

19. INCOME AND EXPENSES

a) Revenue

The distribution of net turnover was the following:

(In euros)	03.31.2020	03.31.2019
By business segment		
Mirror casing	14,009,205	15,097,653
External mirror	33,011,304	30,026,279
Interior mirror	3,060,819	3,656,027
Fuel cap	2,428,781	3,659,940
Molds (tooling)	2,986,160	2,930,874
Other	5,090,958	6,956,489
	60,587,227	62,327,262
By geographical market		
Spain	23,736,020	23,074,343
Eurozone	27,127,229	28,569,764
Other European countries	8,585,279	9,253,584
Rest of the world	1,138,699	1,429,571
	60,587,227	62,327,262

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

b) Consumption of goods for resale, raw materials, and other consumables

(In euros)	03.31.2020	03.31.2019
Consumption and changes in inventories		
Purchase of goods for resale	54,537	28,524
Purchases of raw materials	21,385,221	22,598,527
Consumption of other supplies	7,722,220	8,219,634
Discount on early payment for purchases	(22,629)	(21,293)
Subcontracted work	1,758,716	2,399,609
Increase/(decrease) in inventories (Note 10)	117,532	656,668
Impairment of goods for resale, raw materials, and other consumables (Note 10)	59,127	(30,632)
	31,074,724	33,851,037
(In euros)	03.31.2020	03.31.2019
By geographical market		
Spain	11,081,623	13,387,817
Eurozone	10,292,615	13,080,082
Other European countries	477,584	856,097
Rest of the world	9,222,902	6,527,041
	31,074,724	33,851,037

c) Employee benefits expense

(In euros)	03.31.2020	03.31.2019
Wages, salaries, et al.	7,525,498	6,985,286
Social security costs:		
- Other welfare charges	2,420,736	2,256,808
	9,946,234	9,242,094

During the period ended March 31, 2020 the Company recorded indemnity payments relating to dismissals amounting to 28,144 euros (2019: there were not indemnity payments relating to dismissals).

The personnel employed by the Company by categories and gender at March 31, 2020 and 2019, as well as the average headcount for the years ended March 31, 2020 and 2019 were as follows:

	Headcount at year end			Average headcount during the year
	Men	Women	Total	
03.31.2020				
Manager	1	-	1	1
Production and section managers	14	1	15	15
Supervisors, technicians, and administrative personnel	43	15	58	58
Remaining employees	99	105	204	204
	157	121	278	278
03.31.2019				
Manager	1	-	1	1
Production and section managers	13	1	14	13
Supervisors, technicians, and administrative personnel	65	18	83	82
Remaining employees	79	102	181	175
	158	121	279	271

During the period ended March 31, 2020, the Company had 4 employees under contract with disabilities greater than or equal to 33% (the same number as at March 31, 2019).

d) External services and other taxes

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

(In euros)	03.31.2020	03.31.2019
Leases and royalties	210,505	257,071
Repairs and maintenance	2,059,507	2,387,053
Independent professional services	4,757,055	4,398,936
Transport	764,857	892,602
Insurance premiums	102,924	115,769
Banking and similar services	2,346	829
Publicity, advertising, and public relations	38,378	28,184
Supplies	1,152,055	1,164,019
Other external services	1,481,055	1,290,816
Other taxes	55,933	69,407
	10,624,615	10,604,686

During the current period the Company was charged 1,030,139 euros by Group companies for engineering expenses (2019: 987,123 euros). These amounts were recognized under the heading for independent professional services received. Likewise, of the total invoicing received during the period, 849,349 euros correspond to charges relating directly to the designing of products, recognized as a greater amount under inventories (2019: 788,459 euros).

e) Operating lease agreements

The Company has rented vehicles and forklifts under operating lease agreements together with a warehouse next to its installations (Note 6). The future minimum payments relating to these leased items are as follows:

(In euros)	03.31.2020	03.31.2019
Within one year	161,479	257,071
Between one and five years	645,915	1,028,283
More than 5 years	-	-
	807,394	1,285,354

20. CORPORATE INCOME TAX AND TAX SITUATION

The balances with public administrations were the following:

(In euros)	03.31.2020	03.31.2019
Deferred tax assets	580,987	387,169
Other receivables from public administrations		
Grants awarded	1,045,366	-
	1,626,353	387,169
Deferred tax liabilities	475,105	158,046
Other payables to public administrations		
Value added tax	968,083	975,443
Personal income tax withholdings (IRPF)	51,208	87,282
Social security	141,765	211,458
	1,636,161	1,432,229

The reconciliation between accounting income and expense for the year and taxable income is as follows:

(In euros)	Income statement		
	Increases	Decreases	Total
03.31.2020			
Income and expenses for the year	-	-	9,735,147
Income tax	-	-	1,964,018
Income and expense for the year before tax	-	-	11,699,165
Permanent differences	1,000	(3,049,807)	(3,048,807)
Temporary differences			
Arising in prior years (Note 18)	29,829	(892,073)	(862,244)
Arising during the year (Note 18)	1,682,650	-	1,682,650
Tax result	1,713,479	(3,941,880)	9,470,764

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

(In euros)	Income statement		
	Increases	Decreases	Total
03.31.2019			
Income and expenses for the year	-	-	7,377,548
Income tax	-	-	2,197,702
Income and expense for the year before tax	-	-	9,575,250
Permanent differences	1,500	(468,755)	(467,255)
Temporary differences			
Arising in prior years (Note 18)	29,829	(133,757)	(103,928)
Arising during the year (Note 18)	658,812	-	658,812
Tax result	690,141	(602,512)	9,662,879

Current corporate income tax is calculated as the result of applying the 25% tax rate to taxable income, taking into account the deductions generated during the period in the amount of 159,158 euros (2019: 79,297 euros). Deductions generated during the period correspond to IT deductions.

Withholdings and payments on account during the period amounted to 1,464,641 euros (2019: 1,215,874 euros). This amount does not include the first payment on account made in 2020.

The amount payable for corporate income tax amounted to 700,653 euros (2019: 1,116,723 euros). The balance payable for said item at 2019 closing is in connection with related parties given that since April 1, 2015 the Company files its corporate income tax return under a consolidated regime, with SMP Automotive Technology Ibérica, S.L. as the Parent of the tax group) (Note 24).

The reconciliation of the Company's accounting profit/(loss) and tax income/(expense) is as follows:

(In euros)	Income statement	
	03.31.2020	03.31.2019
Income and expense for the year before tax	11,699,165	9,575,250
Permanent differences	(3,048,807)	(467,255)
Theoretical tax expense (tax rate: 25%)	2,162,590	2,276,999
Deductions	(159,158)	(79,297)
Other	(39,414)	-
Expense/(income) due to tax effect	1,964,018	2,197,702

As a result, amongst other things, of the varying possible interpretations of prevailing tax legislation, additional tax contingencies could arise in the event of a tax inspection. Nonetheless, the directors do not consider that these additional liabilities, if any, would have a significant affect on the financial statements.

The Company is open to inspection of all significant taxes to which it is liable for the past four years.

21. FOREIGN CURRENCY

As the Company did not carry out any sales transactions in currencies other than the euro during the years ended March 31, 2020 and 2019, there are no accounts receivable denominated in foreign currencies at those closing dates.

The transactions carry out during the period related purchase and services received are the following:

Foreign currency transactions		
(In euros)	Pounds sterling	US dollars
Purchases / Services received	22,259	1,050,585
	22,259	1,050,585

At year end there were balances payable in foreign currency amounting to 119,983 US dollars (2019: 307,349 US dollars) and 21,670 Pounds sterling (2019: 11,738 Pounds sterling).

In addition, the investment made in SMR Automotive Vision Systems Mexico, S.A. de C.V. is denominated in Mexican pesos (MXN) (Note 8).

22. COMMITMENTS AND CONTINGENCIES

a) Purchase-sale commitments

At March 31, 2020 the Company had not signed any firm purchase or sales commitments.

b) Guarantees

At March 31, 2020 the Company had neither granted nor received any third-party guarantees (2019: 0 euros).

23. REMUNERATION FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

a) Remuneration for members of the Board of Directors

During the years ended March 31, 2020 and 2019, the Board members did not receive any remuneration for wages or salaries. Neither were any civil liability insurance premiums paid. No remuneration was received in connection with the Company's role as a member on the Boards of other companies.

The Company did not grant any advances or loans to its Board members either.

During the years ended March 31, 2020 and 2019, no contributions were made to pension plans for former or current members of the Company's Board of Directors. Likewise, no related obligations were assumed during the current year.

b) Remuneration and loans to senior management

For purposes of preparing the annual financial statements senior management was understood to comprise those who plan, direct, and control the Company's activities, directly or indirectly, and who carry out their functions independently and responsibly, only limited by the criteria and direct instructions issued by the legal owners of the Company or higher governmental and administrative bodies who represent said owners. Thus, the work of senior management is performed by the directors of the Company (except for the secretary).

c) Conflicts of interest with respect to directors

With a view to avoid situations representing a conflict of interest with the Company, the directors who held positions on the Board during the year complied with the stipulated obligations of article 228 of the Revised Text of the Spanish Corporate Enterprises Act. In addition, both the directors and related persons refrained from engaging in any activities which may represent a conflict of interest with those of the Company as established in article 229 of said law.

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

24. OTHER TRANSACTIONS WITH RELATED PARTIES

a) Transactions

The breakdown of the transactions undertaken with related parties is as follows:

(In euros)	Sales	Services rendered	Finance income	Purchases	Services received	Finance expenses
03.31.2020						
<i>Group companies</i>						
SMR Group Holdings Limited, Jesej	-	-	2,474	-	-	-
SMR Automotive Systems France, S.A.	463,207	221,484	4,897	3,487	391,876	-
SMR Automotive Mirror Technology Hungary Bt.	656,544	542,987	-	100,282	500,000	-
SMR Automotive Mirrors UK Ltd	1,260,988	369,100	86,712	-	818,703	-
SMR Automotive Servicios Mexico S.A. de C.V.	2,099	3,189	3,049,807	-	-	-
SMP Automotive Technologies Teruel, S.L.	50,652	-	-	57,171	-	-
SMR Automotive Technology Valencia S.A.U.	-	-	-	-	-	-
SMR Automotive Australia Pty	8,350	-	-	275,756	-	-
SMR Automotive System Thailandia, Ltd.	-	6,483	-	1,826,216	19,994	-
SMR Automotive Mirrors Stuttgart GmbH	-	224,939	-	-	2,276,354	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	-	463,434	-	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	-	-	894,291
SMR Automotive Systems India, Ltd.	-	-	-	-	16,800	-
SMR Automotive Operations Japan k.k.	-	-	-	-	-	-
SMP Automotive Technology Iberica S.L.	-	-	-	-	-	-
Samvardhana Motherson Global (FZE)	-	-	-	-	68,527	-
Motherson Sumi Systems, LTD	-	-	-	2,132,747	11,733	-
MSSL Advanced Polymers s.r.o	-	-	-	800	-	-
MSSL GmbH	-	-	-	-	89,318	-
SMP Deutschland GmbH	-	-	-	-	2,659	-
	2,441,840	1,368,182	3,607,324	4,396,459	4,195,964	894,291
03.31.2019						
<i>Group companies</i>						
SMR Group Holdings Limited, Jesej	-	-	3,356	-	-	-
SMR Automotive Systems France, S.A.	299,333	107,319	10,447	4,432	103,025	-
SMR Automotive Mirror Technology Hungary Bt.	598,842	439,967	-	413,548	152,920	-
SMR Automotive Mirrors UK Ltd	1,464,889	222,205	-	-	487,884	-
SMR Automotive Servicios Mexico S.A. de C.V.	4,967	-	468,755	-	-	-
SMP Automotive Technologies Teruel, S.L.	160	-	-	86,531	-	-
SMR Automotive Technology Valencia S.A.U.	-	725	125	-	-	-
SMR Automotive Australia Pty	-	-	-	453,142	-	-
SMR Automotive System Thailandia, Ltd.	-	13,631	-	1,028,724	51,752	-
SMR Automotive Mirrors Stuttgart GmbH	-	-	-	-	-	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	-	489,326	-	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	172,047	-	-	2,341,850	971,098
SMR Automotive Systems India, Ltd.	-	-	-	-	16,800	-
SMR Automotive Operations Japan k.k.	-	-	-	-	824	-
SMP Automotive Technology Iberica S.L.	-	-	-	-	3,200	-
Samvardhana Motherson Global (FZE)	-	-	-	-	44,017	-
Motherson Sumi Systems, LTD	-	-	-	2,172,517	6,336	-
MSSL Advanced Polymers s.r.o	-	-	-	4,202	-	-
MSSL GmbH	-	-	-	-	64,672	-
SMP Deutschland GmbH	-	-	-	-	-	-
	2,368,191	955,894	972,009	4,163,096	3,273,281	971,098

The goods are sold based on prevailing price lists applicable to unrelated third parties. Services are normally negotiated with related parties based on a cost plus margin basis, and mainly relate to IT services.

The main charges relate to the following services:

(In euros)	03.31.2020	03.31.2019
Technical engineering services	1,030,139	987,123
General management expenses	1,948,345	1,645,674
Other	1,217,480	640,484
	4,195,964	3,273,281

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2020

b) Balances with related parties

The breakdown of balances with related parties at March 31, 2020 and 2019, is as follows:

(In euros)	03.31.2020					
	Accounts receivable (Note 9)	Current Credits (Note 9)	Non-current Credits (Note 9)	Accounts payable (Note 16)	Current borrowings (Note 16)	Non-current borrowings (Note 16)
<i>Group companies</i>						
SMR Group Holdings Limited, Jesej	-	2,000,556	-	-	-	-
SMR Automotive Mirrors Stuttgart GmbH	27,812	-	-	(541,798)	(13,222)	-
SMR Automotive Mirrors UK Ltd.	1,180,180	2,086,712	-	(67,311)	-	-
SMR Automotive Systems France, S.A.	546,882	104,897	-	(348,402)	-	-
SMR Automotive Mirror Technology Hungary Bt.	154,519	-	-	(515,849)	-	-
SMR Automotive Australia Pty	8,349	-	-	(10,306)	-	-
SMR Automotive System Thailandia, Ltd.	-	-	-	(273,112)	-	-
SMP Automotive Technologies Teruel, S.L.	61,289	-	-	(19,906)	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	-	-	(13,954,872)
SMP Automotive Technology Iberica S.L	-	-	-	-	(700,653)	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	-	8,187,328	-	-	-
SMR Automotive Brasil Ltda.	-	-	-	-	-	-
SMR Automotive Vision System Mexico	589	-	-	-	-	-
SMR Automotive Systems India, Ltd.	-	-	-	(1,400)	-	-
SMR Automotive Operations Japan k.k.	-	-	-	-	-	-
Samvardhana Motherson Global (FZE)	-	-	-	(16,391)	-	-
Other companies	-	-	-	(399,243)	-	-
	1,979,620	4,192,165	8,187,328	(2,193,718)	(713,875)	(13,954,872)

(In euros)	03.31.2019					
	Accounts receivable (Note 9)	Current Credits (Note 9)	Non-current Credits (Note 9)	Accounts payable (Note 16)	Current borrowings (Note 16)	Non-current borrowings (Note 16)
<i>Group companies</i>						
SMR Group Holdings Limited, Jesej	-	3,003,356	-	-	-	-
SMR Automotive Mirrors Stuttgart GmbH	24,878	-	-	(491,749)	(13,222)	-
SMR Automotive Mirrors UK Ltd.	611,410	-	-	(427,621)	-	-
SMR Automotive Technology Valencia S.A.U.	-	-	-	-	-	-
SMR Automotive Systems France, S.A.	88,077	-	-	(23,872)	-	-
SMR Automotive Mirror Technology Hungary Bt.	72,385	-	-	(225,885)	-	-
SMR Automotive Australia Pty	-	-	-	(37,692)	-	-
SMR Automotive System Thailandia, Ltd.	-	-	-	(179,355)	-	-
SMP Automotive Technologies Teruel, S.L.	-	-	-	(23,925)	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	-	-	(14,860,581)
SMP Automotive Technology Iberica S.L	-	-	-	-	(1,116,723)	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	-	7,723,895	-	-	-
SMR Automotive Brasil Ltda.	-	-	-	-	-	-
SMR Automotive Vision System Mexico	2,652	-	-	-	-	-
SMR Automotive Systems India, Ltd.	-	-	-	(1,400)	-	-
SMR Automotive Operations Japan k.k.	-	-	-	(840)	-	-
Samvardhana Motherson Global (FZE)	-	-	-	(5,078)	-	-
Other companies	-	-	-	(458,578)	-	-
	799,402	3,003,356	7,723,895	(1,875,995)	(1,129,945)	(14,860,581)

The loan received from SMR Automotive Beteiligungen Deutschland GmbH whose balance at year end amounted to 13,954,872 euros (2019: 14,860,581 euros), entirely corresponding to a participative loan. The movements in the period have been an interest payment in the amount of 1,800,000 thousand euros and accrued interest in the amount of 894,291 euros (2019: 971,098 euros). The interest rate accrued on the participative loan is equivalent to 10% of EBIT obtained by the Company.

In addition, borrowings from Group companies include a balance payable to SMP Automotive Technology Ibérica, S.L. arising on the tax consolidation (Note 20).

The Company had a non-current loan granted to SMR Automotive Mirror Parts and Holding UK Ltd whose balance at year end amounted to 8,187,328 euros (2019: 7,723,895 euros) with a final maturity date on April 19, 2023. The movements in the period have been accrued interests in the amount of 463,433 euros.

25. ENVIRONMENTAL DISCLOSURES

Any transaction carried out primarily to minimize the Company's impact on the environment or to protect or improve the environment is considered environmental activity.

The Company has no significant systems, equipment or installations meant for environmental activities.

The Company did not make any significant investments relating to environmental issues during 2020 or 2019.

26. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak as a global pandemic. The unprecedented and sudden turn of events, both local and abroad, will affect macroeconomic outlook and business performance. To deal with this situation, the Spanish Government declared the State of alert through the approval of Royal Decree 463/2020, of March 14, and announced a number of extraordinary urgent measures to alleviate the economic and social impact of COVID-19 through the approval of Royal Decree 8/2020, of March 17, amongst other actions.

On March 13, 2020, the Company informed the works council that it would begin a formal negotiation procedure to suspend the employment contracts. The negotiations were conducted during the following days by reaching a mutual agreement on March 17, 2020 between the Company and the works council, which was composed of several members of MIT and CCOO trade unions. The agreement was signed on the same day and allowed to proceed with the temporary suspension of employment contracts from March 18, 2020, as indicated by Royal Decree 8/2020. The Temporary Employment Regulation Record ("ERTE") affected the whole of the staff: 278 employees. Suspensions and reductions in working hours have been produced in conformity with legal reasons laid down by the Workers' Statute, which were put forward by the Company and all concerned acknowledged. The documentation of this agreement was registered on April 7, 2020 by the Department of Economy, Planning and Employment and it was approved on April 23, 2020.

Due to the complexity of this situation and the accelerated pace of events, it is not possible to reliably estimate or quantify its potential impact on the Company. Where appropriate, the 2020-21 financial statements will prospectively reflect this information, although the Company has already recognized a provision in the current financial statements to cover the additional expenses which were already known at year end (Note 17).

Hence, the Company is making relevant and timely efforts in order to deal with and minimize the impact of this issue, taking into account that is a temporary situation which, in accordance with the current estimations and its cash position, may not cast any significant doubt on the entity's ability to continue as a going concern. Steps taken, among others, are as follows:

- Loan application to the Official Credit Institute (OCI) with the terms and conditions of interest rates applicable to this kind of loans according to the latest measures approved by the Spanish government. The amount awarded has been 3,000,000 euros.
- Negotiation with vendors to relax the payment terms conditions.
- Inspection of the inventory in order to align it with the customers' requests.
- On April 29, 2020, both the Company and the works council made an agreement and submitted to the relevant authorities a new "ERTE" due to force majeure. This new temporary workforce restructuring plan agreed shall be valid until December 31, 2020 and it may affect the whole staff with a maximum of 90 days. To this date, it has not been received any communication of approval by the competent authorities.
- Request of new factoring lines for customers in which were not implemented.

27. AUDITOR FEES

The fees accrued during the year for financial statement audit services amounted to 24 thousand euros (2019: 24 thousand euros).

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company

MANAGEMENT REPORT FOR THE YEAR ENDED MARCH 31, 2020

The Company's performance of activities and revenue remained within budgeted forecasts and at similar levels to those of last year (in 2020, the Company achieved 60.5 million euros of net turnover and 3 of those were tooling sales), but it is a slightly low level due to ceasing operation from March 18, 2020 as a result of the COVID-19 outbreak.

Although sales in Spain have taken a step backwards in the current period, the figures of automobiles manufactured in Spain in 2019 have remained at similar levels than prior period. This reveals that the main automotive brands rely on the Spanish automotive industry by allocating top seller vehicles to be manufactured in our local factories, as well as the good reception of these models in the European market, which has increased substantially the level of purchases. This business area represents about 10% of Spanish GDP and employment in the automotive industry represents about 9% of all employment in Spain, which is one of the most outstanding sectors in the national economy. In SMR Spain, there has barely been movements in the average workforce during the current period.

On average, investment in the industry as a whole (manufacturers and automobile suppliers) is estimated to be more than 3,000 million euros in expansion and modernization of plants. In SMR Spain, investments were made during the year totaling more than 1,2 million euros.

It should be noted that at the engineering level it has been received a grant for the realization of business projects about the development of the electric vehicle (for PSA purposes). The grant awarded by the regional government amounts to 1,360,326.88 euros and it will be collected through three different annual payments. At March 31, 2020 the Company has only collected the part of the grant justified until December 2019 (314,960,66 euros).

The average payment period for suppliers during the year ended March 31, 2020 was about 64 days. In this regard, the Company has signed a confirming line with BBVA amounting to 10 million euros, which allows to our vendors to collect in advance their invoices. This supports our position to negotiate with vendors: discounts possible, negotiate payment terms...

No events occurred subsequent to the closing of the year which may significantly affect results for the year ended March 31, 2020, with the exception of which is indicated in Note 26 "Subsequent events" to the accompanying financial statements.

Vehicle production in Spain succeeded in regaining some of the ground lost in February 2020 after the fall of the beginning of the year and before the stoppage of Spanish factories in March 2020 as a result of the COVID-19 outbreak. Due to the significant setback suffered by the manufacturing activity in March, the good reception abroad of the models manufactured in Spain as commented previously may surely be a springboard to recover the level of activity.

GDP in Spain has decreased during the first quarter of 2020 by -5.2% with regard to the last quarter of 2019. Despite economic indicators are not encouraging and it is expected a downturn about -4.8% in the annual growth for 2020, the relationship of trust and confidence which SMR Spain has continued generating in its clientes, have made it possible to obtain new orders, which will allow the Company to maintain the rhythm of activity in the next fiscal year as long as the market supports. But even more importantly, it will allow the Company to continue its growth in the long term, reaching double its net turnover within five years.

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A.U.

**PREPARATION OF THE FINANCIAL STATEMENTS AND MANAGEMENT REPORT
2020**

On June 1, 2020, the Board of Directors of SMR Automotive Systems Spain, S.A.U., in compliance with the requirements established in Article 253 of the Spanish Corporate Enterprises Act and Article 37 of the Commercial Code, prepared the financial statements and management report for the year ended March 31, 2020, consisting of the foregoing documents.

- a) Balance sheet at March 31, 2020
- b) Income statement for the year ended March 31, 2020
- c) Statement of changes in equity for the year ended March 31, 2020
- d) Cash flow statement for the year ended March 31, 2020
- e) Notes to the financial statements for the year ended March 31, 2020
- f) 2020 Management Report

The Secretary of the Board has signed all of the pages comprising the financial statements and management report as delegated by the Board of Directors.

BOARD OF DIRECTORS:

Mr. Andreas Heuser

(in representation of SMR Automotive Mirrors Stuttgart GmbH)
Chairman

SIGNATURE

Mr. Rajat Jain

Board member

SIGNATURE

Mr. Peter Vollprecht

Board member

SIGNATURE

Mr. Miguel Pelayo Muñoz

Secretary Non-Board member

SIGNATURE
