Audit Report on Financial Statements
issued by an Independent Auditor

SMRC AUTOMOTIVE INTERIORS SPAIN, S.L. (SOLE SHAREHOLDER COMPANY)
Financial Statements and Management Report
for the year ended
March 31, 2020

Building a better
working world

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AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 29)

To the Sole shareholder of SMRC AUTOMOTIVE INTERIORS SPAIN, S.L. (SOLE SHAREHOLDER COMPANY):

Opinion

We have audited the financial statements of SMRC AUTOMOTIVE INTERIORS SPAIN, S.L. (SOLE SHAREHOLDER COMPANY) (the Company), which comprise the balance sheet as at March 31, 2020, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at March 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those regulations are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

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

Most relevant audit issues

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

Revenue recognition

Description	As described in Note 3.13 of the accompanying notes to the financial statements, revenue is recognised when it is probable that the economic benefits or advantages associated with the transaction will flow to the Company, the significant risks and rewards of ownership of the asset have been transferred to the buyer, effective management and control are no longer exercised, and the amount of revenue and costs incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, rebates or other similar items that the Company may grant and, where appropriate, any interest included in the nominal amount of the loans. Indirect taxes on transactions that can be passed on to third parties do not form part of the income. The Company is engaged in the production of automotive interior components, which are marketed mainly through another group company with which it has significant balances through specific production contracts. In accordance with the foregoing, practically all of its sales are held with related parties and not to third parties, which is why we have considered revenue recognition to be a relevant issue for our audit.
Our response	Our audit procedures have included, among others, the following: ▶ Understanding of the processes established by the Company's Management in the recognition of sales with related parties to determine their correct accounting recording, performing a walk-through on a sales transaction to confirm the understanding and correct design of the process. ▶ Analysis of the most significant production contracts with related parties, reviewing the main clauses, rights and obligations, including the transfer of risks and rewards and stipulated prices. ▶ The performance, for the main contracts, of substantive analytical procedures consisting of the review of the evolution of revenues and costs of sales relating to discounts, incentives and rebates, as well as the actual margins, comparing them with the budgeted data. ▶ The performance of cut-off procedures for a sample of revenue transactions at year-end in order to conclude whether they were recognised for accounting purposes on the corresponding actual flow of products. ▶ The analysis of other adjustments and credit notes issued after year-end. ▶ The performance of analysis procedures for a representative sample of the balance of the net revenues heading. These procedures are carried out paying special attention to the amount, entries recorded at or after the year end and on an unusual basis, including our review of the documentation relating to the delivery of the products to the end customers. ▶ In addition, we have reviewed the disclosures included in notes 19.b and 25 of the accompanying notes to the financial statements for the year in accordance with the applicable financial reporting framework.

Inventories valuation

Description	As of March 31, 2020, the Company had recognised inventories amounting to EUR 4,818 thousand in its balance sheet, most of which relate to raw materials and finished goods measured at acquisition or production cost, provided that this does not exceed their net realisable value. The relevant information relating to inventories is described in Notes 3.5 and 10 to the accompanying notes to the financial statements. The review of the aforementioned heading was a relevant issue in our audit given the complexity of the calculation that Company management must apply when allocating production costs.
Our response	Our audit procedures have included, among others, the following: ▶ Understanding of the processes established by Company management in the valuation of inventories to determine their correct accounting recording, including a walk-through of the cost of production for a product to confirm the understanding and correct design of the process. ▶ Carrying out a detailed test of costs and their allocation, actual margins and valuation of obsolete inventories. Historical costs were tested by sampling against the original purchase invoice. Cost allocation was performed on a scaled basis by checking the reasonableness of the amounts allocated. ▶ Assessment of the existence of inventories sold at a negative margin or below cost of production, by analysing the first sales invoices made after the year-end. ▶ Analysis of inventory turnover, to validate the Company management's estimates of obsolete inventories. ▶ Our audit procedures to prove the physical existence of the inventories included attendance at the physical inventory taking carried out in the warehouses, to validate the counts made by the Company's personnel, where we compared the results of our counts with the results of the counts made by the Company's personnel. ▶ In addition, we have reviewed the disclosures included in the notes to the financial statements required by the applicable accounting standards.

Emphasis of matter

We draw attention to the information contained in Note 2-b " Critical issues concerning the assessment of uncertainty " of accompanying notes to the financial statements, in relation to the possible effects on the Company's future cash flows as a result of the recent global health emergency created by the coronavirus (COVID-19). Our opinion has not been modified in relation to this matter.

Other information: management report

Other information refers exclusively to the management report for the year ended March 31, 2020, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility in terms of the management report is defined in prevailing audit regulations in Spain, which establishes two separate levels:

a. A specific level applicable to the status of non-financial information, which consists of checking only that such information has been provided in the management report, or where appropriate, that the reference to the separate report on non-financial information has been incorporated in the report in the manner provided for in the regulations, and otherwise reporting on it.

b. A general level applicable to the remainder of the information included in the management report, which consists of assessing and reporting on the consistency of the management report with the financial statements based on the knowledge of the entity we obtained while auditing the financial statements, and not including any information not obtained as evidence during the course of the audit. In addition, our responsibility is to assess and report on whether the content and presentation of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, the non-financial information mentioned in paragraph a) above has not been included in the management report but a reference to the existence of a separate report including it has been incorporated in the report, although we have checked the other information contained in the management report is consistent with that provided in the financial statements for the year ended 31, 2020, and their content and presentation are in conformity with applicable regulations.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

ERNST & YOUNG, S.L.
(Inscribed in the Official Auditors of Financial Statements Register with the number S0530)

Signature on Original in Spanish

Luis Rosales López de Carrizosa
(Inscribed in the Official Auditors of Financial Statements Register with the number 21869)

May 21, 2020

SMRC Automotive Interiors Spain, S.L.
(Sole Shareholder Company)

Financial Statements for the year ended March 31, 2020 and Management report for the year 2020

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SMRC Automotive Interiors Spain, S.L. (Sole Shareholder Company)
Balance sheet at March 31,2020
(Expressed in thousands of euros)

ASSETS	Notes	03/31/2020	03/31/2019 (*)
NON-CURRENT ASSETS		**48.155**	**50.308**
Intangible assets	**5**	**2.910**	**3.955**
Patents, licenses, trademarks, et al.		259	422
Goodwill		1.343	1.576
Software		1.309	1.957
Property, plant and equipment	**6**	**43.542**	**44.525**
Land and buildings		5.024	5.364
Plant and other PP&E items		36.625	31.668
Property, plant and equipment under construction and prepayments		1.893	7.493
Long term financial investments	**8, 9**	**57**	**93**
Other financial assets		57	93
Deferred tax assets	**18**	**1.645**	**1.735**
CURRENT ASSETS		**46.764**	**36.006**
Inventories	**10**	**4.818**	**4.156**
Raw materials and other consumables		2.753	2.150
Work in progress		763	816
Finished goods		1.267	959
Prepayments to suppliers		35	231
Trade and other receivables		**12.361**	**22.825**
Trade receivables	8, 9	1.418	2.378
Trade receivables, group companies and associates	8, 9	10.933	20.306
Receivable from employees	8, 9	-	58
Other receivables from public administrations	20	11	84
Short term investments in group companies and associates	**8, 9**	**28.105**	**-**
Other financial assets		28.105	-
Accruals		**139**	**161**
Cash and cash equivalents	**11**	**1.341**	**8.864**
Cash		1.341	8.864
TOTAL ASSETS		**94.919**	**86.315**

(*) 3 month period

SMRC Automotive Interiors Spain, S.L. (Sole Shareholder Company)
Balance sheet at March 31,2020
(Expressed in thousands of euros)

EQUITY AND LIABILITIES	Notes	03/31/2020	03/31/2019 (*)
EQUITY		**45.693**	**41.042**
CAPITAL AND RESERVES		**43.090**	**38.820**
Share capital	**12**	**15.285**	**15.285**
Issued capital		15.285	15.285
Share premium	**12**	**13.248**	**13.248**
Reserves	**13**	**22.916**	**20.944**
Legal and statutory		2.300	2.102
Other reserves		20.617	18.842
Retained earnings	**13**	**(12.630)**	**(12.630)**
Profit for the year	**14, 20**	**4.271**	**1.972**
GRANTS, DONATIONS AND LEGACIES	**15**	**2.603**	**2.222**
NON-CURRENT LIABILITIES		**868**	**741**
Deferred tax liabilities	**18**	**868**	**741**
CURRENT LIABILITIES		**48.358**	**44.532**
Short term provisions	**17b**	**1.665**	**1.529**
Short term borrowings from group companies and associates	**8, 16, 25C**	**19.586**	**5.690**
Trade and other payables		**27.106**	**37.312**
Trade Payables	8, 16	18.243	22.952
Trade payables, group companies and associates	8, 16	92	339
Other payables	8, 16	2.625	3.124
Employee benefits payable	8, 16	4.157	5.021
Other payables to public administrations	20	1.989	5.875
Accruals		**1**	**1**
TOTAL EQUITY AND LIABILITIES		**94.919**	**86.315**

(*) 3 month period

SMRC Automotive Interiors Spain, S.L. (Sole Shareholder Company)
Income statement for the year ended March 31, 2020
(Expressed in thousands of euros)

	Notes	03/31/2020	03/31/2019 (*)
CONTINUING OPERATIONS			
Revenues		**167.661**	**46.312**
Sale of goods	19b	163.960	45.321
Rendering of services	25a	3.701	991
Changes in inventory of finished goods and work/goods in progress		**(408)**	**-**
Cost of sales		**(87.464)**	**(25.002)**
Consumption of goods for resale	19c	(1.175)	(79)
Consumption of raw materials and other consumable materials	19c	(86.398)	(24.897)
Impairment of goods, raw materials and other supplies	10a	110	(26)
Other operating income		**20**	**(4)**
Ancillary income		(1)	(4)
Grants related to income		21	-
Employee benefits expense	**19d**	**(38.846)**	**(11.026)**
Wages, salaries and similar		(28.304)	(8.197)
Social security costs		(10.541)	(2.829)
Other operating expenses		**(28.057)**	**(7.260)**
External services		(27.636)	(7.168)
Taxes		(408)	(97)
Losses on, impairment of and change in trade provisions	9	(13)	6
Depreciation	**5 y 6**	**(8.813)**	**(2.133)**
Grants related to non-financial assets and other grants	**15**	**1.421**	**415**
Impairment losses and gains (losses) on disposal of non-current assets		**(21)**	**-**
Gains (losses) on disposal		(21)	-
OPERATING PROFIT		**5.492**	**1.302**
Finance income	**21**	**138**	**-**
From marketable securities and other financial instruments		138	-
From group companies and associates		138	-
From third parties		-	-
Finance costs	**21**	**(59)**	**(12)**
Borrowing from group companies and associates		(58)	(12)
Borrowings from third parties		(1)	-
FINANCE COST		**79**	**(12)**
PROFIT BEFORE TAX		**5.571**	**1.290**
Income tax	**20**	(1.300)	682
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**4.271**	**1.972**
PROFIT FOR THE YEAR		**4.271**	**1.972**

(*) 3 month period

SMRC Automotive Interiors Spain, S.L. (Sole Shareholder Company)
Statement of changes in equity for the year ended March 31, 2020
(Expressed in thousands of euros)

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

	Notes	03/31/2020	03/31/2019 (*)
Profit for the period		**4.271**	**1.972**
Income and expense recognized directly in equity			
Grants, donations and bequests received	**15**	**1.791**	**672**
Tax effect	**15**	**(448)**	**(148)**
Total income and expense recognized directly in equity		**1.343**	**525**
Amounts transferred to the income statement			
Grants, donations and bequests received	**15**	**(1.421)**	**(415)**
Tax effect	**15**	**356**	**104**
Total transferred to income statement		**(1.065)**	**(311)**
TOTAL RECOGNIZED INCOME AND EXPENSE		**4.550**	**2.185**

(*) 3 month period

SMRC Automotive Interiors Spain, S.L. (Sole Shareholder Company)
Statement of changes in equity for the year ended March 31, 2020
(Expressed in thousands of euros)

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

	Issued capital (Note 12)	Share premium (Note 12)	Reserves (Note 13)	Retained earnings (results from previous years) (Note 13)	Profit for the year (Note 20)	Grants, donations and bequests received (Note 15)	TOTAL
BALANCE AT DECEMBER 31, 2018	**15.285**	**13.248**	**15.555**	**(12.630)**	**5.331**	**2.059**	**38.848**
Total recognised income and expense	-	-	-	-	**1.972**	**214**	**2.186**
Transactions with shareholders and owners	-	-	-	-	-	-	-
Other variations in Equity	-	-	**5.389**	-	**(5.331)**	**(50)**	**8**
Profit appropriation	-	-	5.331	-	(5.331)	-	-
Other variations	-	-	58	-	-	(50)	8
BALANCE AT MARCH 31, 2019 (*)	**15.285**	**13.248**	**20.944**	**(12.630)**	**1.972**	**2.222**	**41.042**
Total recognised income and expense	-	-	-	-	**4.271**	**278**	**4.549**
Transactions with shareholders and owners	-	-	-	-	-	-	-
Other variations in Equity	-	-	**1.972**	-	**(1.972)**	**104**	**104**
Profit appropriation	-	-	1.972	-	(1.972)	-	-
Other variations	-	-	-	-	-	104	104
BALANCE AT MARCH 31, 2020	**15.285**	**13.248**	**22.916**	**(12.630)**	**4.272**	**2.603**	**45.694**

(*) 3 month period

SMRC Automotive Interiors Spain, S.L. (Sole Shareholder Company)
Cash flow statement for the year ended March 31, 2020
(Expressed in thousands of euros)

(Thousand of Euros)	Notes	03/31/2020	03/31/2019 (*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**5.571**	**1.290**
Adjustments to profit		**7.470**	**1.556**
Depreciation and amortization	5 y 6	8.813	2.133
Changes in provisions		136	384
Grants related to income	15	(1.421)	(415)
Finance income	21	(138)	-
Finance costs	21	58	12
Other income and expenses		22	(558)
Change in working capital		**12.699**	**7.162**
Inventories		(661)	628
Trade and other receivables		10.464	576
Trade and other payables		2.897	5.958
Other non-current assets and liabilities		-	-
Other cash flows from operating activities		**80**	**(12)**
Interests paid	21	(58)	(12)
Interests received	21	138	-
Cash flows from operating activities		**25.821**	**9.995**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(34.878)**	**(8.922)**
Group companies and associates		(28.105)	(6.437)
Intangible assets	5	(73)	(90)
Property, plant and equipment	6	(6.737)	(2.433)
Other financial assets		37	38
Cash flows from investing activities		**(34.878)**	**(8.922)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**1.535**	**590**
Grants, donations and legacies		1.535	590
Cash flows from financing activities		**1.535**	**590**
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS		**(7.522)**	**1.663**
Cash and cash equivalents at beginning	**11**	**8.864**	**7.201**
Cash and cash equivalents at year end	**11**	**1.341**	**8.864**

(*) 3 month period

1. General Information

SMRC Automotive Interiors Spain, S.L. (Sole-Shareholder Company), hereafter the Company, was incorporated on 22 June 1999 as a limited liability company and its domiciled at Plaza Elías Ahujas, 1A (Edificio Puerta Grande, Planta 2, Oficina 6), in El Puerto de Santa María (Cádiz). The industrial facilities and offices are located in Igualada (Barcelona), Mas Blau (Barcelona), Salceda (Pontevedra) and Medina de Rioseco (Valladolid).

Its corporate purpose is the design, development, manufacture, assembly, sale and marketing of components, parts, accessories or equipment for the automobile or other types of industrial and commercial components, parts, accessories or equipment.

The Company's activity is basically based on the business carried on by Plastic Omnium Industrial, S.A., which was absorbed in a merger in 1999. In accordance with the merger agreement, Plastic Omnium Industrial, S.A. was dissolved without liquidation and all its assets and liabilities were transferred as a whole to the absorbing company, which acquired the rights and obligations of the absorbed company by universal succession.

The Company is controlled by Samvardhana Motherson Reydel Automotive Parts Holding Spain S.L. (Sole-Shareholder Company), incorporated in Spain, which owns 100% of the shares and files consolidated financial statements in accordance with current legislation at the Mercantile Registry of Cadiz.

In accordance with Articles 13 and 16 of the Spanish Corporate Law, the Company has been registered at the Mercantile Registry as a sole Shareholder Company since July 28, 1999.

As from October 31, 2014, following the acquisition by Reydel Automotive Holdings BV of the Visteon Group's "interiors" business, the Company is integrated into the Reydel Group.

On August 2, 2018, following the acquisition of the Reydel Group by Samvardhana Motherson Automotive Systems Group B.V., the Company was integrated into the Samvardhana Motherson Group.

From August 20, 2018 the Company changed its corporate name to SMRC Automotive Interiors Spain, S.L. (Sole-Shareholder Company).

According to the minutes of November 7, 2018 of the decisions taken by the Sole Shareholder of the Company, Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L., it was decided to amend the Company's financial year, which will commence on April 1st of each year and end on March 31 of the following year.

In the same calendar year 2019, two fiscal years will coincide, the first one from 1 January 2019 to 31 March 2019 and the second one from April 1, 2019 to March 31, 2020.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

a) <u>True and fair view</u>

The financial statements have been prepared from the Company's accounting records and are presented in accordance with current commercial legislation and the rules established in the Spanish GAAP approved by Royal Decree 1514/2007 and the amendments incorporated in Royal Decree 1159/2010, in order to give a true and fair view of the Company's assets, financial position and results, as well as the fair view of the cash flows included in the cash flow statement.

The Company's financial statements are presented in thousands of euros, being the euro the Company's presentation and functional currency.

The Board of Directors considers that the financial statements for 2020 will be approved by the Sole Shareholder without modification.

In accordance with mercantile law, for comparative purposes the Company has included the 2020 figures in addition to those of the year ended on March 31, 2019 for each item of the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes thereto. The report also includes quantitative information for the previous year, except when an accounting standard specifically states that it is not necessary.

On November 7, 2018, according to the minutes of the decisions taken by the Sole Shareholder of the Company, Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L., it was decided to amend the Company's financial year, which will commence on April 1st of each year and end on March 31 of the following year. Accordingly, this fact should be taken into consideration when comparing the figures for the year ended March 31, 2020 with the figures for the three-month period ended March 31, 2019.

b) <u>Critical issues concerning the assessment of uncertainty</u>

The preparation of the financial statements requires the use by the Company of certain estimates and judgements regarding the future that are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates, by definition, are unlikely to equal the corresponding actual results.

Although the estimates considered have been made on the basis of the best information available at the date of preparation of these financial statements, any future changes in these estimates would be applied prospectively from that time onwards, recognizing the effect of the change in the estimate made in the income statement for the corresponding year.

The main estimates and judgements considered in the preparation of the financial statements are as follows:

<u>Useful lives of Fixed Assets</u>

Company management determines the estimated useful lives and corresponding depreciation charges for its property, plant and equipment. The useful lives of fixed assets are estimated in relation to the period over which the assets will generate economic benefits. The Company reviews the useful lives of its fixed assets at each balance sheet date and, if the estimates differ from those previously made, the effect of the change is accounted for prospectively from the year in which the change is made (notes 5 and 6).

Recoverable amount of inventory

The recoverable amount of inventories is determined on the basis of projected data on turnover and sales prices (see note 10), although the Company mainly produces through a contract with group companies in which the sales price is determined using the cost of production plus a predefined margin.

Provisions

Provisions are recognised when it is probable that a present obligation, resulting from past events, will result in an outflow of resources and the amount of the obligation can be reliably estimated. To meet the requirements of the accounting standard, significant estimates are required. Company management makes estimates, evaluating all relevant information and events, of the probability of occurrence of the contingencies and of the amount of the liability to be settled in the future. Noteworthy are the provision for customer impairment (note 9) and the provision for trade guarantees (note 17).

Income tax and deferred tax assets

The calculation of income tax requires interpretations of the tax regulations applicable to the Company. In addition, the Company assesses the recoverability of deferred tax assets on the basis of the existence of future taxable income against which it is possible to recover these assets (notes 18 and 20).

Impairment of non-current assets

When measuring non-current assets other than financial assets, especially goodwill, estimates must be made to determine their fair value to assess if they are impaired. To determine fair value, the directors estimate the expected cash flows from assets and the cash-generating units to which they belong, applying an appropriate discount rate to calculate the present value of these cash flows.

3. ACCOUNTING POLICIES

3.1 Intangible assets

a) Goodwill

Goodwill is initially measured upon acquisition at cost, i.e. the excess of the cost of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, less the liabilities assumed. Consequently, goodwill is only recognised when it has been acquired for consideration and relates to future economic benefits from assets that cannot be individually identified and separately recognised.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of testing for impairment. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

Impairment losses recognised for goodwill are not reversed in subsequent years.

Goodwill recognized separately was amortized up to 31 December 2007 and therefore shows accumulated amortization (note 5).

In accordance with the Spanish GAAP approved by Royal Decree 1514/2007, goodwill and intangible assets considered to have an unlimited useful life were not amortized from January 1st 2008 and were tested for impairment annually and measured at cost less accumulated impairment losses. In accordance with Royal Decree 602/2016, of 2 December, which amends the Spanish GAAP, from January 1st 2016 the Company has been systematically amortizing goodwill and intangible assets that were considered to have an indefinite useful life in previous years over a period of 10 years.

In accordance with the single transitional provision of Royal Decree 602/2016, in 2016 the Group opted to amortize the carrying amount of goodwill prospectively (note 5). The amortization charge for the year ended March 31, 2020 amounted to 233 thousand euros, 58 thousand euros in the previous three months (note 5) and is recognized under "Depreciation and amortization" in the income statement.

b) Software

Software licenses acquired from third parties are capitalized on the basis of the costs incurred to acquire them and prepare them to use the specific program. These expenses are amortized on a straight-line basis over the useful life of the asset (3 to 5 years).

3.2 Property, Plant and Equipment

Property, plant and equipment are initially measured at either acquisition or production cost (plus the revaluations made in 1996 in accordance with Royal Decree Law 7/1996), less accumulated depreciation and the cumulative amount of recognised losses.

The amount of work performed by the Company on its own property, plant and equipment is calculated by adding the direct or indirect costs attributable to such assets to the acquisition price of the consumables.

The costs of expansion, modernization or improvement of property, plant and equipment are included in the asset as an increase in its value only when they increase its capacity or productivity or extend its useful life, and provided that it is possible to ascertain or estimate the carrying amount of the items that are removed from the inventory because they have been replaced.

(Expressed in thousands of euros)

The costs of major repairs are capitalized and depreciated over their estimated useful life, while maintenance expenses are charged to the income statement in the year incurred.

Depreciation of property, plant and equipment, except for land which is not depreciated, is calculated systematically on a straight-line basis over its estimated useful life, taking into account the depreciation actually incurred in its operation, use and enjoyment. The estimated useful lives are:

	Useful lives in years
Buildings	25 a 33
Plant and machinery	5 a 12,5
Other facilities, tooling and furniture	4 a 10
Other PP&E items	3 a 10

The heading "Tooling" includes moulds owned by the Group to be used in the production process. Moulds pending billing to customers are recorded under loans and receivables (note 3.4).

The residual value and the useful life of the assets are reviewed, and adjusted if necessary, at each balance sheet date. When the book value of an asset exceeds its estimated recoverable amount, its value is immediately reduced to its recoverable amount (note 3.3).

Finance costs that are directly attributable to the acquisition or construction of fixed assets that require more than one year to bring them into use are included in the cost of the asset until they are in operating condition.

3.3 Impairment loss of non-financial assets

Assets that are subject to depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the excess of the asset's carrying amount over its recoverable amount, which is the greater of the asset's fair value less costs to sell or value in use.

For the purposes of assessing impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets, other than goodwill, that have suffered an impairment loss are reviewed at each balance sheet date for any reversal of the loss.

3.4 Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including trade receivables, deposits and guarantees and other receivables.

They are included in current assets, except for maturities greater than 12 months from the balance sheet date, which are classified as non-current assets. Loans and receivables are included in "Loans to companies" and "Trade and other receivables" in the balance sheet.

These financial assets are initially measured at fair value, including directly attributable transaction costs, and subsequently at amortised cost, recognising the interest accrued on the basis of the effective interest rate. However, trade receivables maturing within one year are measured, both on initial recognition and subsequently, at their nominal value provided that the effect of not discounting the cash flows is not material.

At least at year-end, the necessary value adjustments for impairment are made if there is objective evidence that not all the amounts due will be collected. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows. Value adjustments, and any reversal thereof, are recognised in the income statement.

Cancelation

Financial assets are derecognized when the contractual rights to the financial asset related cash flows have expired or when the assets are transferred, provided that ownership related risks and rewards are substantially transferred. If the Company has not substantially transferred or retained the risks and rewards incidental to ownership of the financial asset, it is derecognized if control over the asset has not been retained. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to changes in the value of the transferred asset, i.e. due to its continuing involvement, recognizing as well the associated liability.

The difference between the consideration received, net of attributable transaction costs, including any new financial asset obtained less any liability assumed, plus any cumulative gain or loss directly recognized in equity, determines the gain or loss generated upon derecognition, and is included in the income statement in the year to which it relates.

The Company does not derecognize financial assets in the sale of financial assets in which it has retained substantially the risks and rewards inherent to ownership, such as discounted invoices, factoring, disposals of financial assets under repurchase agreements at fixed prices or at the sale price plus interest, and securitizations of financial assets in which the seller retains subordinate financing or other types of guarantees which substantially absorb estimated losses. In these cases, it recognizes a financial liability at an amount equal to the compensation received.

3.5 Inventories

Inventories are measured at the lower of production cost and net realizable value. When the net realizable value of the inventories is lower than their cost, the appropriate valuation adjustments are made and recognized as an expense in the income statement.

Cost is determined by the first-in-first-out (FIFO) method. The cost of finished goods and work in progress includes raw materials, direct labour, other direct costs and manufacturing overheads. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs necessary to perform the sale, and in the case of raw materials and products in process, the estimated costs necessary to complete their production.

Commercial inventories correspond to moulds pending billing to the customer, which are valued at their acquisition price.

3.6 Non-current assets and disposal groups held for sale

Non-current assets (or disposal groups) are classified as held for sale when it is considered that their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is considered to be met only when the sale is highly probable, is available for immediate sale in its current condition and is expected to be completed within one year from the date of classification.

These assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

3.7 Equity

The share capital is represented by ordinary shares. The costs of issuing new shares or options are presented directly against equity, as lower reserves.

3.8 Financial liabilities

Trade and other payables

This category includes trade payables and non-trade payables. These borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date. These liabilities are initially recognized at fair value adjusted for directly attributable transaction costs and are subsequently recognized at amortized cost using the effective interest rate method.

However, trade payables maturing in no more than one year and not bearing a contractual interest rate are measured, both initially and subsequently, at their nominal value when the effect of not discounting the cash flows is not significant.

Cancelation

The Company derecognizes a financial liability when the obligation has expired.

When debt instruments are exchanged, provided that their contractual terms are substantially different, the original financial liability is derecognized and the new financial liability is recognized. Financial liabilities whose contractual terms are substantially modified are treated in the same manner. The difference between the carrying amount of the derecognized financial asset (or part of it) and the compensation paid, including any attributable transaction costs, which also includes any new asset transferred other than cash or liability assumed, is recognized in the income statement in the year to which it relates.

When debt instruments are exchanged whose contractual terms are not substantially different, the original financial liability is not derecognized, and the commissions paid are recognized as an adjustment to the carrying amount. The new amortized cost of a financial liability is determined by applying the effective interest rate, which equals the carrying amount of the financial liability on the modification date to the cash flows to be paid as per the new terms.

For this purpose, the terms of the contracts are considered to be substantially different when the lender is the same as the one that granted the initial loan and the present value of the cash flows of the new financial liability, including net fees, differs by at least 10% from the present value of the outstanding cash flows of the original financial liability, both discounted at the effective interest rate of the original liability.

3.9 Grants

Non-reimbursable grants are recorded directly in equity as income and are charged as income to the profit and loss account on a systematic and rational basis in correlation with the expenses derived from the grant. Non-reimbursable grants received from partners are recorded directly in equity. Grants considered to be reimbursable are recorded under liabilities until they meet the conditions in force for their consideration as non-reimbursable.

For this purpose, a grant is considered non-reimbursable when there is an individual agreement for the concession of the grant, all the conditions established for its concession have been fulfilled and there is no reasonable doubt that it will be collected.

Monetary grants are measured at the fair value of the amount granted and non-monetary grants at the fair value of the asset received, both referred at the time of the grant recognition.

Non-reimbursable grants related to the acquisition of intangible assets, property, plant and equipment and investment property are recognized as income for the year in proportion to the depreciation of the related assets or, where appropriate, when they are sold, adjusted for impairment or derecognized.

3.10 Current and deferred taxes

In the minutes of the Shareholders' Meeting held on December 18, 2000, the Sole Shareholder of the Company agreed to be file for the consolidated tax return regime, as provided in Law 43/1995 of December 27, on Corporate Income Tax, for the years starting on January 1, 2001.

The parent company of the tax group is Samvardhana Motherson Reydel Automotive Parts Holding Spain S.L (Sole-Shareholder Company), a group formed by the subsidiary SMRC Automotive Interiors Spain, S.L. (Sole-Shareholder Company).

The income tax expense (revenue) is the amount accrued in this regard during the year and comprises both current and deferred tax expense (revenue). Both the current and deferred tax expense (income) is recognized in the income statement. However, the tax effect related to items that are recorded directly in equity is recognized in equity.

The income tax expense of companies filed on a consolidated basis is determined taking into account, in addition to the parameters to be considered in the case of individual taxation as set out above, the following parameters:

a) Temporary and permanent differences arising from the elimination of intercompany transactions in the Group as a result of the process of determining the consolidated tax base.

b) The tax credits and relief available to each company in the tax group under the consolidated tax return; for these purposes, the credits and relief will be allocated to the company that carried on the activity or obtained the income required to obtain the right to the tax credit or relief.

The Parent of the tax group records the total amount payable for consolidated corporate income tax. The amount of the Company's debt is recorded with a charge to the income statement and credited to the "Current Liabilities - Payable to Group Companies and Associates" caption.

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities in accordance with the regulations in force or approved and pending publication at the year-end.

Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax is determined by applying the tax regulations and rates approved or about to be approved at the balance sheet date and which are expected to apply 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 the temporary differences can be compensated.

3.11 Employee benefits

Termination benefits

The Company recognises these benefits in the income statement when it has demonstrably undertaken to terminate the employment of employees in accordance with a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer to encourage voluntary resignation.

3.12 Provisions and contingent liabilities

Provisions for environmental recovery, restructuring costs and litigation are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the disbursements expected to be required to settle the obligation. Provisions maturing in one year or less with a non-material financial effect are not discounted.

Compensation to be received from a third party when provisions are settled is recognized as an asset, without reducing the amount of the provision, provided that there is no doubt that the reimbursement will be received, and without exceeding the amount of the recorded obligation. When there is a legal or contractual link to the externalization of the risk, by virtue of which the Company is not obliged to respond to the risk, the amount of this compensation is deducted from the amount of the provision.

Contingent liabilities are considered to be possible obligations that arise from past events and whose materialization is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Company. These contingent liabilities are not recognized for accounting purposes and are disclosed in the notes to the consolidated financial statements (note 22).

3.13 Revenue recognition

Revenue from sales and services

Revenue is recognized when it is probable that the Company will receive the economic benefits or returns derived from the transaction and the amount of revenue and costs incurred or to be incurred can be measured reliably. Revenue is recognized at the fair value of the consideration received or receivable and represents the amounts receivable for goods delivered and services provided in the ordinary course of the Company's business, less returns, rebates, discounts and value added tax.

In addition, the significant risks and rewards of ownership of the goods must have been transferred to the buyer and neither managerial involvement nor effective control over the goods sold retains.

Interest income

Interest income is recognized using the effective interest rate method.

3.14 Operating leases

Leases in which the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement for the year in which they accrue on a straight-line basis over the lease term.

3.15 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency gains and losses resulting from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

3.16 Transactions between related parties

Manufacturing contracts have been signed between SMRC Automotive Modules France SAS, formerly Reydel Automotive France SAS, and the Company for final customers Peugeot, Nissan, Renault and Calsonic. The Company sells its products to SMRC Automotive Modules France SAS, which negotiates with the customers, obtains the purchase orders and subcontracts the production of these products in the various production units. The contracts between SMRC Automotive Modules France SAS and the Company were implemented for Peugeot customers on February 1st 2015, for Nissan on June 1st 2015, for Renault on June 29, 2015 and for Calsonic on April 6, 2016.

To correct the operations carried out that had been invoiced directly to customers and consequently generated an excess of remuneration in the operational units, invoices were issued to adjust the margins practiced by the operational units, in order to adequately distribute the remuneration of the operation among the various entities, in accordance with the functions and risks assumed by each one. These invoices and credits amounted to 7,079 million euros on March 31, 2020 as greater sales (3,493 million euros as greater sales on March 31, 2019), as an adjustment to the margins practiced in sales to customers.

The margins are set out in the contracts reflecting market conditions.

3.17 Environment

Expenses arising from business activities aimed at protecting and improving the environment are accounted for as an expense in the year in which they are incurred.

When these expenses involve additions to property, plant and equipment aimed at minimizing environmental impact and protecting and improving the environment, they are recognized as an increase in the value of the assets and are depreciated over their useful lives, as indicated in note 3.2.

Management considers that any environmental contingencies that may arise are sufficiently covered by the insurance policies subscribed and maintained.

4. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to several financial risks such as exchange rate risk and liquidity risk.

The Company has a series of policies, procedures and systems aimed at identifying, measuring and managing the various risk categories to ensure that the most significant risks are correctly identified, assessed and managed, and to minimize the potential adverse effects on its financial profitability.

a) Exchange rate risk

The Company operates internationally and is therefore exposed to exchange rate risk on transactions in foreign currencies, particularly the euro, although the exposure at 31 March 2020 is minor and insignificant.

The Company does not hold any independently traded derivative contracts.

b) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash and marketable securities, the availability of financing through a sufficient amount of committed credit facilities and the ability to settle market positions. Given the dynamic nature of the underlying businesses, the Company's Treasury Department aims to maintain flexibility in financing through the availability of committed credit lines with group companies.

Management monitors the Company's liquidity reserve forecasts on the basis of expected cash flows.

(Expressed in thousands of euros)

5. INTANGIBLE ASSETS

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

(Thousand of Euros)	Starting balance	Additions and allowances	Disposals and reversal of impairment loss	Transfers	Ending balance
Year ended 03/31/2020					
Cost					
Goodwill	7.282	-	-	-	7.282
Software	4.584	73	-	-	4.658
Patents, licences and similar	1.143	-	-	-	1.143
	13.009	73	-	-	13.083
Accumulated depreciation					
Goodwill	(759)	(233)	-	-	(993)
Software	(2.627)	(721)	-	-	(3.348)
Patents, licences and similar	(721)	(163)	-	-	(884)
	(4.107)	(1.118)	-	-	(5.225)
Impariment losses	(4.947)	-	-	-	(4.947)
	(4.947)	-	-	-	(4.947)
Net carrying amount	**3.955**				**2.910**

(Thousand of Euros)	Starting balance	Additions and allowances	Disposals and reversal of impairment loss	Transfers	Ending balance
Year ended 03/31/2019 (*)					
Cost					
Goodwill	7.282	-	-	-	7.282
Software	4.572	90	(78)	-	4.584
Patents, licences and similar	1.143	-	-	-	1.143
	12.997	90	(78)	-	13.009
Accumulated depreciation					
Goodwill	(701)	(58)	-	-	(759)
Software	(2.423)	(203)	-	-	(2.627)
Patents, licences and similar	(680)	(41)	-	-	(721)
	(3.804)	(303)	-	-	(4.107)
Impariment losses	(4.947)	-	-	-	(4.947)
	(4.947)	-	-	-	(4.947)
Net carrying amount	**4.246**				**3.955**

(*) 3 month period

As detailed in note 3.1.a), goodwill was amortized up to December 31, 2007 and is therefore presented net of accumulated amortization (original cost of Euros 54,266 thousand and accumulated amortization of Euros 46,984 thousand up to December 31, 2007). Since January 1st, 2008, under the New Spanish GAAP, it was not amortized and was tested for impairment annually and was measured at cost less accumulated impairment losses.

(Expressed in thousands of euros)

In accordance with Royal Decree 602/2016, of December 2, which amends the Spanish GAAP, from January 1ST, 2016 the Group has systematically amortized the goodwill on consolidation that was considered to have an indefinite useful life in previous years.

In accordance with the single transitional regulation of Royal Decree 602/2016, in 2016 the Group opted to amortize the carrying amount of goodwill on consolidation prospectively. Goodwill is amortized on a straight-line basis over its useful life of 10 years. The depreciation charge for the period ended March 31, 2020 amounted to EUR 233 thousand (58 thousand in the three-month period ended 31 March 2019) and is recognized under "Depreciation and Amortization" in the accompanying income statement.

The goodwill arises from the following business combinations:

(Thousand of Euros)	Goodwill	Accumulated depreciation	Net Value
1) Goodwill from the merger between Plastic Omnium Industrial, S.A. and Componentes Automóviles Reydel, S.A.	6.177	6.172	5
2) Goodwill arising from the merger between Visteon Sistemas Interiores España, S.L. and Plastic Omnium Industrial S.A.	48.089	40.812	7.277
Total	**54.266**	**46.984**	**7.282**

1) <u>Goodwill from the merger between Plastic Omnium Industrial, S.A. and Componentes Automóviles Reydel, S.A.</u>

This goodwill originated in 1998 at Plastic Omnium Industrial S.A. as a result of the merger between the aforementioned company and Componentes Automóviles Reydel, S.A.

This goodwill relates to the difference between the acquisition cost of the absorbed company (Componentes Automóviles Reydel, S.A.) and its equity at 1 January 1998, the date of accounting effects of the merger.

2) <u>Goodwill arising from the merger between Visteon Sistemas Interiores España, S.L. and Plastic Omnium Industrial S.A.</u>

With effects from 1 July 1999, Plastic Omnium Industrial S.A. was absorbed by Visteon Sistemas Interiores España S.L. As a result of this transaction goodwill of Euros 50,257 thousand was recognised in Visteon Sistemas Interiores España, S.L., corresponding to the difference between the acquisition cost of the absorbed company (Plastic Omnium Industrial, S.A.) and the value of the equity of the absorbed company at the time of acquisition.

During year 2000 this goodwill increased by 2,106 thousand euros, due to an additional payment for the purchase of this absorbed company, and in year 2001 it was reduced by 4,274 thousand euros, as a result of the merger between Visteon Sistemas Interiores España SL and Visteon Centro, SA.

a) Impairment losses

In year 2020, no impairment losses were recognized or reversed for any intangible asset. The Company has assessed the existence of indicators of impairment taking into account its current business plan, which includes an average growth rate of its sales for the coming years of at least 2%, as well as a discount rate of 7.5%. In accordance with the analysis, the need for impairment recognition has not been determined. A decrease of 5% over the average growth rate would not change the conclusions.

In year 2014, a valuation adjustment was recognised on goodwill for a decrease in the expected future workload of the Igualada plant amounting to 4,947 thousand euros, considering the budgets of the cash-generating unit for the following 5 years and a discount rate of 10.4%.

b) Fully depreciated assets

At March 31, 2020, there are intangible assets with an original cost of 1,972 thousand euros corresponding to computer software that have been fully amortized and ire still in use (998 thousand euro at March 31, 2019).

c) Insurance

The Company has subscribed various insurance policies to cover the risks to which its intangible assets are subject. The coverage of these policies is considered sufficient.

d) Acquisitions from group companies

The Company has made acquisitions of intangible assets during the year ended March 31, 2020 from group companies for 0 thousand euro (0 thousand euro in 2019).

(Expressed in thousands of euros)

6. PROPERTY, PLANT AND EQUIPMENT

The variations and details in “Property, plant and equipment” are as follows:

(Thousand of Euros)	Starting balance	Additions and allowances	Disposals and reversal of impairment loss	Transfers	Ending Balance
Year ended 03/31/2020					
Cost					
Land and buildings	14.544	-	-	147	14.691
Plant and other PP&E items	102.739	401	(1.308)	11.692	113.524
PP&E under construction	7.493	6.335,71	-	(11.936)	1.893
	124.776	6.737	(1.308)	(96)	130.109
Accumulated depreciation					
Buildings	(9.180)	(487)	-	-	(9.667)
Plant and other PP&E items	(71.070)	(7.208)	1.282	96	(76.899)
	(80.250)	(7.695)	1.282	96	(86.566)
Net carrying amount	**44.526**				**43.542**
Year ended 03/31/2019 (*)					
Cost					
Land and buildings	14.523	-	-	20	14.543
Plant and other PP&E items	103.234	-	(1.314)	819	102.739
PP&E under construction	5.899	2.433	-	(839)	7.493
	123.656	2.433	(1.314)	-	124.775
Accumulated depreciation					
Buildings	(9.060)	(120)	-	-	(9.180)
Plant and other PP&E items	(70.675)	(1.710)	1.314	-	(71.070)
	(79.734)	(1.830)	1.314	-	(80.250)
Net carrying amount	**43.922**				**44.525**

(*) 3 month period

The main acquisitions of property, plant and equipment correspond to investments in the Medina plant to increase production capacity and the manufacturing of new models.

a) Impairment losses

In 2020 and 2019 no impairment losses were recognised or reversed for any property, plant and equipment. (See note 5.a).

(Expressed in thousands of euros)

b) Revaluations made under Royal Decree-Law 7/1996 of 7 June

The accumulated net revaluations at the end of the year ended March 31, 2020 amounted to 294 thousand euros (302 thousand euros at March 31, 2019), the detail being as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Buildings	921	921
Plant and machinery	781	781
Other plant, tools and furniture	56	56
Other PP&E	5	5
Accumulated depreciation	(1.469)	(1.461)
	294	**302**

(*) 3 month period

The increase in value resulting from the revaluation is depreciated over the remaining periods of the useful life of the assets that have been revalued. The revaluation carried out in 1996 increased depreciation for the year ended March 31, 2020 by approximately 8 thousand euros (6 thousand euros increase at March 31, 2019). Also, at March 31, 2020, fully depreciated revalued assets were not derecognised (0 thousand euros at March 31, 2019).

c) Fully amortized assets

At March 31, 2020, there were property, plant and equipment (technical plant and other property, plant and equipment) with an original cost of 52,941 thousand euros relating to assets that were fully depreciated and still in use (47,837 thousand euros at March 31, 2019).

d) Assets under operating leases

In 2020 and 2019 the Company leased, under operating leases, warehouses and facilities, forklifts, vehicles and other equipment, such as containers, machinery, stands, air compressors, computer equipment, switchboards, etc.

In the year ended March 2020 the expense recognized in the income statement in relation to these leases amounts to 813 thousand euros (245 thousand euros in 2019) (note 23.b).

e) Insurance

The Company has subscribed various insurance policies to cover the risks to which its tangible fixed assets are subject. The coverage of these policies is considered sufficient.

(Expressed in thousands of euros)

7. NON-CURRENT ASSETS HELD FOR SALE

At March 31 2020 and March 31 2019 there are no non-current assets held for sale.

8. FINANCIAL INSTRUMENTS ANALYSIS

8.1 Analysis by category

The carrying value of each of the categories of financial instruments established in the "Financial instruments" recording and valuation standard is as follows:

	Non current financial assets	
	Loans, derivatives and other	
(Thousand of Euros)	**03/31/2020**	**03/31/2019 (*)**
Loans and receivables		
Financial investments (note 9)	57	93
	57	**93**

(*) 3 month period

	Current financial assets	
	Loans, derivatives and other (*)	
(Thousand of Euros)	**03/31/2020**	**31/03/2019 (**)**
Loans and receivables		
Trade and other receivables (*)	12.350	22.741
Short-term investments in group companies and associates (note 9)	28.105	-
	40.455	**22.741**

(*) Does not include balances with tax authorities

(*) 3 month period

	Current financial liabilities	
	Other financial liabilities (*)	
(Thousand of Euros)	**31/03/2020**	**31/03/2019 (**)**
Accounts payable		
Trade and other payables (note 16)	25.117	31.437
Debt with group and associated companies (note 16)	19.586	5.690
	44.704	**37.127**

(*) Does not include balances with tax authorities

(*) 3 month period

(Expressed in thousands of euros)

8.2 Maturity analysis

The amounts of financial instruments with a given or determinable maturity classified by year of maturity are as follows:

03/31/2020	**Financial assets**						
(Thousand of Euros)	**2021**	**2022**	**2023**	**2024**	**2025**	**Subsequent years**	**Total**
Long term financial investments							
- Debt securities	-		-	-	-	57	57
	-	**-**	**-**	**-**	**-**	**57**	**57**
Trade and other receivables							
- Trade receivables	1.418	-	-	-	-	-	1.418
- Trade receivables group companies	10.933	-	-	-	-	-	10.933
	12.350	**-**	**-**	**-**	**-**	**-**	**12.350**
Short term investments in group companies and associates							
- Other financial assets	28.105	-	-	-	-	-	28.105
	28.105	**-**	**-**	**-**	**-**	**-**	**28.105**
	40.455	**-**	**-**	**-**	**-**	**57**	**40.512**

03/31/2019 (*)	**Financial assets**						
(Thousand of Euros)	**2020**	**2021**	**2022**	**2023**	**2024**	**Subsequent years**	**Total**
Long term financial investments							
- Debt securities	-	-	-	-	-	93	93
	-	**-**	**-**	**-**	**-**	**93**	**93**
Trade and other receivables							
- Trade receivables	2.378	-	-	-	-	-	2.378
- Trade receivables group companies	20.306	-	-	-	-	-	20.306
- Receivables from Employees	58	-	-	-	-	-	58
	22.741	**-**	**-**	**-**	**-**	**-**	**22.741**
	22.741	**-**	**-**	**-**	**-**	**93**	**22.834**

(*) 3 month period

(Expressed in thousands of euros)

03/31/2020	**Financial liabilities**						
(Thousand of Euros)	**2021**	**2022**	**2023**	**2024**	**2025**	**Subsequent years**	**Total**
Short-term debts to group and associated companies							
- Debts with group companies	19.586	-	-	-	-	-	19.586
	19.586	**-**	**-**	**-**	**-**	**-**	**19.586**
Trade and other payables							
- Trade payables	18.243	-	-	-	-	-	18.243
- Trade payables, group companies and associates	92	-	-	-	-	-	92
- Other payables	2.625	-	-	-	-	-	2.625
- Employee benefits payable	4.157	-	-	-	-	-	4.157
- Customer advances	-	-	-	-	-	-	-
	25.117	**-**	**-**	**-**	**-**	**-**	**25.117**
	44.704	**-**	**-**	**-**	**-**	**-**	**44.704**

03/31/2019 (*)	**Financial liabilities**						
(Thousand of Euros)	**2020**	**2021**	**2022**	**2023**	**2024**	**Subsequent years**	**Total**
Short-term debts to group and associated companies							
- Debts with group companies	5.690	-	-	-	-	-	5.690
	5.690	**-**	**-**	**-**	**-**	**-**	**5.690**
Trade and other payables							
- Trade payables	22.952	-	-	-	-	-	22.952
- Trade payables, group companies and associates	339	-	-	-	-	-	339
- Other payables	3.124	-	-	-	-	-	3.124
- Employee benefits payable	5.021	-	-	-	-	-	5.021
- Customer advances	-	-	-	-	-	-	-
	31.437	**-**	**-**	**-**	**-**	**-**	**31.437**
	37.127	**-**	**-**	**-**	**-**	**-**	**37.127**

(*) 3 month period

9. LOANS AND RECEIVABLES

The detail of financial assets included in the balance sheet at December 31 is as follows:

(Thousand of Euros)	**03/31/2020**	**03/31/2019 (*)**
Short term financial investments		
Debt securities (note 8.1)	57	93
	57	**93**
Trade and other receivables		
Trade receivables	1.418	2.378
Trade receivables group companies	10.933	20.306
Receivables from Employees	-	58
	12.350	**22.741**
Short term investments in group companies and associates		
Otros financial assets (note 25.c)	28.105	-
	28.105	**-**
	40.512	**22.834**

(*) 3 month period

(Expressed in thousands of euros)

The variation in the provision for impairment of trade receivables is as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Beggining balance	-	(6)
Reversal/application of provisions	-	6
Charge for the year	(13)	-
Balance at March, 31	**(13)**	**-**

(*) 3 month period

The maximum exposure to credit risk at the reporting date is the fair value of each of the above categories of receivables. The Company does not hold any guarantees as insurance.

The carrying value of the Company's accounts receivable is denominated entirely in euros.

10. INVENTORIES

The detail of inventories net of valuation adjustments at March 31, is as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Raw materials and other supplies	2.753	2.150
Goods in progress	763	816
Finished goods	1.267	959
Advances to vendors	35	231
	4.818	**4.156**

(*) 3 month period

a) Impairment

The company has recorded an impairment loss on its inventories at March 31, 2020 amounting to 928 thousand euros (1,037 thousand euros in 2019).

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Opening balance	(1.037)	(1.011)
Impairment losses	-	(26)
Impairment Reversal	110	-
	(928)	**(1.037)**

(*) 3 month period

b) Capitalized financial expenses

During years 2020 and 2019 no interest expenses has been capitalized as inventories production cycle is no longer than a year.

c) Forward Contracts (Derivatives)

No derivative contracts exist over inventories at 2020 or 2019 year end.

(Expressed in thousands of euros)

d) Limitations on availability

There are no limitations on the availability of stock, other than tooling, owned by the end customer.

e) Insurance

The Company has subscribed various insurance policies to cover the risks to which its inventories are subject. The coverage of these policies is considered sufficient.

f) Advances on tooling

The value of the advances to vendors is relative to the investments made by the Company in different tooling "owned by the final customer", which are transferred at the end of the project. At the end of 2020, the advances provided for the production of these tools amounted to 35 thousand euros (231 thousand euros in 2019).

11. CASH AND CASH EQUIVALENTS

The detail of “Cash and cash equivalents” at December 31 is as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Cash	1.341	8.864
	1.341	**8.864**

(*) 3 month period

There are no restrictions on the availability of cash. Current accounts earn market interest rates.

12. SHARE CAPITAL AND SHARE PREMIUM

a) Subscribed share capital

The Company was incorporated on June 22, 1999 with a share capital of 3,100 euros, consisting of 31 shares of 100 euros par value each, fully subscribed and paid by Visteon Holdings España, S.L., currently Samvardhana Motherson Reydel Automotive Parts Holding Spain S.L. (Sole-Shareholder Company), a company registered in El Puerto Santa María (Cádiz).

On June 30, 1999 a capital increase was approved in 14,996,900 euros by issuing 149,969 shares with a share premium of 13,000,000 euros. This capital increase was subscribed and paid up by the sole shareholder of the Company.

On 20 January 2000, the General Meeting of Shareholders approved a capital increase of Euros 285,000 through the issuance of 2,850 shares with a par value of Euros 100, with a total share premium of Euros 247,900. 247,900. This increase was subscribed and paid by the sole shareholder of the Company. As a result, the share capital at 31 March 2019 is represented by 152,850 shares with a share premium of 100 euros each (the same amount at 31 December 2018).

In accordance with current legislation, a summary of the contracts signed between the sole shareholder and the Company, indicating their nature and conditions, is as follows:

(Expressed in thousands of euros)

Date of contract	Nature	Maturity
June 30, 1999	Loan Agreement	June 30, 2014

In December 2012, by Group decision, the Company paid off the loan in full, proceeding to the early termination of the contract.

In accordance with Articles 13 and 16 of the Spanish Corporate Law, the Company is registered in the Mercantile Registry as a sole shareholder company.

b) Share premium

This reserve is freely distributable.

13. RESERVES AND RESULTS FROM PREVIOUS YEARS

The detail and variation in the items composing the reserves and the results of previous years are as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Legal reserve	2.300	2.102
Goodwill reserve	1.343	1.576
Voluntary reserves	19.274	17.266
	22.916	**20.944**
Negative results from previous years	(12.630)	(12.630)
	(12.630)	**(12.630)**

(*) 3 month period

a) Legal reserves

The legal reserve was constituted in accordance with Article 274 of the Spanish Corporate Law, which stipulates that 10% of profits for each year must be transferred to this reserve until it represents at least 20% of share capital. It may not be distributed and if it is used to offset losses, in the event that no other reserves are available for this purpose, it must be replaced with future profits. At the end of the year, 20% of the amount of share capital required by law had not been constituted.

b) Goodwill reserve

The goodwill reserve will be reclassified to the company's voluntary reserves at the amount exceeding the goodwill recorded on the assets side of the balance sheet pursuant to the single transitional provision of Royal Decree 602/2016, of December 2.

c) Voluntary reserves

These reserves are freely distributable. During the year ended March 31, 2020 no adjustments were recorded in voluntary reserves by the Company (a loss of 58 thousand euros during the year ended March 31 2019).

(Expressed in thousands of euros)

14. PROFIT FOR THE YEAR

a) Profit appropriation

The proposed profit and reserves appropriation to be presented to the General Meeting of Shareholders is as follows:

	31/12/2020
Proposed appropriation	
Profit for the year	4.271
	4.271
Appropriation	
Legal reserve	427
Voluntary reserves	3.844
	4.271

b) Limitations for the dividend distribution

Once the requirements provided for by law or the bylaws have been covered, dividends may only be distributed from the profit for the year or from unrestricted reserves if the value of the net book equity is not, or as a result of the distribution is not, less than the share capital.

If there are losses from previous years that make the value of the Company's net worth less than the amount of the share capital, the profit will be used to offset these losses.

15. GRANTS AND DONATIONS

a) Grants received

The detail of non-reimbursable capital grants is as follows:

Concessionaire	Amount granted (thousands of euros)	Amount pending at 03.31.2020 (thousands of euros)	Purpose	Date of concession
Ministerio de Industria, Turismo y Comercio	1.068	7	Implementation of actions within the framework of the Automotive Sector Competitiveness Plan	May 6, 2009
Junta de Castilla y León	790	30	Manufacture of automotive components in Medina de Rioseco	February 10, 2011
Junta de Castilla y León	395	44	Manufacture of plastic products in Medina de Rioseco	September 2, 2014
Ministerio de Hacienda	311	-	Manufacture of door panels for automobiles	January 27, 2012

(Expressed in thousands of euros)

The movements in the items composing non- reimbursable grants are as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Opening balance	292	353
Initial adjustment	7	-
Increases	-	-
Tax effect (adjustment)	-	-
Allocation to profit and loss	(291)	(81)
Tax effect	73	20
Closing balance	**81**	**292**

(*) 3 month period

During 2009, the Company received a grant under the Automotive Sector Competitiveness Plan - Order ITC/21/2009, of January 16 (BOE 20-01-2009), assigned by the Ministry of Industry, Tourism and Trade for the amount of 1,068 thousand euros, corresponding to a fundable budget of 3,991 thousand euros.

On May 5, 2011, the Company received a decision to verify the supporting account, by virtue of which the grant was partially revoked in the amount of 281 thousand euros, which was repaid by the Company in 2013.

On March 31, 2020, the amount still to be transferred to the income statement was 7 thousand euros (20 thousand euros at March 31, 2019).

In 2011, the Company received a grant in the context of the project declaration of special interest from the Castilla y León Autonomous Community Government amounting to 797 thousand euro for the development of a project for the "Manufacture of Automotive Components", corresponding to a fundable budget of 4,983 thousand euros.

On June 1, 2015, the resolution of the default procedure was notified, whereby the appropriate grant was modified by an amount of 790 thousand euros.

On March 31, 2020, the amount pending to be charged to the income statement was 30 thousand euros (100 thousand euros at March 31, 2019).

During 2017, the Company received a grant within the scope of the project declaration as special interest from the Castilla y León Regional Government in the amount of 395 thousand euros for the development of a project for the "Manufacture of automotive components", corresponding to a bankable budget of 4,935 thousand euros.

At 31 March 2020, the amount pending to be transferred to the profit and loss account was 44 thousand euros (131 thousand euros at March 31, 2019).

In 2018, the Company received final notification of the award of a grant within the scope of the project declaration as special interest from the Ministry of Finance amounting to 311 thousand euros for the development of a project for the "Manufacture of car door panels", corresponding to a fundable budget of 4,544 thousand euros.

At 31 March 2020, the amount pending to be transferred to the income statement was 0 thousand euros (41 thousand euros at March 31, 2019).

(Expressed in thousands of euros)

b) Donations received

The movement of the donations received is as follows:

(Thousand of Euros)	31/03/2020	31/03/2019 (*)
Opening balance	1.930	1.706
Initial adjustment	97	(50)
Increases	1.791	672
Tax effect (adjustment)	(448)	(148)
Allocation to profit and loss	(1.130)	(334)
Tax effect	283	84
Closing balance	**2.522**	**1.930**

(*) 3 month period

This caption includes donations made during the year by Renault/Nissan and Peugeot/Citroën customers on the basis of agreements signed with them to partially finance the acquisition of certain assets.

In 2017, the Company received a non-refundable contribution from Renault amounting to 815 thousand euros for the development of a certain programme.

During the first quarter of 2019, the Company received a non-reimbursable contribution from Peugeot amounting to EUR 672 thousand for the development of a certain programme.

In 2020, the Company received a non- reimbursable contribution from Renault amounting to EUR 1,791 thousand for the development of a programme.

At 31 March 2020, the amount pending recognition in the income statement was EUR 2,522 thousand (EUR 1,930 thousand at 31 March 2019).

16. ACCOUNTS PAYABLE

(Thousand of Euros)	03/31/2020	03/31/2019 (**)
Short-term debt with group companies (note 25.c)	19.586	5.690
	19.586	**5.690**
Trade and other payables (*)		
- Accounts payable	18.243	22.952
- Accounts payable, group companies (note 25.c)	92	339
- Trade creditors	2.625	3.124
- Personnel (pending payments)	4.157	5.021
	25.117	**31.437**
	44.704	**37.127**

(*) Does not include balances with tax authorities

(**) 3 month period

At March 31, 2020 the short-term debts to group companies and associates related mainly to the balance outstanding with the direct parent company in Spain, Samvardhana Motherson Reydel Automotive Parts Holding Spain, S. L. (Sole-Shareholder Company), for the effects of tax consolidation, whose debt at March 31, 2020 amounted to 6,259 thousand euros (5,474 thousand euros at March 31

(Expressed in thousands of euros)

2019) (see Note 25-c), and the debt for the loans to SMRC Automotive Holdings B.V., which were arranged as follows:

	Starting date	Amount due March 31		Maturity	Interest rate	Accrued financial expenses (Note 19.9)	
(Thousand of Euros)		2020	2019			2020	2019
SMRC Automotive Holding Netherlands B.V.	10/29/2019	5.000	-	01/31/2020	Euribor 1 month + 1,70%	37	-
SMRC Automotive Holding Netherlands B.V.	11/21/2019	7.000	-	01/31/2020	Euribor 1 month + 1,70%	44	-
SMRC Automotive Holding Netherlands B.V.	01/28/2020	10.000	-	12/31/2020	Euribor 1 month + 1,80%	25	-
SMRC Automotive Holding Netherlands B.V.	01/10/2020	6.000	-	12/31/2020	Euribor 1 month + 1,80%	28	-
		28.000	-			**133**	-

The amount of interest accrued and not paid on these loans at March 31, 2019 totals 99 thousand euros.

During the year, the Company has accrued interest with SMP Automotive Technology Iberica S.L.U. amounting to 5 thousand euros.

In the year ended December 31, 2018, the Company had a cash pool debt with Reydel Automotive Minority Holdings B.V. amounting to 5,474 thousand euros, which was repaid in the year ended March 31, 2019.

The carrying amount of the short-term debt is close to its fair value, since the effect of discounting is not significant.

The carrying value of the Company's debts is denominated in the following currencies:

(Thousand of Euros)	03/31/2020	03/31/2019 (**)
Thousand of Euros equivalent		
Euro	24.929	31.439
Great Britain Pounds	-	
Yen	5	5
US Dollars	(7)	(7)
Total	**24.927**	**31.437**

(*) Does not include balances with tax authorities

(**) 3 month period

On March 13, 2020, the Company initiated a temporary employment regulation plan; however, in order not to delay the collection of this payment from its employees, it advanced the payment of the March 2020 payroll without considering this effect, so that the personnel (pending payment) account for outstanding remuneration is presented net of this advance in the amount of 779 thousand euros.

In accordance with the sole additional provision of the Resolution of January 29, 2016, of the Accounting and Audit Institute, on the information to be included in the notes to the financial statements in relation to the average period for payment to vendors in commercial transactions, comparative information on the average period for payment is presented:

(Expressed in thousands of euros)

(Days)	03/31/2020	03/31/2019 (*)
Average period of payment to vendors	66	67
Paid Transaction Ratio	60	67
Outstanding transactions ratio	67	65
(Thousand of Euros)		
Total payments	143.190	33.195
Total outstanding payments	11.304	24.710

(*) 3 month period

17. OTHER PROVISIONES

a) Non-current provisions

There is no variation in non-current provisions during the financial years 2020 and 2019.

b) Current provisions

The variation in current provisions in 2020 and 2019 were as follows:

(Thousand of Euros)	31/03/2020	31/03/2019 (*)
Opening balance	1.529	1.145
Provision	136	384
Applications	-	-
Closing balance	**1.665**	**1.529**

(*) 3 month period

The Company maintains a short-term provision of 412 thousand euros (401 thousand euros in 2019) for "trade guarantees" to cover the warranty period for defective products sold to third parties in the last three years or so. This provision is calculated on the basis of a detailed study based on historical data on sales and quality defects claimed by customers.

The Company also has a short-term provision of 1,253 thousand euros (1,128 thousand euros in 2019) to cover commitments and costs or losses estimated to be incurred in connection with the performance of its own business and various short-term commitments, including employee incentives.

18. DEFERRED TAXES

The breakdown of the deferred taxes is as follows:

(Thousand of Euros)	31/03/2020	31/03/2019 (*)
Deferred tax assets:		
Temporary differences due to goodwill depreciation	-	147
Temporary differences for non-deductible depreciation	483	584
Temporary differences due to inventory depreciation	214	260
Temporary differences due to provision for guarantees	104	101
Temporary differences due to advances of donations collected	844	643
	1.645	**1.735**
Deferred tax liabilities:		
Temporary differences for donations not charged to the profit and loss account	(868)	(741)
	(868)	**(741)**

In accordance with current legislation and the principle of prudence, deferred tax assets are only recognized to the extent that it is probable that future taxable profit will be available to enable them to be recovered. During the year ended March 31, 2020, the Company has not adjusted any deferred tax assets based on an estimate of recoverability.

The gross movement in deferred taxes was as follows:

(Thousand of Euros)	31/03/2020	31/03/2019 (*)
Opening balance	993	1.265
Charged to equity		
- Deferred income tax liability for the year	(127)	(55)
Transferred to the profit and loss account (note 20):		
- Deferred income tax asset for the year	(90)	(217)
Closing balance	**777**	**993**

(*) 3 month period

The Company has recorded the tax effect for the donations received.

19. INCOME AND EXPENSES

a) Transactions in foreign currency

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Equivalent value in thousands of euros		
Purchases	74	7
	74	**7**

(*) 3 month period

(Expressed in thousands of euros)

b) Revenues

Revenue from the Company's continuing operations is distributed geographically in percentage terms as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Sales	163.960	45.321
Market		
- Spain	98%	98%
- Europe	2%	2%
- Rest of the World	-	-
	100%	**100%**

(*) 3 month period

All sales correspond to automotive components or group services re-invoicing.

c) Consumption of goods and raw materials

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Purchasing of goods	1.238	-
Stock Variation	(63)	79
	1.175	79
Purchasing of raw materials	86.398	24.498
Stock Variation	-	399
	86.398	24.897
Total consumption	**87.296**	**24.976**

(*) 3 month period

d) Personnel expenses

The breakdown is as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Wages, salaries et al.	28.304	8.197
Social security expenses	10.541	2.829
	38.846	**11.026**

(*) 3 month period

(Expressed in thousands of euros)

The detail of social security expenses is as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Social Security	8.729	2.409
Other Social Security contributions	1.812	420
	10.541	**2.829**

(*) 3 month period

At March 31, 2020 the line "Wages, salaries et al" includes severance payments amounting to 164 thousand euros (8 thousand euros at March 31, 2019).

The average number of employees during the year is as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Senior Executives	7	8
Technicians, scientists and support staff	89	80
Other qualified personnel	271	274
Unskilled workers	527	544
	894	**906**

(*) 3 month period

Furthermore, the distribution by gender of the Company's employees at the end of 2020 and 2019 is as follows:

	Number of employees at the end of the year			Average number of people with disabilities > 33% of the total employed in the year
	Men	Women	Total	
03/31/2020				
Senior Executives	6	1	7	-
Technicians, scientists and support staff	77	12	89	-
Other qualified personnel	224	47	271	-
Unskilled workers	367	160	527	12
	674	**220**	**894**	**12**
03/31/2019 (*)				
Senior Executives	6	2	8	-
Technicians, scientists and support staff	73	12	85	-
Other qualified personnel	229	48	277	-
Unskilled workers	370	155	525	14
	678	**217**	**895**	**14**

(*) 3 month period

(Expressed in thousands of euros)

20. INCOME TAX AND TAX SITUATION

The detail of the balances relating to tax assets and liabilities at 31 March is as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Other receivables from public authorities		
Tax authorities, debtor VAT	11	84
	11	**84**
Other payables to public authorities		
Tax authorities, creditor VAT	-	(4.074)
Tax authorities, creditors for withholdings	(657)	-
Social security agencies, creditors	(852)	(678)
Tax authorities, Sales VAT	(479)	(1.124)
	(1.989)	**(5.875)**

The reconciliation between the net income and expenses for the year and the taxable income for income tax purposes is as follows:

(Thousand of Euros)	Increases	Decreases	Amount
12/31/2020			
Result for the year			4.271
Income tax	-	-	1.300
Permanent differences	4	-	4
Temporary differences	908	(1.268)	(361)
Taxable income (tax result)			**5.215**

(Thousand of Euros)	Increases	Decreases	Amount
12/31/2019(*)			
Result for the year			1.972
Income tax	-	-	(682)
Permanent differences	12	-	12
Temporary differences	383	(681)	(298)
Taxable income (tax result)			**1.005**

(*) 3 month period

The current income tax is the result of applying a tax rate of 25% to the taxable income.

(Expressed in thousands of euros)

The income tax expense consists of:

(Thousand of Euros)	31/03/2020	31/03/2019 (*)
Taxable income at 25%	1.304	251
Deductions	(259)	(51)
Current Tax	1.045	200
Deferred income tax liability for the year (note18)	127	55
Deferred income tax assets for the year (note18)	90	217
Income tax Adjustment Previous Years	39	(1.153)
	1.300	**(682)**

(*) 3 month period

The Company declares taxes under the consolidated tax regime since April 1, 2019 and as the parent of the SMP Automotive Technology Iberica S.L. tax group. The Parent of the tax group records the total amount payable (or receivable) for consolidated income tax.

On October 18, 2017, the Company was notified of the commencement of a partial VAT audit for 2014 and 2016 for the purpose of reviewing the effects of the donations and subsidies received from France on the customers of the Renault Group and PSA. The minutes have been signed in conformity for a total amount (instalments plus interest), for all the years inspected, of 957 thousand euros.

Therefore, the Company has commenced tax inspections and is open to inspection by the tax authorities for the following years:

Income tax	2016 a 2020
VAT	2015 a 2020
Personal Income Tax Law	2015 a 2020
RCM	2015 a 2020
Local taxes	2015 a 2020
Customs	2015 a 2020
Other (ITP, AJD,…)	2015 a 2020

(Expressed in thousands of euros)

21. FINANCIAL RESULT

The breakdown of the financial result is as follows:

	03/31/2020	**03/31/2019 (*)**
Financial income:		
From marketable securities and other financial instruments	138	-
- From group companies (note 25.a)	138	-
	138	-
Financial expenses:		
On debts to group companies (note 25.b)	(58)	(12)
On debts to third parties	(1)	-
	(59)	(12)
Financial Result	**79**	**(12)**

(*) 3 month period

22. CONTINGENCIES AND GUARANTEES

The Company has contingent liabilities for litigation arising in the normal course of business other than those already provided for (note 17).

At March 31, 2020 and March 31, 2019, the Company had not provided any guarantees to public entities.

23. COMMITMENTS

a) Purchase and sale commitments

At the balance sheet date, the Company has no signed purchase and sale commitments.

b) Operating lease commitments (without royalties)

In the year ended March 31, 2020, the expense recognized in the income statement in relation to rentals under operating leases amounted to 813 thousand euros (245 thousand euros at March 31, 2019). Details of these expenses are as follows:

(Thousand of Euros)	**Igualada**	**Medina**	**Salceda**	**Central**	**Total**
Warehouses/ Facilities	-	-	-	104	104
Trolleys	104	245	-	-	349
Other Rentals	0	164	156	40	360
Total (Note 6.d)	**104**	**409**	**156**	**144**	**813**

(*) 3 month period

(Expressed in thousands of euros)

Situation as of December 31, 2019:

(Thousand of Euros)	Igualada	Medina	Salceda	Central	Total
Warehouses/ Facilities	-	-	-	26	26
Trolleys	27	90	-	-	117
Other Rentals	-	53	39	10	102
Total (Note 6.d)	**27**	**143**	**39**	**36**	**245**

(*) 3 month period

The total future minimum payments for operating leases are as follows:

(Thousand of Euros)	03/31/2020	03/31/2019 (*)
Less than one year	813	245
Between one and two years	-	-
	813	**245**

(*) 3 month period

d) Operating lease commitments (Company as lessor)

The Company does not lease fixed assets under operating leases.

24. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

a) Remuneration of the members of the Board of Directors and Senior Executives

During the financial years 2020 and 2019 there was no remuneration for the members of the Board of Directors.

The amount accrued by senior executives consists of the following items and amounts:

(Thousand of Euros)	31/03/2020	31/03/2019 (*)
Salaries	710	453
Compensation	-	-
Other remuneration	-	6
	710	**459**

(*) 3 month period

During the years ended March 31, 2020 and March 31, 2019, no contributions were made to pension funds or plans in favor of former or current members of the Board of Directors or senior management of the Company. Similarly, no obligations have been incurred in respect of these items.

The members of the Board of Directors and the Company's senior executives have not received any shares or stock options during the year, nor have they exercised any options or have any pending options.

During the year ended March 31, 2020 the individuals who represent the Company on the governing bodies where the Company is a legal entity have not received any remuneration from the Company (likewise in the year ended March 31, 2019).

In addition, no payments were made in respect of directors' liability insurance premiums for damage caused by acts or omissions in the performance of their duties during the financial year ended March 31, 2020 (likewise in the financial year ended March 31, 2019).

b) Advances and loans to members of the Board of Directors and Senior Executives

The Company has not granted any advances or loans to former or current members of the Board of Directors and Senior Management of the Company.

c) Conflict of interest situations

In accordance with the provisions of Articles 229 and 231 of the Spanish Corporations Law, in order to reinforce the transparency of the companies, and by publishing information received from the directors, it is communicated that the directors are not involved in situations of conflict with the interests of the Company.

25. OTHER OPERATIONS WITH RELATED PARTIES

During 2013 and until October 31, 2014, the Company belonged to the Visteon Group. The Group is controlled by Visteon Holdings España, S.L. (Sole-Shareholder Company), currently Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L. (Sole-Shareholder Company), incorporated in Spain, which owns 100% of the shares.

After October 31, 2014, and after the sale of the "interiors" business of the Visteon Group in Spain, the Company belonged to the Reydel Group.

On August 2, 2018, following the acquisition by Samvardhana Motherson Automotive Systems Group BV of the Reydel Automotive Group, the Company became part of the Samvardhana Motherson Group.

The Group's parent company in Spain is Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L. (Sole-Shareholder Company).

From August 20, 2018 the Company changed its name to SMRC Automotive Interiors Spain, S.L. (Sole-Shareholder Company).

The transactions detailed below were carried out with related parties.

(Expressed in thousands of euros)

a) <u>Sale of goods and rendering of services of the Company with group companies and related parties:</u>

03/31/2020	**Income**		
(Thousand of Euros)	**Net sales**	**Services rendered and other income**	**Interest received**
SMRC Automotive Modules France	152.041	-	-
SMRC Argentina	16	-	-
SMRC Brazil	4	-	-
SMRC Harnes	11	-	-
SMRC Headquarters	3	-	-
SMRC Germany	-	-	-
SMRC Gondecourt	1.166	-	-
SMRC Morocco	26	-	-
SMRC Rougegoutte	1	-	-
SMRC Russia	37	-	-
SMRC Thailandia	5	-	-
SMRC Automotive Holdings Netherlands B.V.	-	3.071	133
SMP Automotive Technology Iberica S.L.U	-	-	5
Total ingresos	**153.310**	**3.071**	**133**

03/31/2019 (*)	**Income**		
(Thousand of Euros)	**Net sales**	**Services rendered and other income**	**Interest received**
SMRC Automotive Modules France	40.415	-	-
SMRC Brazil	26	-	-
SMRC Germany	9	-	-
SMRC Automotive Holdings Netherlands B.V.	-	991	-
Total ingresos	**40.450**	**991**	**-**

(*) 3 month period

Goods and services are normally traded with related parties on a margin over cost basis, allowing the Company a market spread.

(Expressed in thousands of euros)

b) Purchase of merchandise, goods and provision of services by the Company from group companies and related parties:

03/31/2020	**Expenses**		
(Thousand of Euros)	**Net purchases**	**Services received and other expenses**	**Interest paid**
SMRC Automotive Products India Private, LTD.	208	-	-
SMRC Gondecourt	329	-	-
Yuji - SMRC Modules Corp.	497	-	-
SMRC Slovakia	(42)	-	-
SMRC Automotive Holdings B.V.	-	240	-
SMRC Automotive Holdings Netherlands B.V.	-	-	54
Total gastos	**992**	**240**	**54**

03/31/2019 (*)	**Expenses**		
(Thousand of Euros)	**Net purchases**	**Services received and other expenses**	**Interest paid**
SMRC Automotive Products India Private, LTD.	49	-	-
SMRC Gondecourt	118	-	-
Yuji - SMRC Modules Corp.	136	-	-
SMRC Slovakia	-	-	-
SMRC Automotive Holdings B.V.	-	-	-
SMRC Automotive Holdings Netherlands B.V.	-	751	-
Total gastos	**303**	**751**	**-**

(*) 3 month period

(Expressed in thousands of euros)

c) Closing balances from sales and purchases of goods and services of the Company with group companies and related parties:

03/31/2020	**Financial assets**		**Financial liabilities**	
(Thousand of Euros)	**Short term credits (Note 9)**	**Account receivables, group companies (Note 9)**	**Short-term loans to group companies (note 16)**	**Group company account payable (note 16)**
SMRC Automotive Modules France	-	10.462	-	-
SMRC Automotive Holdings Netherlands B.V.	28.104	295	-	49
Samvardhana Motherson Reydel Autotecc Morocco SAS	-	14	-	-
SMRC Argentina	-	16	-	-
SMRC Brazil	-	-	-	(24)
SMRC Gondecourt	-	107	-	(85)
SMRC Harnes	-	7	-	-
SMRC Russia	-	32	-	-
SMRC Automotive Products India Private, LTD.	-	-	-	(20)
Yuji - SMRC Modules Corp.	-	-	-	(12)
SMRC Thailandia	-	-	-	-
SMRC Automotive Techno Minority Holdings B.V.	-	-	(13.326)	-
SMRC Interiors Systems Holding Spain SL	-	-	(6.259)	-
Total	**28.104**	**10.932**	**(19.585)**	**(92)**

Only Group companies at year-end are included.

Ejercicio 31/03/2019	**Financial assets**		**Financial liabilities**	
(Thousand of Euros)	**Short term credits (Note 9)**	**Account receivables, group companies (Note 9)**	**Short-term loans to group companies (note 16)**	**Group company account payable (note 16)**
SMRC Automotive Modules France	-	19.841	-	(72)
SMRC Automotive Holdings Netherlands B.V.	-	385	-	(145)
Samvardhana Motherson Reydel Autotecc Morocco SAS	-	3	-	-
SMRC Brazil	-	26	-	(12)
SMRC Germany	-	9	-	-
SMRC Slovakia	-	42	-	-
SMRC Automotive Products India Private, LTD.	-	-	-	(87)
Yuji - SMRC Modules Corp.	-	-	-	(25)
SMRC Thailandia	-	-	-	2
SMRC Automotive Holdings B.V.	-	-	(215)	-
SMRC Interiors Systems Holding Spain SL	-	-	(5.475)	-
Total	**-**	**20.306**	**(5.690)**	**(339)**

(*) 3 month period

The services provided and received refer to administrative accounting, computer and personnel services, invoiced at market price.

The debts generated by the centralized treasury system (cash pooling) are cancelled in accordance with the financing needs of the group of companies.

(Expressed in thousands of euros)

26. ENVIRONMENT INFORMATION

An environmental activity is considered to be any operation whose main purpose is the minimization of environmental impact and the protection and improvement of the environment.

During the years ended March 31, 2020 and March 31, 2019 the Company did not make any significant investments in environmental matters. Expenses for the protection and improvement of the environment charged directly to the income statement in the year ended March 31, 2020 amounted to 356 thousand euros (218 thousand euros at March 31, 2019).

Situation at March 31, 2020:

(Thousand of Euros)	Igualada	Medina	Salceda	Total
Environmental protection expenses:				
Sanitation fee (paid to the Autonomous Regions)	1	3	1	5
Collection and treatment of waste by authorised operators	13	74	43	130
Measurements and treatments of air pollution	-	-	1	1
Personnel expenses for environmental protection activities	19	81	120	220
Total	**33**	**158**	**165**	**356**

Any contingencies, indemnities and other environmental risks that the Company may incur are adequately covered by the civil liability insurance policies it has taken out.

Situation at March 31, 2019:

(Thousand of Euros)	Igualada	Medina	Salceda	Total
Environmental protection expenses:				
Sanitation fee (paid to the Autonomous Regions)	1	3	1	5
Collection and treatment of waste by authorised operators	12	53	5	70
Measurements and treatments of air pollution	-	-	1	1
Personnel expenses for environmental protection activities	13	118	11	142
Total	**26**	**174**	**18**	**218**

(*) 3 month period

27. SUBSEQUENT EVENTS AT YEAR END DATE

There are no relevant subsequent events at year-end.

In addition, as described in Note 2.b, on March 11, 2020 the World Health Organization upgraded the public health emergency caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid development of events, both nationally and internationally, is an unprecedented health crisis that will impact the macroeconomic environment and business developments. To address this situation, among other measures, the Spanish Government has declared a state of alarm by publishing Royal Decree 463/2020 of March 14 and has approved a series of extraordinary urgent measures to address the economic and social impact of COVID-19 by Royal Decree Law 8/2020 of March 17.

The Company has considered the effects of these events and concluded that they do not entail an adjustment to the financial statements for the year ended March 31, 2020, although they could have a significant impact on its operations and, therefore, on its future results and cash flows.

In view of the complexity of the situation and its rapid evolution, it is not possible at this time to make a reliable quantified estimate of its potential impact on the Company, which will be recorded prospectively in the 2021 financial statements.

However, the Directors and Management of the Company have made a preliminary analysis of the current situation based on the best information available. Due to the considerations mentioned above, such information may be incomplete. From the results of this evaluation, the following matters stand out:

- Liquidity risk: according to the estimates of the main financial market regulators, the impact of COVID on the economy and the financial markets means that an increase in non-performing receivable is foreseeable, as well as greater difficulty in accessing funds , which could result in cash-flow problems. However, based on the Company's available cash position and the estimated future cash flow plan, the Company's directors consider that they will be able to meet their liabilities and comply with financing conditions and requirements.

- Operating risk: the degree of spread of the virus and its effect on the population indicate that there could be a possibility of contamination for the Company's employees and, therefore, a situation of decreased activity or interruption of the Company's operations, which could have an impact on possible breaches of previously established commitments to customers. In order to minimize this risk in its operations, the company is taking appropriate measures to control and monitor its operations, measures on the health of employees to take care of their health and avoid contagion, as well as, to the extent necessary, negotiating with critical suppliers for essential supplies and guaranteeing the potential consequences of a timely break in the supply chain.

Therefore, and considering the above, the Company is taking the appropriate steps to address the situation and minimize its impact, considering that this is a temporary situation which, according to the most current estimates and the cash position to date, does not compromise the application of the going concern basis.

On April 28, 2020, the Company returned to production at one of its three plants.

The remaining plants are expected to start production again shortly, in a progressive manner

28. AUDIT FEES

Audit fees accrued in 2020 amounted to 62 thousand euros (44 thousand euros in 2019). In addition, no fees were accrued for other verification services.

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SMRC Automotive Interiors Spain, S.L. (Sole Shareholder Company)
Management Report for the year ended March 31, 2020
(Expressed in thousands of euros)

1. Situation and evolution of the Company

This is the twenty-first full year of life of the Company, as it was incorporated on June 22, 1999 and on December 28, 1999 it merged with Plastic Omnium Industrial, S.A. (with accounting effects as of July 1, 1999). On September 6, 2001, Visteon Centro, S.A. was merged by absorption into Visteon Sistemas Interiores España, S.L. (effective for accounting purposes as from January 1, 2001). In 2014 the Company was acquired by the Reydel Group and its name was changed to Reydel Automotive Spain, S.L (Sole-Shareholder Company).

Since August 2018 the company has belonged to the Samvardhana Motherson group and its name has changed to SMRC Automotive Interiors Spain, S.L. (Sole-Shareholder Company).

The company's activity at 31 March 20 was similar to that of 2019. Sales at 31 March 20 amounted to 168 million euro, significantly less proportionally to the 46 million euro sold in the three-month period ended 31 March 2019.

The evolution of the company's activity by plant was as follows:

Igualada - The X11M project ended the year with 2,000 cars vs. 5,000 on budget, this drop was compensated by the rise of the X12. The H60 volumes are lower than those announced in the budget (25,000 VS 44,000), because Nissan has worked only 2 shifts instead of the 3 planned. The PSA project corresponding to the production of parts for the F3, has been developed below the budget (46 thousand VS 54 thousand). The Renault HFE Ph2 project sells more than foreseen in the budget (110 thousand cars VS 97 thousand in the budget). The X87 project has been replaced by the HJB during the year, although it has sold less than foreseen in the budget (84.000 VS 148.000), while the X87 has given better results with +30.000 cars versus budget. During the fiscal year 2020, Igualada has started new projects for other plants of the Group, the X62 (Renault Master) with the plant of Gondecourt in France, this project has sold 12 thousand cars more than budgeted. Igualada also produces components for the Motherson Group company, which will correspond to the production of two parts for the new Seat Leon and Ibiza, although the start of these projects has finally been delayed.

Salceda - For the 12 month period from April 2019 to March 2020, the main production is the K9 (New Peugeot Partner, Citroen Refter) having produced 365 thousand plates on board. The decrease in the volumes of the B78 model (Citroën C4 Picasso Technospace) continued, producing 45 thousand vehicles (4 thousand per month), 33% less compared to a monthly production of 6 thousand vehicles produced in 2018. On the other hand, for the low-cost M3M4 model (Citroën Elipse & Peugeot 301), 33 thousand rear tablets were produced, with a similar level of production to the previous year (4,800 vehicles per month on average in 2018).

Medina - A drop in sales of 7.2M euros of the total decrease in sales compared to the previous year, 3.2M euros come from the impact caused by the COVID-19. By business line, the end of the X87 (Capture) has been compensated by its replacement (HJB) but to a lesser extent than expected due mainly to the shutdown of the last month 2.5M euros of the total decrease so the increase in the total of Renault has been only 4M euros. On the other hand, both the “Polo” and the “Cactus” are at the end of the project's life, which is causing a decrease of 11M euros with respect to the previous year in the two projects as a whole. The impact of the drop in sales has been compensated by reductions in material consumption and personnel costs, which have mitigated the negative impact of 9% of the drop in sales, impacting only 1.5% on sales in the Plant Margin.

2. Foreseeable development of the Company

Igualada - Expectations for the next fiscal year are conditioned by the evolution of COVID-19. At the project level, the start of a project being developed with the Tetouan plant in Morocco is expected to be delayed until after the summer. We will produce a component that will correspond to the production of a part for a Dacia car.

The HFE2, F3 and H60 projects will be maintained and volumes will be reduced compared to previous years, as Nissan has been working in two shifts up to now. The X12K project will have higher volumes than the previous year due to the completion of the X11M project.

Salceda - For the fiscal year April 2020 - March 2021, volumes are expected for the K9 of 327 thousand vehicles, the B78 of 20 thousand vehicles and the M3M4 of 28 thousand vehicles. Considering these forecasts, the impact of the COVID-19 will produce a volume =0 for the month of April 20 and a volume of 43% compared to a normal month prior to the Covid-19. On the other hand, 2020 will be the year of consolidation of the new PSA K9 model that will replace the previous B9 van model.

Medina -Expectations for the year 20-21 are a decrease in sales of 14.4M euros (18%). The impact of the COVID-19 is reflected in 2 phases, the first directly related to the confinement and shutdown of the activity which will mean a decrease of 11M of the total and another second phase related to the slowdown of the economic activity derived from the crisis which we calculate will impact in about 3.5M euros during the year. The variable costs of material and direct labor will be adapted to the new volumes as well as part of the fixed costs on which, through different corrective measures, savings are expected to be obtained so that the total impact on the margin is as small as possible.

3. Subsequent events

There are no relevant subsequent events at year-end.

In addition, as described in Note 2.b, on March 11, 2020 the World Health Organization upgraded the public health emergency caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid development of events, both nationally and internationally, is an unprecedented health crisis that will impact the macroeconomic environment and business developments. To address this situation, among other measures, the Spanish Government has declared a state of alarm by publishing Royal Decree 463/2020 of March 14 and has approved a series of extraordinary urgent measures to address the economic and social impact of COVID-19 by Royal Decree Law 8/2020 of March 17.

The Company has considered the effects of these events and concluded that they do not entail an adjustment to the financial statements for the year ended March 31, 2020, although they could have a significant impact on its operations and, therefore, on its future results and cash flows.

In view of the complexity of the situation and its rapid evolution, it is not possible at this time to make a reliable quantified estimate of its potential impact on the Company, which will be recorded prospectively in the 2021 financial statements.

However, the directors and management of the Company have made a preliminary analysis of the current situation on the basis of the best information available. For the reasons mentioned above, this information may be incomplete. The following matters of the results of this evaluation are highlighted:

- Liquidity risk: the impact of COVID on the economy and the financial markets implies, according to the estimates of the main financial market regulators, that an increase in non-performing receivables is foreseeable, as well as greater difficulty in accessing credit, which could result in cash flow tensions. However, based on the Company's available cash position and the estimated future cash flow plan, the

Company's directors consider that they will be able to meet their liabilities and comply with financing conditions and requirements.

- Operating risk: the degree of spread of the virus and its effect on the population indicate that there could be a possibility of contamination for the Company's employees and, therefore, a situation of decreased activity or interruption of the Company's operations, which could have an impact on possible breaches of previously established commitments to customers. In order to minimize this risk in its operations, the company is taking appropriate measures to control and monitor its operations, measures on the health of employees to take care of their health and avoid contagion, as well as, to the extent necessary, negotiating with critical suppliers for essential supplies and guaranteeing the potential consequences of a timely break in the supply chain.

Therefore, and considering the above, the Company is taking the appropriate steps to address the situation and minimize its impact, considering that this is a temporary situation which, according to the most current estimates and the cash position to date, does not compromise the application of going concern basis.

On April 18, 2020, the Company returned to production at one of its three plants.

The remaining plants are expected to start production again shortly, in a progressive manner.

4. R&D Activities

No research and development activities were carried out during the year.

5. Acquisitions of own shares

There were no transactions in treasury shares during the year ended March 31, 2020 or during the year ended March 31, 2019.

6. Financial Instruments

The Company has not used complex financial instruments during the year ended 31 March 2020 and during the year ended 31 March 2019. Information on receivables and payables is detailed in notes 8, 9 and 16 to the financial statements.

7. Risks and uncertainties facing the Company

There are no risks and uncertainties other than the determination of the useful lives of the assets, the recoverable value of the inventories, the calculations and assumptions used to determine the provisions, and the calculations and assumptions used to determine the possible impairment of the assets and the recoverability of the deferred tax assets.

(Expressed in thousands of euros)

8. Personnel Information

	Number of employees at the end of the year			Average number of people with disabilities > 33% of the total employed in the year
	Men	**Women**	**Total**	
03/31/2020				
Senior Executives	6	1	7	-
Technicians, scientists and support staff	77	12	89	-
Other qualified personnel	224	47	271	-
Unskilled workers	367	160	527	12
	674	**220**	**894**	**12**
03/31/2019 (*)				
Senior Executives	6	2	8	-
Technicians, scientists and support staff	73	12	85	-
Other qualified personnel	229	48	277	-
Unskilled workers	370	155	525	14
	678	**217**	**895**	**14**

9. Environment

In environmental matters, the Company complies with current legislation.

10. Financial risk management objectives and policies

The Company's activities are exposed to various financial risks such as exchange rate risk and liquidity risk.

The Company has a series of policies, procedures and systems aimed at identifying, measuring and managing the various risk categories to ensure that the most significant risks are correctly identified, assessed and managed, and to minimize the potential adverse effects on its financial profitability.

a) Exchange rate risk

The Company operates internationally and is therefore exposed to exchange rate risk from transactions in foreign currencies, particularly the US dollar.

The Company does not hold any independently traded derivative contracts.

b) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash and marketable securities, the availability of financing through a sufficient amount of committed credit facilities and the ability to settle market positions. Given the dynamic nature of the underlying businesses, the Company's Treasury Department aims to maintain flexibility in financing through the availability of committed credit facilities.

Management monitors the Company's liquidity reserve forecasts on the basis of expected cash flows.

The Financial Management periodically analyses the payment schedule of the financial debt and the corresponding short and medium term liquidity needs. In accordance with the sole additional provision of the Resolution of 29 January 2016 of the Spanish Accounting and Audit Institute on the information to be included in the notes to the financial statements in relation to the average period for payment to suppliers in commercial transactions, comparative information on the average payment period is presented:

(Expressed in thousands of euros)

(Days)	03/31/2020	03/31/2019 (*)
Average period of payment to vendors	66	67
Paid Transaction Ratio	60	67
Outstanding transactions ratio	67	65
(Thousand of Euros)		
Total payments	143.190	33.195
Total outstanding payments	11.304	24.710

(*) 3 month period

11. Statement of non-financial information

The statement of non-financial information required by Royal Decree Law 18/2017 of November 24 amending the Spanish Commercial Code, the revised text of the Companies Act approved by Royal Decree Law 1/2010 of July 2 and Law 22/2015 of July 20 on the auditing of accounts is included in a separate document.

As this Statement of Non-Financial Information does not form part of the Annual Accounts, SMRC Automotive Interiors Spain, S.L. (Sole-Shareholder Company), will be filed separately with the relevant Company Registry.

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SMRC Automotive Interiors Spain, S.L. (Sole-Shareholder Company)
Preparation of the financial statements and management report for the year ended March 31, 2020

The Board of Directors of SMRC Automotive Interiors Spain, S.L. (Sole-Shareholder Company) of May 19, 2020, and in compliance with the requirements established in article 253 of the Spanish Law on Corporations and article 37 of the Spanish Commercial Code, proceeds to prepare the financial statements and the management report for the year ended March 31, 2020.

The Administrators

SIGNERS	**SIGNATURE**
President: Sr. D. Eric Auzépy	
CEO: Sr. D. Andreas Heuser	
CEO: Sr. D. Amit Bhakri	