

Samvardhana Motherson Peguform GmbH Gelnhausen

Short-form audit report
Annual financial statements
31 March 2020

*Translation from the German language
The German version shall prevail.*

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft





Translation from the German language

| Table of content | Page |
|---------------------------------------------------------|------|
| A. Audit assignment | 1 |
| B. Reproduction of the auditor's report | 2 |
| C. Basic statement | 6 |
| D. Audit procedure | 7 |
| I. Subject of the audit | 7 |
| II. Type and scope of the audit | 7 |
| III. Independence | 8 |
| E. Statement on financial reporting | 9 |
| I. Compliance of the financial reporting | 9 |
| II. General statement of the annual financial statement | 10 |
| 1. Principles of measurement | 10 |
| 2. Overall assessment | 11 |
| F. Final note | 12 |

Attachments

- 1 Balance sheet
- 2 Income statement
- 3 Appendix
- 4 Legal circumstances

Engagement Terms, Liability and Conditions of Use

General Engagement Terms



Table of abbreviations

| | |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| AktG | “Aktiengesetz”: German Stock Corporation Act |
| GmbHG | “Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act |
| HGB | “Handelsgesetzbuch”: German Commercial Code |
| HRB | “Abteilung B des Handelsregisters”: Section B of the Commercial Register |
| IDW | “Institut der Wirtschaftsprüfer e.V., Düsseldorf”: Institute of Public Auditors e.V., Düsseldorf |
| IDW RS HFA | “Stellungnahme zur Rechnungslegung des Hauptfachausschusses des IDW”: Statement on financial reporting by the IDW's main expert committee |
| PS | “Prüfungsstandard”: Auditing standard |
| SMP GmbH | Samvardhana Motherson Peguform GmbH, Gelnhausen |
| SMRP BV | Samvardhana Motherson Automotive Systems Group B.V., Amsterdam/Netherlands |



A. Audit assignment

The management of

Samvardhana Motherson Peguform GmbH
Gelnhausen

(in the following referred to as: "Company" or "SMP GmbH") commissioned us to audit the annual financial statements as of 31 March 2020, including the related accounting records, on the basis of the resolution of the shareholders' meeting of 23 September 2019.

For this assignment, also in relation to third parties, our General Terms and Conditions of Assignment for Auditors and Auditing Companies dated 1 January 2017, which are attached as an annex, shall apply. We refer additionally to the liability provisions contained therein in Section 9 and to the exclusion of liability towards third parties as well as to the further provisions of the attached annex "Terms and Conditions of Assignment, Liability and Reservation of Use".

The present audit report is addressed to the Company.



B. Reproduction of the auditor's report

We have provided the following confirmation on the annual financial statements:

“Independent auditor’s report

To Samvardhana Motherson Peguform GmbH

Opinions

We have audited the annual financial statements of Samvardhana Motherson Peguform GmbH, Gelnhausen - which comprise the balance sheet as of 31 March 2020, and the income statement for the fiscal year from 1 April 2019 to 31 March 2020, and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities, and financial position of the Company as at 31 March 2020 and of its financial performance for the fiscal year from 1 April 2019 to 31 March 2020 in compliance with German legally required accounting principles, and

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the annual financial statements.

Basis for the opinions

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the annual financial statements and of the management report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to



provide a basis for our opinions on the annual financial statements and on the management report.

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.



- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

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

C. Basic statement

Irregularities

Other legal and contractual provisions

During the audit, we established the following facts that constitute or indicate violations of legal regulations:

Contrary to § 325 HGB, the previous year's financial statements and the other documents required by law for this purpose have not been disclosed. We informed the management about the disclosure obligations.



D. Audit procedure

I. Subject of the audit

As part of the contract commissioned to us, we have, in accordance with §317 HGB audited the accounting and the annual financial statements - consisting of the balance sheet, income statement and notes - for compliance with the relevant legal regulations. As a small corporation, the company is not obliged to prepare a management report.

The authoritative accounting principles for our audit of the annual financial statements were the accounting regulations of §§ 242 to 256a and §§ 264 to 288 HGB as well as the special regulations of the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act]. There are no additional accounting provisions from the articles of association.

II. Type and scope of the audit

We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the IDW [“Institut der Wirtschaftsprüfer e.V., Düsseldorf”: Institute of Public Auditors e.V., Düsseldorf].

The audit does not extend to whether the continued existence of the audited company or the effectiveness and efficiency of management can be assured.

The basis of our risk and process-oriented audit procedure is the development of an audit strategy. This is based on the assessment of the economic and legal environment of the company, its goals, strategies and business risks. We enhance the audit of the accounting-related internal control system and its effectiveness with process analyses, which we perform to identify the risks of error contained in the relevant elements of the financial statements and to assess our audit risk.

We have considered the findings of our audit of the processes and the accounting-related internal control system in the selection of the analytical audit procedures



(plausibility assessment) and the individual case examination with regard to the inventory evidence, the approach, the disclosure and the measurement in the annual financial statements.

In the company-specific audit program, we have defined the focus of our audit, the type and scope of the audit procedures, the timing of the audit and the deployment of employees. We observed the principles of materiality and risk orientation and therefore based our audit opinion primarily on random samples.

Our audit program includes the following key aspects:

- Analysis of the process of preparing the financial statements;
- Audit of the existence and measurement of financial assets;

We have also conducted the following standard audit procedures, among others:

- We have obtained bank confirmations from credit institutions. We have requested and received attorney confirmations regarding pending legal disputes.
- Reconciliation of receivables and liabilities of affiliated companies.
- In addition, we have examined the plausibility of changes to items in the annual financial statements using analytical procedures.

All clarifications and evidence requested by us have been provided. The legal representatives have confirmed to us in writing the completeness of these explanations and proofs as well as the accounting and the annual financial statements.

III. Independence

During our audit, we observed the relevant regulations on independence.



E. Statement on financial reporting

I. Compliance of the financial reporting

In our opinion, based on the findings of our audit, the accounting records comply with the legal requirements. The information taken from other audited documents has led to an orderly presentation in the bookkeeping and annual financial statements.

In summary, the results of our audit, which focused on

- the regularity of the components of the financial statements and their derivation from the accounting records,
- the correctness of the information provided in the notes,
- compliance with the approach, disclosure and measurement regulations,
- the observance of all legal regulations applicable to accounting, including the principles of proper accounting and all size-dependent, legal form-related or branch-specific regulations and
- the observance of provisions of the articles of incorporation, insofar as these relate to the content of the financial statements,

we have issued the audit opinion given in section B.



II. General statement of the annual financial statement

1. Principles of measurement

We provide the following information on the accounting policies applied and the relevant factors for the measurement of assets and liabilities, including any effects of changes in these policies:

The Company measures shares in affiliated companies at the lower of cost or fair value at the balance sheet date if a permanent impairment is to be assumed. If there are indications of impairment, the fair values at the balance sheet date are determined based on the plans available for the respective companies (in accordance with IDW RS HFA 10). The values included in the planning are based on numerous assumptions, so that the determination of the fair values is discretionary. During the reporting year, a permanent impairment of the investment in Motherson Innovations Lights GmbH & Co. KG, Traunreut, resulted in an impairment loss of EUR 1,650k. The carrying amount of the investment in Motherson Innovations Lights GmbH & Co. KG as of 31 March 2020, after impairment loss, was EUR 0k. There were no indications for further impairments of shares in affiliated companies.

Income and expenses due to profit and loss transfer agreements

There are profit and loss transfer agreements with SMP Deutschland GmbH, Bötzingen and SMP Automotive Exterior GmbH, Schierling.

For further information, please refer to the explanations in the notes on further measurement principles.



2. Overall assessment

Based on our audit, which we performed in accordance with auditing standards, we have come to the conclusion in our audit opinion that the annual financial statements as a whole give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.



F. Final note

The report on our audit of the annual financial statements of Samvardhana Motherson Peguform GmbH for the fiscal year from 1 April 2019, to 31 March 2020, is presented in accordance with Sec. 321 HGB (German Commercial Code) and in compliance with the principles of proper preparation of audit reports by the Institute of Public Auditors in Germany [“Institut der Wirtschaftsprüfer”: IDW].

Freiburg i. Br., 16 June 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Wetzel
Wirtschaftsprüfer
[German Public Auditor]

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Samvardhana Motherson Peguform GmbH, Gelnhausen
Balance sheet as of March 2020

| Assets | EUR | EUR | EUR | 31. Mar 2019 EUR k |
|----------------------------------------------------|----------------|-----------------------|-----------------------|-----------------------|
| A. Fixed assets | | | | |
| I. Tangible assets | | | | |
| Other equipment, operating and office equipment | | 3,339.00 | | 4 |
| II. Financial assets | | | | |
| 1. Shares in affiliates companies | 120,510,225.95 | | | 122,160 |
| 2. Loans to affiliated companies | 21,948,189.07 | | | 16,648 |
| | | <u>142,458,415.02</u> | | <u>138,808</u> |
| | | | 142,461,754.02 | 138,812 |
| B. Curren assets | | | | |
| I. Receivables and other assets | | | | |
| 1. Receivables from affiliates | 21,837,981.36 | | | 66,919 |
| 2. Other assets | 4,907,310.07 | | | 2,807 |
| | | 26,745,291.43 | | 69,726 |
| II. Cash on hand, bank balances and cheques | | 155,656.14 | | 99 |
| | | | <u>26,900,947.57</u> | <u>69,825</u> |
| | | | <u>169,362,701.59</u> | <u>208,637</u> |

| Equity and liabilities | EUR | EUR | 31. Mar 2019 EUR k | |
|-----------------------------------------------------------------|----------------|-----------------------|-----------------------|----------------|
| A. Equity | | | | |
| I. Subscribed capital | 25,000.00 | | 25 | |
| II. Capital reserves | 3,779,000.00 | | 3,779 | |
| III. Profit carried forward | 942,037.75 | | 546 | |
| IV. Net loss for the year (prior year: Net income for the year) | -2,388,288.85 | | 40,396 | |
| | | <u>2,357,748.90</u> | <u>44,746</u> | |
| B. Provisions | | | | |
| Other Provisions | | 17,508.86 | 30 | |
| C. Liabilities | | | | |
| 1. Trade liabilities | 36,640.73 | | 19 | |
| 2. Liabilities to affiliated companies | 166,950,803.10 | | 163,276 | |
| 3. Other liabilities | 0.00 | | 566 | |
| | | <u>166,987,443.83</u> | <u>163,861</u> | |
| | | | <u>169,362,701.59</u> | <u>208,637</u> |

Samvardhana Motherson Peguform GmbH, Gelnhausen
Income statement for the period from
1. April 2019 to 31. März 2020

| | EUR | EUR | EUR | 2018/2019 EUR k |
|-----------------------------------------------------------------------------------------|------------|---------------|---------------|--------------------|
| 1. Revenue | | 446,288.23 | | 867 |
| 2. Other operating income | | 8,943.96 | | 53 |
| | | | 455,232.19 | 920 |
| 3. Personnel expenses | | | | |
| a) Wages and salaries | 240,177.21 | | | 537 |
| b) Social security | 7,976.78 | | | 22 |
| | | 248,153.99 | | 559 |
| 4. Amortization and depreciation on intangible assets and property, plant and equipment | | 1,110.00 | | 2 |
| 5. Other operating expenses | | 418,934.07 | | 529 |
| | | | 668,198.06 | 1,090 |
| | | | -212,965.87 | -170 |
| 6. Income from loans of financial assets | | 1,495,727.34 | | 1,620 |
| 7. Income from profit transfer agreements | | 21,554,022.97 | | 65,956 |
| 8. Write-downs on financial assets | | 1,649,860.76 | | 0 |
| 9. Interest and similar expenses | | 7,246,125.00 | | 6,965 |
| 10. Expenses from assumption of losses | | 6,603,646.94 | | 4,002 |
| | | | 7,550,117.61 | 56,609 |
| 11. Income taxes | | | 9,725,287.00 | 16,043 |
| 12. Earnings after taxes | | | -2,388,135.26 | 40,396 |
| 13. Other taxes | | | 153.59 | 0 |
| 14. Net loss for the year (prior year: Net income for the year) | | | -2,388,288.85 | 40,396 |

**Notes to the financial statements of
Samvardhana Motherson Peguform GmbH,
Gelnhausen,**

**for the fiscal year
from 1 April 2019 to 31 March 2020**

General

Samvardhana Motherson Peguform GmbH was founded on 28 June 2011 and is a subsidiary of Samvardhana Motherson Automotive Systems Group B.V., Amsterdam/Netherlands.

Samvardhana Motherson Peguform GmbH is entered in the commercial register of Hanaus local court under HRB no. 94004. These financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB [“Handelsgesetzbuch”: German Commercial Code] as well as in accordance with the relevant provisions of the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act]. The regulations for small corporations are applicable. The simplification regulations in accordance with §288 (1) HGB are partially applied. The income statement has been prepared in accordance with the total cost method.

Based on the profit and loss transfer agreement concluded in 2012 between Samvardhana Motherson Peguform GmbH as the controlling company and SMP Deutschland GmbH as the subsidiary, the positive net income of EUR 21,554k for the fiscal year from 1 April 2019 to 31 March 2020, was transferred to Samvardhana Motherson Peguform GmbH.

In accordance with the provisions of Sec. 302 AktG [“Aktiengesetz”: German Stock Corporation Act] Samvardhana Motherson Peguform GmbH as the controlling company is obliged on the basis of the profit and loss transfer agreement concluded in 2013 with SMP Automotive Exterior GmbH as the subsidiary to compensate the negative net result of EUR 6,604k for the fiscal year from 1 April 2019 to 31 March 2020.

Recognition and measurement policies

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

We apply the following recognition and measurement methods:

Assets

| | |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tangible Assets | Valued at purchase cost and depreciated on a straight-line basis over their expected useful lives. In the year of acquisition, depreciation is made pro rata temporis. |
| Financial Assets | At acquisition cost including incidental acquisition costs or loans at nominal value. In the case of permanent impairment, at the lower fair value |
| Receivables from affiliates | Stated at nominal value. Identifiable and latent risks are accounted for by individual and general value adjustments. |
| Other assets | Stated nominal value, taking into account lowest value principle. |

Liabilities

| | |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Equity | Stated at nominal value. |
| Provisions | Provisions are stated according to the amount necessary to fulfill the obligations based on reasonable commercial assessment. |
| Liabilities | Are recorded at the settlement value. |
| Other liabilities | Stated at nominal value. |

Deferred taxes resulting from temporary or quasi-permanent differences between the carrying amounts of assets, liabilities and deferred income under commercial law and their tax bases based on tax loss carryforwards are measured at the individual company tax rates applicable at the time the differences are reduced and the amounts of the resulting tax relief or relief are not discounted. Deferred tax assets and liabilities are netted. The capitalization of a surplus of deferred taxes is omitted by exercising the option to recognize them.

Foreign currency assets and liabilities are valued using the mean spot rate on the balance sheet date applying the imparity and realization principle. For those with a term of more than one year the realization principle (Sec. 252 (1) No. 4 Half-Sentence 2 HGB) and the acquisition cost principle (Sec. 252 (1) Sentence 1 HGB) were observed.

Notes to the balance sheet

Tangible fixed assets include EUR 3k (prior year: EUR 4k) as operating and office equipment. The cumulative acquisition costs amounted to EUR 16k. There were no additions in the fiscal year. Accumulated depreciation amounted to EUR 13k. Of this amount, EUR 1k is allocated to the current fiscal year.

At the balance sheet date, there were receivables from affiliated companies of EUR 21,838k (prior year: EUR 66,919k) with a remaining term of up to one year. Receivables include receivables of EUR 21,554k (prior year: EUR 65,956k) from SMP Deutschland GmbH under the profit and loss transfer agreement. Other receivables from affiliated companies include EUR 267k (prior year: EUR 447k) in trade receivables and EUR 17k (prior year: EUR 516k) in other assets. They include receivables from the shareholder SMRP B.V. in the amount of EUR 0k (prior year: EUR 113k).

As in the previous year, the other assets have a remaining term of less than one year.

Similar to the previous year, all trade liabilities have a remaining term of up to one year.

Contrary to the separate disclosure as liabilities to affiliated companies in the amount of EUR 166,951k (prior year: EUR 163,276k), these are allocated to other liabilities. Of the liabilities to affiliated companies, EUR 8,451k (prior year: 5,776k) are due within one year. Liabilities to affiliated companies in the amount of EUR 158,500k (prior year: 157,500k) have a remaining term of between one and five years. Liabilities to the shareholder SMRP B.V. amount to EUR 160,303k (prior year: EUR 159,265k).

Notes to the income statement

Other operating expenses include currency translation expenses of EUR 0.1k (prior year: EUR 0.1k).

Income from loans of financial assets solely includes income from loans to affiliated companies of EUR 1,496k (prior year: EUR 1,620k). In the previous year, the amount of EUR 1,620k was reported under other interest and similar income. The previous year has been adjusted.

Interest and similar expenses include the interest due to affiliated companies from the loan of the shareholder in the amount of EUR 7,246k (prior year: EUR 6,919k).

Other notes

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

In addition, the company is jointly and severally liable for the liabilities of SMP Automotive Systems México S.A de C.V. Puebla/Mexico, in the amount of USD 16m and SMP Automotive Technology Iberica SL in the amount of EUR 10m. As of the balance sheet date, the two liabilities were denominated in EUR 0. For this purpose, the shares held by the Company in SMP Deutschland GmbH and SMP Automotive Exterior GmbH and the Company's bank accounts were pledged as security.

In addition, local "RCF carve outs" were used by some SMRPBV subsidiaries, for which the company is jointly and severally liable. As of 31 March 2020, these are as follows: SMP Automotive Produtos Automotivos do Brasil Ltda in the amount of BRL 40m; SM Automotive System (Thailand) Limited in the amount of THB 84.5k THB; SMP Automotive Systems México S.A. de C.V. in the amount of USD 63m and SMR Automotive (Langfang) Co. LTD (China) in the amount of CNY 39.5m.

Employees

The average number of employees during the fiscal year was 0.75 (prior year: 3).

Management

Andreas Heuser, Bad Soden-Salmünster, Managing Director for activities in Europe and America of Samvardhana Motherson Group.

Exemption from the preparation of consolidated financial statements

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

The consolidated financial statements and group management report of SMRP B.V. are prepared in accordance with International Financial Reporting Standards pursuant to ABI EG No. L 243 Sentence 1 in the latest version (IFRSs).

The consolidated financial statements of SMRP B.V. are published in the Bundesanzeiger [German Federal Gazette].

Subsequent events (supplementary report)

Due to the spread of the corona virus in the first quarter of 2020, there may be negative effects on deliveries as well as the net assets, financial position and results of operations in fiscal year 2020/21. The "shutdown" in April 2020 and the continuing low ramp-up curve of the automobile manufacturers also led to a further loss of sales in May, even though it is expected that it will be possible to return to the old production level from June onwards.

The SMP-Group is trying to counteract the situation in the best possible way and has been on short-time work throughout Germany since the end of March. There were no other events of particular significance after the end of the financial year.

Bruchköbel, 15 June 2020

General Manager

Andreas Heuser



Samvardhana Motherson Peguform GmbH, Gelnhausen Legal relationships

1. Corporate law fundamentals

The company is entered in the Commercial Register at the Hanau Local Court under HRB No. 94004. A commercial register entry dated 11 May 2020 with the last entry dated 16 August 2016 was provided to us for examination.

The Articles of Association in the version dated 4 February 2014 apply.

The object of the Company is the manufacture and sale of all types of automotive components, including plastic and injection molded parts, by the Company itself or by subsidiaries, as well as the provision of management and other services for affiliated companies.

The financial year begins on 1 April 2019 and ends on 31 March 2020 of the following year.

The share capital is fully paid up. Shareholder is:

| | <u>EUR</u> | <u>%</u> |
|-------------------------------------------------------------------------------|---------------|--------------|
| Samvardhana Motherson Automotive Systems Group B.V., Amsterdam/Netherlands | <u>25,000</u> | <u>100.0</u> |

Management and representation

The management is composed as follows:

Andreas Heuser, Bad Soden-Salmünster

If several managing directors are appointed, the company is represented by two managing directors or by one managing director together with an authorized signatory. If only one managing director has been appointed, he represents the company alone. According to the commercial register, the managing directors are exempt from the restrictions of §181 BGB (German Civil Code).



Procuration was granted to the following persons:

Peter Vollprecht, Gelnhausen

Mr. Vollprecht represents the company together with a managing director.

Shareholder resolutions

By shareholder resolution dated 27 August 2019, a profit distribution of EUR 40,000,000.00 from the net profit for the previous year to the shareholder SMRP B.V. was agreed.

By resolution of the Shareholders' Meeting on 23 September 2019, the annual financial statements for the fiscal year from 1 April 2019, to 31 March 2020, were adopted, the management was discharged and Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft was appointed as auditor for the fiscal year from 1 April 2019 to 31 March 2020.

2. Main contracts

Profit and loss transfer agreement SMP Deutschland GmbH

A profit and loss transfer agreement was concluded between Samvardhana Motherson Peguform GmbH (SMP GmbH) and SMP Deutschland GmbH on 4 December 2012, effective for the fiscal year ended 31 December 2012. The term of the agreement is five years and is extended until the end of the following fiscal year of each of the subsidiaries unless it is terminated with six months' notice before the end of the agreement term. The shareholders' meetings of SMP GmbH and SMP Deutschland GmbH have both approved the agreement. The agreement was entered into the commercial register of SMP Deutschland GmbH on 12 December 2012. A fixed compensation payment of EUR 0.20 per EUR 1.00 of the participation in the share capital of the Controlled Company was promised to outside shareholders for each full fiscal year. In the event of an increase in the share capital of the Controlled Company from company funds, the compensation amount per EUR 1.00 of the participation in the share capital of the Controlled Companies will certainly reduce the amount of the compensation payment to the extent that the total amount of the compensation payment for each outside shareholder remains unchanged.



Profit and loss transfer agreement SMP Automotive Exterior GmbH

A profit and loss transfer agreement was concluded between Samvardhana Motherhood Peguform GmbH and SMP Automotive Exterior GmbH on 2 December 2013, effective for the fiscal year ended 31 December 2013. The term of the agreement is five years and is extended until the end of the following fiscal year of each of the subsidiaries unless it is terminated with six months' notice before the end of the agreement term. The shareholders' meetings of SMP GmbH and SMP Automotive Exterior GmbH have both approved the agreement. The agreement was entered into the commercial register of SMP Automotive Exterior GmbH on 12 December 2013.

Loan agreements SMP Deutschland GmbH

As of 1 July 2018, Samvardhana Motherhood Peguform GmbH and SMP Deutschland GmbH concluded a loan agreement for EUR 66,000,000.00 under which liabilities to the Company under the profit and loss transfer agreement for the financial year from 1 April 2018, to 31 March 2019, were converted into a 4.5% final loan at 30 June 2022. Interest payments are due quarterly. The loan reported under loans to affiliated companies is valued at EUR 21,600,000.00 at the reporting date.

On 25 January 2018, a loan agreement was concluded with SMP Deutschland GmbH for a maximum amount of EUR 20,000,000.00 which can be drawn down in various tranches. The loan is due for repayment on 20 June 2020 at the latest. The interest rate is 4.5%, with payment to be made quarterly. The loan was not drawn down in the financial year.

Loan agreements Samvardhana Motherhood Automotive Systems Group B.V.

(SMRP B.V.)

As of 30 March 2015, Samvardhana Motherhood Automotive Systems Group B.V. (SMRP B.V.) and SMP GmbH entered into a loan agreement, whereby the Company is granted a maximum loan amount of EUR 125,000,000.00 at an annual interest rate of 5.78%. The loan can be drawn in different tranches and was originally due for repayment on 31 March 2018. By amendment dated 22 September 2015, the maximum amount was raised to EUR 150,000,000.00. On 19 January 2018, the interest rate was adjusted to 4.5% and the maturity of the loan was extended to 30 June 2020. By contract amendments dated 1 July 2018, the due date for repayment



was set at 30 June 2021 and the maximum loan amount was set at EUR 180,000,000.00. The loan is valued at EUR 158,500,000.00 on the reporting date.

3. Fiscal relations

The company is registered for tax purposes at the Offenbach am Main II tax office.

There is a fiscal unity for corporate and trade tax purposes between SMP GmbH as the controlling company and SMP Automotive Exterior GmbH and SMP Deutschland GmbH as controlled companies. The tax returns for the years up to and including 2016/17 of the controlling company have been submitted and requested.

The assessment periods from 2016 onwards are generally available for future tax audits. The tax office has not yet issued a tax audit order.

In addition, there is a consolidated tax group for VAT purposes between SMP GmbH as the controlling company and SMP Automotive Exterior GmbH as the controlled company.



Engagement Terms, Liability and Conditions of Use

In the audit report, the auditor summarizes the results of his work, especially for those corporate bodies of the company which are responsible for monitoring. The auditor's report has the task of supporting the monitoring of the company by the responsible body by documenting essential audit findings. It is therefore directed exclusively at company bodies for internal use, without prejudice to any rights of third parties to receive or inspect the report which may be established by special legal provisions.

Our work is based on our engagement agreement for the audit of these financial statements including the “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften” [German Public Auditors and Public Audit Firms] as issued by the Institute of Public Auditors in Germany [“Institut der Wirtschaftsprüfer”: IDW] on 1 January 2017.

This audit report is solely intended to serve a basis for decisions of the Company's governing bodies and is not to be used for any purpose other than that for which it is intended, so that we do not assume any responsibility, liability or other duties towards third parties, unless we have entered into a written agreement to the contrary with the third party or such an exclusion of liability would be invalid.

We make express reference to the fact that we will not update the audit opinion to reflect events or circumstances, arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this audit opinion to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

[Translator's notes are in square brackets]

General Engagement Terms

for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

DocID:

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as “German Public Auditors” – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring Independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, or related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translator's Note: The German term “Textform” means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer: Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

All rights reserved. This form may not be reprinted, either in whole or in part, or copied in any manner, without the express written consent of the publisher.
© IDW Verlag GmbH · Tarlessegenstraße 14 · 40474 Düsseldorf

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (Steuerberatungsvergütungsverordnung) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (Textform).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (Verbraucherschlichtungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (Verbraucherstreitbeilegungsgesetz).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.