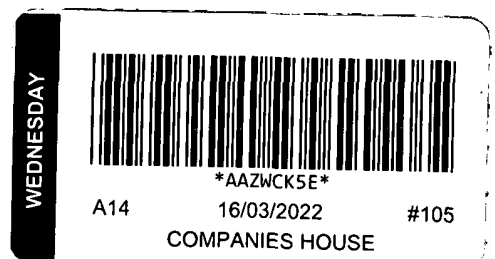


Garrett Motion UK A Limited

Registered number: 03513156

Annual report and financial statements

For the year ended 31 December 2020



GARRETT MOTION UK A LIMITED

COMPANY INFORMATION

Directors	R James M Norton K Van Himbeeck
Registered number	03513156
Registered office	Unit E7 Countess Avenue Stanley Green Retail Park Cheadle Hulme Stockport SK8 6QS
Independent auditor	Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB United Kingdom

GARRETT MOTION UK A LIMITED

CONTENTS

	Page
Directors' Report	1 - 3
Directors' Responsibilities Statement	4
Independent Auditor's Report	5 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 19

GARRETT MOTION UK A LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the company is to act as a financing company. Subsequent to the balance sheet date the directors have made the decision to cease operations in 2021 with a view of winding down the affairs of the company in 2022.

Business review and future developments

No strategic report is provided as these financial statements have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

The directors intend that the company will continue to operate as a financing company until the company has wound down.

Results and dividends

The profit for the year is driven by the interest on intercompany loans of £108,000 (2019: £105,000). The company's profit for the financial year, after taxation was £87,000 (2019: £105,000) which will be transferred to reserves.

The results for the financial year are shown on page 8.

The directors do not recommend the payment of a dividend (2019: £nil).

Financial risk management, objectives and policies

Interest rate risk

The company is exposed to interest rate risk arising out of amounts owed to group undertakings. The exposures to interest rate risks have not been hedged as there is no net interest rate risk at group level on account of intra group loan balances.

Foreign currency risk

The impact of COVID 19 has resulted in increased volatility in foreign exchange rates thus exposing the company to increased foreign currency risks.

The company monitors and manages the foreign currency risk relating to the operations of the company, with the assistance of the treasury department of Garrett Motion Inc.

Economic impact of the COVID-19 pandemic

The COVID-19 pandemic continues to affect the UK and global economies however the recent lifting of social restrictions by the government means the directors anticipate the UK and global economies to return to growth in due course. It is not possible to predict how quickly and to what degree this may happen. The priorities of the directors remain to comply with any remaining regulatory requirements to the fullest extent possible, and to maintain the safety and well-being of the company's personnel. Given that the company ceased trading in 2021 and is in the process of realizing its assets and settling its liabilities in full, the directors do not consider that the pandemic is likely to significantly affect the operations of the company.

GARRETT MOTION UK A LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The withdrawal of the United Kingdom from the European Union

New trading arrangements between the United Kingdom and the European Union took effect on 31 December 2020. In general, tariffs and quotas on trade have not been introduced, although administrative complications and regulatory restrictions have reduced the freedom of cross-border trade. The company is carefully monitoring the practical application of the new trading arrangements by regulatory authorities, to better understand what the eventual impact on its business will be. The process of determining these effects is ongoing, and has also been delayed by the suspension of certain sectors of economic activity in response to the COVID-19 pandemic.

Directors

The directors who served during the year and up to the date of this report were:

R James
M Norton (appointed 21 May 2020)
K Van Himbeeck
J Jones (resigned 18 May 2020)

Qualifying third party indemnity provisions

Pursuant to the company's articles of association, the directors were throughout the financial year ended 31 December 2020 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

GARRETT MOTION UK A LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Post balance sheet events

On 10 January 2021 Garrett's Board of Directors determined that an amended proposal from Centerbridge Partners ("Centerbridge") and funds managed by Oaktree Capital Management, L.P. ("Oaktree"), an investment management firm, offered the best outcome for Garrett, maximising value for all stakeholders. Garrett's decision comes after considering proposals from several parties, including the court-approved bidder, KPS Capital Partners, as well as other bidders.

On 30 April 2021 Garrett emerged from its pending Chapter 11 cases, successfully completing the restructuring process and implementing the Plan of Reorganization ("Plan") that was confirmed by the U.S. Bankruptcy Court for the Southern District of New York on April 23, 2021. The plan of reorganization eliminated all previous related liabilities to Honeywell incurred by Garrett in its 2018 spin-off and settled all litigation between Garrett and Honeywell thus increasing Garrett's operational, financial and strategic flexibility. Garrett has also obtained a \$1.25 billion equivalent term loan, alongside a new \$300 million revolving credit facility. The restructuring will substantially decrease Garrett's long-term debt and improve its maturity profile.

With the support of a significant majority of its stakeholders, led by funds managed by Centerbridge Partners, L.P. ("Centerbridge") and funds managed by Oaktree Capital Management, L.P. ("Oaktree"), Garrett will remain a publicly traded company and listed its common stock on Nasdaq on 3 May 2021.

On 23 April 2021, Garrett TS Ltd repaid the outstanding intercompany loan and all associated interest totalling £6,275,000 in full. Further on 23 April 2021 the company settled its £5,525,000 intercompany loan payable to Garrett Motion UK C Ltd. All remaining proceeds were deposited into the Garrett Motion Sarl cash pool account.

Going concern

The directors have made the decision to cease operations in 2021 with a view of winding down the affairs of the Company in 2022. In light of this the directors do not consider the going concern basis to be appropriate and these financial statements have therefore been prepared on a basis other than going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

Auditor

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board and signed on its behalf.

DocuSigned by:

Russell James

46657E715D4E479...

R James
Director

Date: 3/14/2022

GARRETT MOTION UK A LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors are responsible for preparing the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GARRETT MOTION UK A LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARRETT MOTION UK A LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Garrett Motion UK A Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards 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 that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical 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 opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw your attention to note 2.3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

GARRETT MOTION UK A LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARRETT MOTION UK A LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 have 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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

GARRETT MOTION UK A LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARRETT MOTION UK A LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

GARRETT MOTION UK A LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARRETT MOTION UK A LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- The directors were not entitled to take advantage of the small company' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

282542CEE66A4A3...

James Boyle CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Date: 3/14/2022

GARRETT MOTION UK A LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Interest receivable and similar income	6	108	105
Profit before tax		<u>108</u>	<u>105</u>
Tax on profit	7	(21)	-
Profit for the financial year		<u>87</u>	<u>105</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>87</u>	<u>105</u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are not continuing operations.

The notes on pages 12 to 19 form part of these financial statements.

GARRETT MOTION UK A LIMITED
REGISTERED NUMBER: 03513156

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Current assets			
Debtors: amounts falling due within one year	8	6,220	6,112
		<u>6,220</u>	<u>6,112</u>
Creditors: amounts falling due within one year	9	(5,545)	(5,524)
		<u></u>	<u></u>
Net current assets		675	588
Total assets less current liabilities		<u>675</u>	<u>588</u>
Net assets		<u>675</u>	<u>588</u>
Capital and reserves			
Called up share capital	10	4,733	4,733
Share premium account	11	2,538	2,538
Capital reserves	11	35,000	35,000
Profit and loss account	11	(41,596)	(41,683)
		<u></u>	<u></u>
Total equity		<u>675</u>	<u>588</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

 46657E715D4E479...
R James
 Director

Date: 3/14/2022

The notes on pages 12 to 19 form part of these financial statements.

GARRETT MOTION UK A LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2019	4,733	2,538	35,000	(41,788)	483
Comprehensive income for the year					
Profit for the year	-	-	-	105	105
At 1 January 2020	4,733	2,538	35,000	(41,683)	588
Comprehensive income for the year					
Profit for the year	-	-	-	87	87
At 31 December 2020	4,733	2,538	35,000	(41,596)	675

The notes on pages 12 to 19 form part of these financial statements.

GARRETT MOTION UK A LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Garrett Motion UK A Limited is a private company limited by shares which is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of its registered office is Unit E7 Countess Avenue, Stanley Green Retail Park, Cheadle Hulme, Stockport, SK8 6Q.

The nature of the company's operations and its principal activities are set out in the directors' report on page 1.

On 20 September 2020 (the 'Petition Date'), the company, along with its parent company Garrett Motion Inc. and certain other subsidiaries (collectively, the "Debtors") each filed a Restructuring Support Agreement (the "RSA") and voluntary petition for relief under chapter 11 of title 11 of the United States Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). The Debtors filed motions with the Bankruptcy Court seeking authorisation to continue to operate their businesses as "debtors in- possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

On the Petition Date, certain of the Debtors (the "Sellers") also entered into a share and asset purchase agreement with AMP Intermediate B.V. and AMP U.S. Holdings, LLC, each affiliates of KPS Capital Partners, LP. The bidder agreed to purchase, subject to the terms and conditions contained therein, all of the equity interests in each of entities in the wider Garrett group, being Garrett LX S.a r.l., and Garrett Transportation I Inc., along with certain other assets and liabilities of the Debtors (the "Acquired Assets") pursuant to a plan of reorganisation under the Bankruptcy Code and was subject to approval of the Bankruptcy Court. Other interested bidders were permitted to participate in the auction if they submitted qualifying offers that are higher or otherwise better initial Agreement. Under the terms of the Agreement, the initial Bidder had agreed, absent any higher or otherwise better bid, to purchase the Acquired Assets from the Sellers for \$2.1 billion.

2. Accounting policies

2.1 Basis of preparation of financial statements

The company ceased trading in 2021 and, as a result, the financial statements are prepared on a basis other than going concern.

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The following principal accounting policies have been applied:

GARRETT MOTION UK A LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The directors have made the decision to cease operations in 2021 with a view of winding down the affairs of the Company in 2022. In light of this the directors do not consider the going concern basis to be appropriate and these financial statements have therefore been prepared on a basis other than going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

2.4 Interest receivable and similar income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

GARRETT MOTION UK A LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

GARRETT MOTION UK A LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Financial instruments (continued)

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the director is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The director's judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3.1 Critical judgements in applying the company's accounting policies

The director does not consider there to be any critical judgements made in the process of applying the company's accounting policies.

3.2 Key sources of estimation uncertainty

The director does not consider there to be any key sources of estimation uncertainty.

4. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to £4,000 (2019: £4,000) for the audit of the financial statements. This cost was incurred by, Garrett Motion UK Limited (formerly known as MESL Microwave Limited) a fellow UK subsidiary of Garrett Motion Inc., and it is not recharged to the company.

There are no non-audit services fees payable to the auditor (2019: £nil).

5. Employees

In 2020, all directors (2019: all directors) did not undertake any relevant services to the entity and were remunerated by other group companies for their services to the group as a whole.

The company has no other employees (2019: no other employees).

GARRETT MOTION UK A LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Interest receivable and similar income

	2020	2019
	£000	£000
Interest receivable from group undertakings	108	105
	<u>108</u>	<u>105</u>
	<u><u>108</u></u>	<u><u>105</u></u>

7. Taxation

	2020	2019
	£000	£000
Current tax		
UK corporation tax on profit for financial year	21	-
	<u>21</u>	<u>-</u>
Taxation on profit	<u><u>21</u></u>	<u><u>-</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit before tax	108	105
	<u>108</u>	<u>105</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	21	20
Effects of:		
Group relief surrendered/(claimed)	-	(20)
	<u>-</u>	<u>(20)</u>
Total tax charge for the year	<u><u>21</u></u>	<u><u>-</u></u>

GARRETT MOTION UK A LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Taxation (continued)**Factors that may affect future tax charges**

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

There are no unprovided amounts relating to deferred tax.

8. Debtors: amounts falling due within one year

	2020	2019
	£000	£000
Amounts owed by group undertakings	6,220	6,112
	<u>6,220</u>	<u>6,112</u>

Amounts owed by group undertakings comprises of interest-bearing loans and other borrowings with interest terms of 1.75% (2019: 1.75%).

All amounts owed by group undertakings are payable on demand and unsecured.

9. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Amounts owed to group undertakings	5,524	5,524
Corporation tax	21	-
	<u>5,545</u>	<u>5,524</u>

All amounts owed to group undertakings are payable on demand, unsecured and non-interest bearing.

10. Called up share capital

	2020	2019
	£000	£000
Authorised, allotted, called up and fully paid		
4,733,000 (2019: 4,733,000) ordinary shares of £1.00 each	4,733	4,733
	<u>4,733</u>	<u>4,733</u>

Each ordinary share entitles the shareholder to one vote on a written resolution.

GARRETT MOTION UK A LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Reserves

Share premium account

Share premium records the amount above the nominal value received for shares sold and cannot be distributed under the Companies Act 2006.

Capital reserves

The company received a capital contribution of £35,000,000 on 23 September 2015 from its immediate parent undertaking Garrett Motion UK C Limited (formerly known as The Hymatic Group Limited). The capital contribution is not distributable.

Profit and loss account

This reserve records retained earnings and accumulated losses.

12. Post balance sheet events

On 10 January 2021 Garrett's Board of Directors determined that an amended proposal from Centerbridge Partners ("Centerbridge") and funds managed by Oaktree Capital Management, L.P. ("Oaktree"), an investment management firm, offered the best outcome for Garrett, maximising value for all stakeholders. Garrett's decision comes after considering proposals from several parties, including the court-approved bidder, KPS Capital Partners, as well as other bidders.

On 30 April 2021 Garrett emerged from its pending Chapter 11 cases, successfully completing the restructuring process and implementing the Plan of Reorganization ("Plan") that was confirmed by the U.S. Bankruptcy Court for the Southern District of New York on April 23, 2021. The plan of reorganization eliminated all previous related liabilities to Honeywell incurred by Garrett in its 2018 spin-off and settled all litigation between Garrett and Honeywell thus increasing Garrett's operational, financial and strategic flexibility. Garrett has also obtained a \$1.25 billion equivalent term loan, alongside a new \$300 million revolving credit facility. The restructuring will substantially decrease Garrett's long-term debt and improve its maturity profile.

With the support of a significant majority of its stakeholders, led by funds managed by Centerbridge Partners, L.P. ("Centerbridge") and funds managed by Oaktree Capital Management, L.P. ("Oaktree"), Garrett will remain a publicly traded company and listed its common stock on Nasdaq on 3 May 2021.

On 23 April 2021, Garrett TS Ltd repaid the outstanding intercompany loan and all associated interest totalling £6,275,000 in full. Further on 23 April 2021 the company settled its £5,525,000 intercompany loan payable to Garrett Motion UK C Ltd. All remaining proceeds were deposited into the Garrett Motion Sarl cash pool account.

The above events are non-adjusting events under IAS 10 and have no effect on the financial statements as at 31 December 2020. Their effect on going concern has been considered further in note 2.3.

GARRETT MOTION UK A LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Controlling party

The immediate parent undertaking is Garrett Motion UK C Limited (formerly known as The Hymatic Group Limited), a Company incorporated in United Kingdom. The registered address of the parent Company is Unit E7, Countess Avenue, Stanley Green Retail Park, Cheadle Humle, Stockport, United Kingdom, SK8 6QS.

The company's results are included in the consolidated financial statements of Garrett Motion Inc., a Company registered in the USA. Garrett Motion Inc. is the company's ultimate parent Company and controlling party, heading up the smallest and largest group to consolidate these financial statements. The registered office of the ultimate parent company is located at 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808, USA. The financial statements of Garrett Motion Inc. are publicly available and can be obtained from Corporate Publications, La Pièce 16, 1180 Rolle, Switzerland or from the Internet at www.garrettmotion.com.