

Financial Statements Report
of
MSSL Japan Limited
for the year ended March 31, 2023 and 2022
with
Audit Report

Abou Accounting Co.

ABOU ACCOUNTING CO.

Certified Public Accountant
A Professional Corporation

Audit Report

To the Board of Directors of
MSSL Japan Limited

We have audited the financial statements of MSSL Japan Limited (the "Company"), which comprise the balance sheet as of March 31, 2023 and 2022, and the income statement for the year ended March 31, 2023 and 2022, expressed in Japanese Yen.

Our audit procedures included in confirmation of balance sheet and income statement, meaning that all the items on the balance sheet and income statement be examined with regards to validation, existence, rights and obligations, presentation and disclosure.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the company as of March 31, 2023 and 2022, and the result of their operations for the year then ended in accordance with IND AS accounting policies.

Very truly yours,



Abou Accounting Co.

June 5, 2023

Osaka, Japan

BALANCE SHEET

MSSL Japan Limited
As of March 31, 2023

ASSETS	Japanese Yen			
	2023		2022	
Current Assets:				
Cash	¥	159,278	¥	70,384
Cash in bank		661,895,452		341,821,532
Notes receivable		15,132,309		8,333,542
Accounts receivable		724,008,126		285,553,006
Goods		336,657,895		185,761,774
Suspense payment		138,000		146,393
Receivable - other		245,537,469		145,374,902
Prepaid expense		4,269,628		5,284,592
Short-term Loans		200,000,000		370,000,000
Consumption tax - receivable		-		18,118,507
Payments		48,759		1,703,299
Total current assets		2,187,846,916		1,362,167,931
Non-current Assets				
Fixed Assets:				
Building		31,515,541		31,515,541
Fixtures		26,060,499		19,879,539
Structure		4,914,989		4,914,989
Cars		2,630,000		2,630,000
Equipment		14,942,048		7,949,337
Land		41,564,625		41,564,625
Software		-		212,860
Construction in progress		1,307,290		-
Less, accumulated depreciation		(35,615,635)		(30,555,937)
		87,319,357		78,110,954
Other Assets:				
Deposit		15,021,313		14,974,313
Long term prepaid expenses		852,500		-
Stocks of affiliated corporations		10,000,000		10,000,000
Contribution in aid of construction		21,578		65,578
Total non-current assets		113,214,748		103,150,845
Total assets:	¥	2,301,061,664	¥	1,465,318,776
LIABILITIES AND EQUITY				
Current & Fixed Liabilities:				
Accounts payable	¥	1,159,333,945	¥	1,160,684,409
Income taxes payable		181,017,300		598,800
Consumption tax payable		542,100		-
Accrued expenses		116,187,685		142,132,861
Deposit received, withholding tax, etc		1,972,409		1,639,790
Advance received		-		576,877
Suspense		141,660,201		-
Long term debt		189,870,000		153,670,000
Total liabilities:		1,790,583,640		1,459,302,737
Shareholders' Equity:				
Capital		17,500,000		17,500,000
Capital reserve		7,500,000		7,500,000
Retained earnings		485,478,024		(18,983,961)
Total shareholders' equity:		510,478,024		6,016,039
Total liabilities and shareholders' equity:	¥	2,301,061,664	¥	1,465,318,776

INCOME STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2023

		Japanese Yen	
		2023	2022
Revenue:			
Sales	¥	6,065,070,329	2,179,348,555
Interest income		4,323,548	4,720,712
Foreign exchange gain		442	51,686
Miscellaneous income		3,441,038	1,701,479
		<u>6,072,835,357</u>	<u>2,185,822,432</u>
Costs and expenses:			
Cost of sales		4,607,477,952	1,867,152,191
Selling, general and administrative		777,078,408	336,396,359
Foreign exchange loss		71	70,327
Interest expense		2,382,614	1,943,311
Loss on disposal of obsolete inventories		0	3
Miscellaneous expense		416,432	-
		<u>5,387,355,477</u>	<u>2,205,562,191</u>
Income before income taxes		<u>685,479,880</u>	<u>(19,739,759)</u>
Income taxes		<u>181,017,895</u>	<u>599,091</u>
Net income		<u>504,461,985</u>	<u>(20,338,850)</u>

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

MSSL Japan Limited

For the year ended March 31, 2023

	Japanese Yen	
	2023	2022
Salary	¥ 176,731,851	¥ 140,827,047
Retirement allowance	-	504,000
Commuting traffic	4,093,602	3,535,731
Social insurance	26,628,583	21,752,249
Welfare	6,410,309	3,573,258
Recruiting, Education cost	3,548,080	-
Outside	344,155,883	84,761,485
Delivery	40,332,909	18,637,227
Advertising	160,000	-
Entertainment	3,899,096	1,000,260
Meeting	565,843	135,340
Travel	14,773,539	6,762,290
Telephone	4,050,314	2,674,896
Supplies	26,248,257	11,156,292
Office supplies	2,655,755	805,127
Repair / Maintenance	1,974,051	2,568,865
Utilities	7,514,423	2,867,056
Membership fee	59,732	88,110
Bank charges	2,247,017	1,328,824
Brokerage fee	1,095,862	975,455
IT System fee	4,309,578	2,553,021
Leasing	1,984,860	1,689,691
Insurance	4,456,402	3,387,698
Professional services	8,316,000	2,771,168
Warehouse fee	64,088,379	3,150,000
Depreciation	5,316,558	5,272,819
Office rent	10,242,198	6,021,022
House rent	5,121,195	4,113,364
Other taxes	2,107,654	1,942,036
Others, miscellaneous	3,990,478	1,542,028
Total	¥ 777,078,408	336,396,359

STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY

MSSL Japan Limited

For the year ended March 31, 2023

Japanese Yen						
2023						
	Shareholders' equity				Net assets	
	Capital	Capital reserve	Retained earnings	Total shareholders' equity		
Net assets at April 1, 2022	¥ 17,500,000	7,500,000	¥ (18,983,961)	¥ 6,016,039	¥	6,016,039
Net income	-	-	504,461,985	504,461,985		504,461,985
Dividend	-	-	-	-		-
Net change	-	-	504,461,985	504,461,985		504,461,985
Net assets at March 31, 2023	¥ 17,500,000	7,500,000	¥ 485,478,024	¥ 510,478,024	¥	510,478,024

Japanese Yen						
2022						
	Shareholders' equity				Net assets	
	Capital	Capital reserve	Retained earnings	Total shareholders' equity		
Net assets at April 1, 2021	¥ 17,500,000	7,500,000	¥ 1,354,889	¥ 26,354,889	¥	26,354,889
Net income	-	-	(20,338,850)	(20,338,850)		(20,338,850)
Dividend	-	-	-	-		-
Net change	-	-	(20,338,850)	(20,338,850)		(20,338,850)
Net assets at March 31, 2022	¥ 17,500,000	7,500,000	¥ (18,983,961)	¥ 6,016,039	¥	6,016,039

NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2023

1 BASIS OF PRESENTING FINANCIAL STATEMENTS

The Company maintains its accounting records and prepares its financial statements in accordance with the generally accepted accounting principles in Japan ("Japanese GAAP"), which are minor different in certain respects as to the application and disclosure requirements of the International Financial Reporting Standards (IFRS). In preparing accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The accounting book and the financial statements are stated in Japanese Yen.

2 SUMMARY OF MAJOR ACCOUNTING POLICIES

Revenue recognition

Sales include sales price of products and discounts, excluding consumption tax (Japanese VAT). Revenue is recognized at the delivery date of goods.

Fixed assets

Fixed assets are stated at book value.

Depreciation of fixed assets is principally computed by using the straight-line method for the period of estimated useful lives of respective asset, which are principally as stated below.

Buliding	6-31 years
Fixture	8-15 years
Structure	10 years
Equipment	4-15 years
Software	5 years

Maintenance and repairs including minor renewals and improvements are charged to income as incurred.

Income taxes

The Company is subject to Japanese national and local income taxes which in the aggregate resulted in a normal effective statutory tax rate of approximately 34.7 % for the year ended March 31, 2023.

The Company can carry the taxable loss for 9 or 10 years according to Japanese tax regulation.

Consumption tax

Japanese Consumption Tax is accounted as Consumption tax-received (liability) when goods are sold, and as Consumption tax-paid (asset) when goods and service are bought.

The balance after netting of those accounts at the end of fiscal year is recognized as Consumption tax payable or Consmpion tax receivable in balance sheet.

NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2023

3 CASH IN BANK

The company maintains the following bank accounts of Japanese banks.
There is no restricted balance.

Mitsubishi UFJ Bank (Nagoya Branch), Ordinary Account	381,636,582
Aichi Bank (Nagoya Ekimae Branch), Ordinary Account	277,309,466
Syoko Chukin Bank (Nagoya Branch), Ordinary Account	2,329,447
Shizuoka Bank (Toyoda Branch), Ordinary Account	157,000
Gunma Bank (Ohara Branch), Ordinary Account	462,957
	<u>JPY 661,895,452</u>

4 ACCOUNTS RECEIVABLE

As accounts receivables are paid on time, there are no old and doubtful accounts.

5 INVENTORIES

Inventories are stocked at Ota-warehouse.

The company performed the physical inventory counting in Ota LC at 18, March 2023 and in Hamamatsu LC at 11 March 2023.

Inventories are stated at cost, evaluated by the total-average price method.

The cost of goods includes the importing charge, and is not lower than market value.

6 FIXED ASSETS AND DEPRECIATION

Details of fixed assets and depreciation for the year ended March 31, 2023 and 2022 are as follows.

2023	April 1, 2022	Increase	Decrease	March 31, 2023
Fixed assets:				
Building	¥ 31,515,541	—	—	¥ 31,515,541
Fixtures	19,879,539	6,180,960	—	26,060,499
Structure	4,914,989	—	—	4,914,989
Equipment	7,949,337	6,992,711	—	14,942,048
Cars	2,630,000	—	—	2,630,000
Land	41,564,625	—	—	41,564,625
Software	1,512,000	—	—	1,512,000
Contribution in aid of construction	220,000	—	—	220,000
	<u>110,186,031</u>	<u>13,173,671</u>	<u>—</u>	<u>123,359,702</u>
Less, accumulated depreciation				
Building	7,253,201	1,052,619	—	8,305,820
Fixtures	17,884,585	1,464,068	—	19,348,653
Structure	991,928	164,161	—	1,156,089
Equipment	3,860,520	1,999,089	—	5,859,609
Cars	507,043	438,421	—	945,464
Land	—	—	—	—
Software	1,357,800	154,200	—	1,512,000
Contribution in aid of construction	154,422	44,000	—	198,422
	<u>32,009,499</u>	<u>5,316,558</u>	<u>—</u>	<u>37,326,057</u>
Total	¥ <u>78,176,532</u>			¥ <u>86,033,645</u>
2022	April 1, 2021	Increase	Decrease	March 31, 2022
Fixed assets:				
Building	¥ 31,515,541	—	—	¥ 31,515,541
Fixtures	19,522,539	357,000	—	19,879,539
Structure	4,914,989	—	—	4,914,989
Equipment	7,715,370	3,338,660	3,104,693	7,949,337
Cars	2,630,000	—	—	2,630,000
Land	41,564,625	—	—	41,564,625
Software	1,512,000	—	—	1,512,000
Contribution in aid of construction	220,000	—	—	220,000
	<u>109,595,064</u>	<u>3,695,660</u>	<u>3,104,693</u>	<u>110,186,031</u>
Less, accumulated depreciation				
Building	6,200,581	1,052,620	—	7,253,201
Fixtures	15,088,804	2,795,781	—	17,884,585
Structure	827,764	164,164	—	991,928
Equipment	6,563,880	401,330	3,104,690	3,860,520
Cars	54,749	452,294	—	507,043
Land	—	—	—	—
Software	995,170	362,630	—	1,357,800
Contribution in aid of construction	110,422	44,000	—	154,422
	<u>29,841,370</u>	<u>5,272,819</u>	<u>3,104,690</u>	<u>32,009,499</u>
Total	¥ <u>79,753,694</u>			¥ <u>78,176,532</u>

NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2023

7 INTER-COMPANY BALANCE

There are the following balances as of March 31, 2023 and 2022 of Inter-Company transaction.

		2023	2022
Receivable other	- MSSL India	¥ 28,122,918	22,669,804
"	- MSSL SMIEL	99,445,362	69,718,198
"	- MSSL Thailand	4,504,476	1,519,627
"	- MTS Japan	52,743,934	32,947,187
"	- MSSL UAE	253,680	-
"	- MATE	1,999,610	1,975,234
"	- SMR Japan	2,560,593	1,846,973
"	- SMRC	1,999,610	986,594
"	- Samvardhana Motherson Automotive Systems Group B.V	7,708,613	911,223
"	- MSSL Mexico	-	475,700
"	- MAGIC	133,000	133,000
"	- ACSICOMEX LTDA	-	1,537,360
"	- Motherson Sumi Wiring India Limited	44,943,025	9,739,530
"	- MSSL UK	-	24,570
Short-term loans	- MTS Japan	200,000,000	200,000,000
"	- SMR Japan	-	170,000,000
Account payable	- Motherson Ltd.	1,140,630,919	1,160,684,409
Accrued expense	- MTS Japan	1,996,563	3,377,847
"	- SMR Japan	428,346	178,444

8 INCOME TAXES AND INCOME TAXES PAYABLE

Reconciliation between profit after tax and taxable income at March 31, 2023 and 2022 are as follows.

		2023	2022
Profit after tax	¥	504,461,985	(20,338,850)
Income taxes		181,017,895	599,091
Provision for Stocks		1,929,489	3,181,749
Purchase		-	21,602,166
Sales		-	(31,122,368)
Tax loss carryforward		(157,514,814)	-
Others		(19,326,982)	1,629,619
Taxable income	¥	510,567,573	(24,448,593)

Income taxes payable as at March 31, 2023 and 2022 comprise the followings.

		2023	2022
National tax	¥	119,225,300	-
Local tax		61,025,800	-
Local tax(per capital)		766,200	598,800
Total	¥	181,017,300	598,800

NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2023

9 EMPLOYEES

Number of staffs	2023	2022
Representative director	1	1
Logistics and Quality control (Ota LC)	14	11
Sales and Engineering (Shin-yokohama office)	8	6
Logistics and Quality control (Hamamatsu LC)	4	6
Sales and Engineering (Hamamatsu office)	3	-
Administration (Nagoya office)	3	3
	33	27

10 COMMON STOCK

Summary of common stock of the Company as at March 31, 2023 was as follows.

	Number of shares		Thousand of JPY
	authorized to issue	Issued	Amount of Capital
Common stock	800	500	¥ 17,500

11 COMMITMENT AND CONTINGENT LIABILITIES

There were no material commitments and contingent liabilities at March 31, 2023.