

**Financial Statements Report**  
**of**  
**MOTHERSON TECHNOLOGY SERVICES KK**  
**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  
MOTHERSON TECHNOLOGY SERVICES KK

We have audited the financial statements of MOTHERSON TECHNOLOGY SERVICES KK (the "Company"), which comprise the balance sheet as of March 31, 2023 and 2022, 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 results of their operations for the year then ended in accordance with IND AS accounting policies.

Very truly yours,



---

Abou Accounting Co.

April 21, 2023

Osaka, Japan

## BALANCE SHEET

MOTHERSON TECHNOLOGY SERVICES KK

As of March 31, 2023

ASSETS	Japanese Yen	
	2023	2022
<b>Current Assets:</b>		
Cash	¥ -	¥ 11,690
Cash in bank	24,209,766	12,851,916
Accounts receivable	106,121,256	87,438,913
Allowance for doubtful accounts (Trade receivables)	(30,585,404)	(30,585,404)
Stocks (including Work in progress)	7,449,071	3,372,634
Prepayments	69,238	97,494
Other receivables	2,500,798	3,679,068
Suspend	-	33,370,405
Total current assets	109,764,725	110,236,716
<b>Non-current Assets</b>		
Fixed Assets:		
Fixtures	1,480,000	1,480,000
Equipment	8,049,117	8,049,117
Less, Accumulated depreciation	(10,186,961)	(7,387,949)
Software	6,584,300	6,584,300
	5,926,456	8,725,468
Other Assets:		
Deposits	1,100,000	1,100,000
Total non-current assets	7,026,456	9,825,468
Total assets:	¥ 116,791,181	¥ 120,062,184

  

LIABILITIES AND EQUITY	Japanese Yen	
	2023	2022
<b>Current &amp; Fixed Liabilities:</b>		
Accounts payable - Trade	¥ 72,083,759	¥ 46,505,307
Short-term debt	200,000,000	200,000,000
Long-term debt	347,523,156	307,929,751
Accounts payable - other	61,135,523	42,098,908
Income taxes payable	182,500	182,500
Consumption tax payable	14,948,583	3,200,121
Accrued expenses	17,804,610	15,132,588
Paid holidays allowance	2,233,817	-
Deposit received, Withholding tax, etc	404,272	852,263
Advance Received	6,434,100	7,809,100
Suspense receipt	3,350,000	8,837,600
Total current liabilities:	726,100,320	632,548,138
<b>Shareholders' Equity:</b>		
Common stock	28,000,000	28,000,000
Retained earnings	(637,309,139)	(540,485,954)
Total shareholders' equity:	(609,309,139)	(512,485,954)
Total liabilities and shareholders' equity:	¥ 116,791,181	¥ 120,062,184

14

## INCOME STATEMENTS

MOTHERSON TECHNOLOGY SERVICES KK  
For the year ended March 31, 2023

		Japanese Yen	
		2023	2022
<b>Revenue:</b>			
Net sales	¥	256,935,981	¥ 132,637,947
Interest income		246	152
Foreign exchange gain		6,875,398	-
Other miscellaneous income		1,942,002	548,335
		265,753,627	133,186,434
<b>Costs and expenses:</b>			
Cost of sales		219,575,230	119,744,666
Selling, general and administrative		120,356,923	155,111,721
Interest expense		10,799,670	7,546,980
Miscellaneous expense		-	24,934
Foreign exchange loss		11,662,489	-
		362,394,312	282,428,301
<b>Income before income taxes</b>		(96,640,685)	(149,241,867)
<b>Income taxes</b>		182,500	182,500
<b>Net income</b>		(96,823,185)	(149,424,367)
<b>Retained earnings at:</b>			
Beginning of year		(540,485,954)	(391,061,587)
End of year	¥	(637,309,139)	¥ (540,485,954)

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

MOTHERSON TECHNOLOGY SERVICES KK

For the year ended March 31, 2023

	Japanese Yen	
	2023	2022
Salary	¥ 80,579,662	¥ 94,386,030
Provision of allowance for paid holidays	2,233,817	-
Bonus	973,819	-
Commuting traffic	2,590,717	2,325,585
Social insurance	12,173,991	13,591,939
Welfare	231,112	173,148
Retirement pay	533,324	-
Recruiting, education Cost	779,170	7,813,876
Delivery	287,648	204,670
Advertising	644,469	10,875,270
Entertainment	49,419	48,046
Meeting	51,931	41,194
Travel	5,742,402	4,278,578
Telephone	1,568,192	1,572,847
Supplies	618,906	639,928
Sales activities	11,059,161	12,866,495
Utilities	406,167	332,292
Publication	-	20,582
Membership fee	79,796	157,683
Bank & other charges	1,048,345	1,044,852
Testing expense	1,336,259	4,466,351
Leasing	26,520	181,220
Maintenance	74,400	101,000
Insurance	365,446	523,504
Professional services	3,940,078	4,243,707
Depreciation	2,799,012	2,691,877
Office & House rent	9,182,746	8,672,508
Other taxes	915,703	2,044,912
Others, miscellaneous	25,969	42,848
Transfer to Cost of sales	(19,961,258)	(18,229,221)
Total	¥ 120,356,923	¥ 155,111,721

A

## STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY

MOTHERSON TECHNOLOGY SERVICES KK

For the year ended March 31, 2023

Japanese Yen					
2023					
	Shareholders' equity			Net assets	
	Common stock	Retained earnings	Total shareholders' equity		
Net assets at April 1, 2022	¥ 28,000,000	¥ (540,485,954)	¥ (512,485,954)	¥	(512,485,954)
Net income	-	(96,823,185)	(96,823,185)		(96,823,185)
Net change	-	(96,823,185)	(96,823,185)		(96,823,185)
Net assets at March 31, 2023	¥ 28,000,000	¥ (637,309,139)	¥ (609,309,139)	¥	(609,309,139)

Japanese Yen					
2022					
	Shareholders' equity			Net assets	
	Common stock	Retained earnings	Total shareholders' equity		
Net assets at April 1, 2021	¥ 28,000,000	¥ (391,061,587)	¥ (363,061,587)	¥	(363,061,587)
Net income	-	(149,424,367)	(149,424,367)		(149,424,367)
Net change	-	(149,424,367)	(149,424,367)		(149,424,367)
Net assets at March 31, 2022	¥ 28,000,000	¥ (540,485,954)	¥ (512,485,954)	¥	(512,485,954)

A

# NOTES TO FINANCIAL STATEMENTS

## MOTHERSON TECHNOLOGY SERVICES KK

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 Group Ind AS accounting policies, which are slightly 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 and rearrangements 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

Net sales include sales price of products and discounts, excluding consumption tax (Japanese VAT).

Revenue is recognized at the inspection date of customers.

#### Fixed asset

Fixed assets are stated at book value.

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

Fixtures	6 years
Equipment	6 years
Software	5~6 years

#### Income taxes

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

The Company has not adopted a tax effect accounting.

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

#### Consumption tax

Japan Consumption Tax (Japan VAT, currently 10%) is booked as Consumption tax-received (liability) when goods are sold, and as Consumption tax-paid (asset) when goods and service was bought.

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

### 3 CASH IN BANK

The company maintains the following two bank accounts of major Japanese bank.

There are no restricted balance.

Shoko Chukin Bank (Nagoya Branch), Ordinary Account	7,443,793
Sumitomo Mitsui Bank (Nagoya Branch), Ordinary Account	16,191,233
Aichi Bank (Nagoya Ekimae Branch), Ordinary Account	574,740
	<hr/>
	JPY 24,209,766

At

## NOTES TO FINANCIAL STATEMENTS

MOTHERSON TECHNOLOGY SERVICES KK  
For the year ended March 31, 2023

### 4 ACCOUNTS RECEIVABLE

Allowance for doubtful accounts is calculated by the uncollectible amounts individually estimated at the year end. There are no old and doubtful accounts except for Allowance for doubtful accounts.

### 5 STOCK

Stocks comprise the direct cost regarding to Sangyou IT sales.

### 6 INTER-COMPANY BALANCE

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

	2023	2022
Account receivables for MTSL India	¥ -	32,024
Other receivables for MSSL Japan	1,996,563	3,377,847
Other receivables for SMR Japan	250,800	264,000
Other receivables for MTSL India	253,435	37,221
Accounts payable to MTSL India	¥ 55,236,641	32,788,659
Other Accounts payable to MSSL Japan	52,743,934	32,947,187
Other Accounts payable to SMR Japan	145,786	180,540
Other Accounts payable to MIND Singapore	8,023,906	8,023,906
Other Accounts payable to MIND UK	14,728	12,462
Other Accounts payable to MTSL India	207,169	947,275
Accrued expenses to MTSL India	41,671	40,299
Accrued expenses to MIND Singapore	6,939,713	-
Accrued expenses to MIND UK	1,118,630	-
Long term debt to MIND Singapore	271,567,276	267,823,651
Long term debt to MIND UK	75,955,880	27,846,100
Short term debt to MSSL Japan	200,000,000	200,000,000

### 7 FIXED ASSETS AND DEPRECIATION

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

	April 1, 2022	Increase	Decrease	March 31, 2023
Fixed assets:				
Fixture	¥ 1,480,000	—	—	¥ 1,480,000
Equipment	8,049,117	—	—	8,049,117
Software	6,584,300	—	—	6,584,300
	16,113,417	—	—	16,113,417
Less, accumulated depreciation and amortization				
Fixture	1,155,096	163,428	—	1,318,524
Equipment	3,979,060	1,322,196	—	5,301,256
Software	2,253,793	1,313,388	—	3,567,181
	7,387,949	2,799,012	—	10,186,961
Total	¥ 8,725,468			¥ 5,926,456

	April 1, 2021	Increase	Decrease	March 31, 2022
Fixed assets:				
Fixture	¥ 1,480,000	—	—	¥ 1,480,000
Equipment	6,561,251	1,741,423	253,557	8,049,117
Software	6,335,044	249,256	—	6,584,300
	14,376,295	1,990,679	253,557	16,113,417
Less, accumulated depreciation and amortization				
Fixture	991,668	163,428	—	1,155,096
Equipment	2,941,434	1,233,770	196,144	3,979,060
Software	959,114	1,294,679	—	2,253,793
	4,892,216	2,691,877	196,144	7,387,949
Total	¥ 9,484,079			¥ 8,725,468

Handwritten signature or mark.



# NOTES TO FINANCIAL STATEMENTS

## MOTHERSON TECHNOLOGY SERVICES KK

For the year ended March 31, 2023

### 8 SHORT-TERM and LONG-TERM DEBT

Details of short-term and long-term debt at March 31, 2023 and 2022 are as follows.

	Interest rate(%)	2023	2022
Short-term Loan (MSSL Japan)	1.32	¥ 200,000,000	200,000,000
Long-term Loan (MIND Singapore)	2.19	199,603,551	199,603,551
Long-term Loan (MIND Singapore)	3.56	38,500,000	38,500,000
Long-term Loan (MIND Singapore)	3.56	33,463,725	29,720,100
Long-term Loan (MIND UK)	2.17	75,955,880	27,846,100
Long-term Loan (Shoko Chukin Bank)	1.47	-	12,260,000

### 9 INCOME TAXES PAYABLE

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

	2023	2022
National tax	¥ -	-
Local taxes	182,500	182,500
Total	182,500	182,500

### 10 EMPLOYEES

Number of staffs	2023	2022
Representative director	1	1
Sangyo IT	6	7
SE	-	2
Administration and other	1	2
Total	8	12

### 11 COMMON STOCK

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

	Number of shares		Thousand of JPY
	authorized to issue	Issued	Amount of Capital
Common stock	600	560	¥ 28,000

### 12 COMMITMENT AND CONTINGENT LIABILITIES

There were no material commitments at March 31, 2023.

The Company and Suzuki Spring Factory have been in dispute over the fulfillment of a contract to build a product system. The Company has requested payment of the accrued payment of 6,434,100 yen and additional service cost of 34,792,038 yen and court cost of 4,100,000 yen.

Whereas, Suzuki Spring Factory has requested a cancellation of the contract of 12,868,200 yen.

The Company has raised lawsuit against Suzuki Spring Factory on October 23, 2020.

1