

Abou Accounting Co.  
Umedakita Place 6F  
1-14-8 , Kita-ku  
Osaka 530-0012 Japan

**Letter of Representation concerning  
the Financial Statements Report of  
MSSL Japan  
for the year ended March 31, 2021**

This Letter of Representation is submitted in connection with your Review of the financial statements of MSSL Japan ("the Company") for the year ended March 31, 2021.

In acknowledgement of our responsibility in relation to the Review to the financial statements of MSSL Japan for the year ended March 31, 2021 ("the Financial Statements"), we will declare in our Management's Statement on the Financial Statements:

- that the Financial Statements gives a true and fair view of the financial position and the results of operations of the Company.

We also confirm that it is our responsibility to ensure the implementation and function of the Company's accounting and internal control systems with a view to preventing and detecting errors, including intentional errors (fraud).

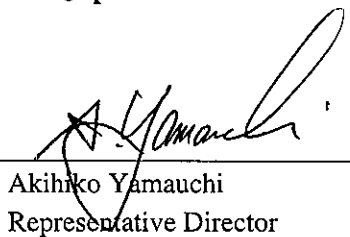
As a basis for your Review, we have provided you with information important to your assessment of the affairs of the Company, including issues significant to the financial reporting. In confirmation that we have provided you with all relevant information for the purpose of performing your Review, we hereby, to the best of our knowledge and belief, make the following representations:

- 1 All of the Company's assets and liabilities exist at the balance sheet date and have been recognised and measured properly.  
No assets are subject to retention of title or have been provided as security.
- 2 There are no contingent assets or liabilities that are required to be mentioned in the Financial Statements.
- 3 No events have occurred subsequent to the balance sheet date which should be included in the Report. We have no plans or intentions which could materially affect the carrying amount or change the classification of assets and liabilities recognised in the balance sheet.
- 4 The Company has performed all agreements entered into that could have a material effect on the Report in the event of non-performance.

- 5 There is no pending or threatened litigation.
- 6 We do not suspect, and have not ascertained, any instances of fraud or other irregularities that could materially affect the Report or be of importance to the reader of the Review Report.
- 7 There have been no instances of violation of legislation or regulatory requirements, or other irregularities involving Management or employees who have significant roles in the system of internal control or accounting procedures or that could materially affect the Report.
- 8 The amount of inventory stated in the Financial Statements reflects fair value of inventories, and there is no significant obsolescence and/or slow-moving items.
- 9 There are no significant delayed payments by customers.

April 27, 2021

**MSSL Japan**



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Akihiko Yamauchi  
Representative Director

**Financial Statements Report**  
**of**  
**MSSL Japan Limited**  
**for the year ended March 31, 2021 and 2020**  
**with**  
**Review Report**

**Abou Accounting Co.**

# ABOU ACCOUNTING CO.

Certified Public Accountant  
A Professional Corporation

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## Review Report

To the Board of Directors of  
MSSL Japan Limited

We have reviewed the financial statements of MSSL Japan Limited (the "Company"), which comprise the balance sheet as of March 31, 2021 and 2020, and the income statement for the year ended March 31, 2021 and 2020, expressed in Japanese Yen.

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

Based on our review, nothing has come to our attention that causes us to believe that the financial statements of the company for the year ended March 31 2021 and 2020, has not been prepared, in all material respects, in accordance with generally accepted accounting principles in Japan.

Very truly yours,



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Abou Accounting Co.  
April 27, 2021  
Osaka, Japan

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Phone: +81 6 6374 0753      FAX: +81 6 6375 5855  
Umedakita Place. 6F, 1-14-8 Shibata, Kita-ku, Osaka 530-0012 Japan

# BALANCE SHEET

MSSL Japan Limited  
As of March 31, 2021

ASSETS	Japanese Yen	
	2021	2020
<b>Current Assets:</b>		
Cash	¥ 94,533	¥ 445,434
Cash in bank	250,683,694	297,462,205
Notes receivable	45,664,721	40,782,870
Accounts receivable	147,186,648	170,639,756
Goods	122,345,858	58,464,664
Suspense payment	158,826	162,715
Receivable - other	138,367,317	81,792,241
Prepaid expense	4,667,317	3,203,916
Short-term Loans	375,000,000	322,500,000
Consumption tax - receivable	19,361,120	15,590,677
<b>Total current assets</b>	<b>1,103,530,034</b>	<b>991,044,478</b>
<b>Non-current Assets</b>		
<b>Fixed Assets:</b>		
Building	31,515,541	31,515,541
Fixtures	19,522,539	19,522,539
Structure	4,914,989	4,914,989
Cars	2,630,000	0
Equipment	7,715,370	6,640,960
Land	41,564,625	41,564,625
Software	516,830	820,800
Less, accumulated depreciation	(28,735,778)	(24,051,456)
	<b>79,644,116</b>	<b>80,927,998</b>
<b>Other Assets:</b>		
Deposit	7,230,080	7,230,080
Contribution in aid of construction	109,578	153,578
<b>Total non-current assets</b>	<b>86,983,774</b>	<b>88,311,656</b>
<b>Total assets:</b>	<b>¥ 1,190,513,808</b>	<b>¥ 1,079,356,134</b>
LIABILITIES AND EQUITY	Japanese Yen	
	2021	2020
<b>Current &amp; Fixed Liabilities:</b>		
Accounts payable	¥ 921,110,195	¥ 926,098,857
Income taxes payable	583,700	577,200
Accrued expenses	67,107,337	39,609,045
Deposit received, withholding tax, etc	1,525,991	1,433,641
Advance received	1,696	1,696
Long term debt	173,830,000	73,110,000
<b>Total liabilities:</b>	<b>1,164,158,919</b>	<b>1,040,830,439</b>
<b>Shareholders' Equity:</b>		
Capital	17,500,000	17,500,000
Capital reserve	7,500,000	7,500,000
Retained earnings	1,354,889	13,525,695
<b>Total shareholders' equity:</b>	<b>26,354,889</b>	<b>38,525,695</b>
<b>Total liabilities and shareholders' equity:</b>	<b>¥ 1,190,513,808</b>	<b>¥ 1,079,356,134</b>

10

## INCOME STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2021

	Japanese Yen	
	2021	2020
<b>Revenue:</b>		
Sales	¥ 1,863,900,611	1,902,116,090
Interest income	4,252,733	1,913,277
Foreign exchange gain	181,924	31,021
Miscellaneous income	727,097	480,446
	<u>1,869,062,365</u>	<u>1,904,540,834</u>
<b>Costs and expenses:</b>		
Cost of sales	1,610,529,673	1,662,313,653
Selling, general and administrative	268,465,556	283,692,380
Foreign exchange loss	101,912	69,789
Interest expense	1,545,368	929,022
Miscellaneous expense	-	45,519
	<u>1,880,642,509</u>	<u>1,947,050,363</u>
<b>Income before income taxes</b>	<u>(11,580,144)</u>	<u>(42,509,529)</u>
<b>Income taxes</b>	590,662	577,911
<b>Net income</b>	<u>(12,170,806)</u>	<u>(43,087,440)</u>

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

MSSL Japan Limited

For the year ended March 31, 2021

		Japanese Yen	
		2021	2020
Salary	¥	138,712,903	¥ 147,669,388
Commuting traffic		3,551,292	3,267,207
Social insurance		22,140,396	21,548,260
Welfare		3,193,694	3,121,393
Recruting, Education cost		1,709,400	1,332,000
Outside		34,767,516	27,557,525
Delivery		17,098,880	17,878,752
Entertainment		433,199	3,373,201
Meeting		47,315	319,745
Travel		4,723,195	13,882,766
Telephone		2,502,149	2,755,238
Supplies		1,135,991	2,847,238
Office supplies		882,358	980,071
Repair / Maintenance		1,187,572	1,524,649
Utilities		3,034,781	1,965,322
Publication		-	5,000
Membership fee		41,910	170,182
Bank charges		1,812,265	1,619,973
Brokerage fee		538,003	828,733
IT System fee		1,929,268	42,164
Leasing		1,918,717	1,948,069
Insurance		1,792,009	3,054,922
Professional services		5,999,050	5,585,952
Depreciation		5,032,292	4,701,506
Office rent		6,083,952	7,043,088
House rent		4,552,392	4,787,920
Other taxes		2,255,337	2,670,766
Others, miscellaneous		1,389,720	1,211,350
Total	¥	268,465,556	283,692,380

11

# STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY

MSSL Japan Limited

For the year ended March 31, 2021

Japanese Yen						
2021						
	Shareholders' equity				Net assets	
	Capital	Capital reserve	Retained earnings	Total shareholders' equity		
Net assets at April 1, 2020	¥ 17,500,000	7,500,000	¥ 13,525,695	¥ 38,525,695	¥	38,525,695
Net income	-	-	(12,170,806)	(12,170,806)		(12,170,806)
Dividend			-	-		-
Net change	-	-	(12,170,806)	(12,170,806)		(12,170,806)
Net assets at March 31, 2021	¥ 17,500,000	7,500,000	¥ 1,354,889	¥ 26,354,889	¥	26,354,889

Japanese Yen						
2020						
	Shareholders' equity				Net assets	
	Capital	Capital reserve	Retained earnings	Total shareholders' equity		
Net assets at April 1, 2019	¥ 17,500,000	7,500,000	¥ 56,613,135	¥ 81,613,135	¥	81,613,135
Net income	-	-	(43,087,440)	(43,087,440)		(43,087,440)
Dividend			-	-		-
Net change	-	-	(43,087,440)	(43,087,440)		(43,087,440)
Net assets at March 31, 2020	¥ 17,500,000	7,500,000	¥ 13,525,695	¥ 38,525,695	¥	38,525,695

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## NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2021

### 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.

Building	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, 2021.

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 Consumption tax receivable in balance sheet.

## NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2021

### 3 CASH IN BANK

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

Mitsubishi UFJ Bank (Nagoya Branch), Ordinary Account	249,527,453
Ohgaki Kyoritsu Bank (Trasse Nayabashi Branch), Ordinary Account	1,810
Syoko Chukin Bank (Nagoya Branch), Ordinary Account	686,560
Gunma Bank (Ohara Branch), Ordinary Account	73,263
Aichi Bank (Nagoya Ekimae Branch), Ordinary Account	394,808
	<u>JPY 250,683,694</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 at 13, March 2021.

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, 2021 and 2020 are as follows.

	2021	April 1, 2020	Increase	Decrease	March 31, 2021
<b>Fixed assets:</b>					
Building	¥	31,515,541	—	—	¥ 31,515,541
Fixtures		19,522,539	—	—	19,522,539
Structure		4,914,989	—	—	4,914,989
Equipment		6,640,960	1,074,410	—	7,715,370
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>105,890,654</u>	<u>3,704,410</u>	<u>—</u>	<u>109,595,064</u>
<b>Less, accumulated depreciation</b>					
Building		5,147,962	1,052,619	—	6,200,581
Fixtures		11,834,397	3,254,407	—	15,088,804
Structure		663,604	164,160	—	827,764
Equipment		6,405,493	158,387	—	6,563,880
Cars		—	54,749	—	54,749
Land		—	—	—	—
Software		691,200	303,970	—	995,170
Contribution in aid of construction		66,422	44,000	—	110,422
		<u>24,809,078</u>	<u>5,032,292</u>	<u>—</u>	<u>29,841,370</u>
<b>Total</b>	<b>¥</b>	<b><u>81,081,576</u></b>			<b>¥ <u>79,753,694</u></b>
	2020	April 1, 2019	Increase	Decrease	March 31, 2020
<b>Fixed assets:</b>					
Building	¥	31,515,541	—	—	¥ 31,515,541
Fixtures		18,678,465	844,074	—	19,522,539
Structure		4,914,989	—	—	4,914,989
Equipment		6,640,960	—	—	6,640,960
Land		41,564,625	—	—	41,564,625
Software		600,000	912,000	—	1,512,000
Contribution in aid of construction		220,000	—	—	220,000
		<u>104,134,580</u>	<u>1,756,074</u>	<u>—</u>	<u>105,890,654</u>
<b>Less, accumulated depreciation</b>					
Building		4,092,459	1,055,503	—	5,147,962
Fixtures		8,571,459	3,262,938	—	11,834,397
Structure		498,995	164,609	—	663,604
Equipment		6,322,358	83,135	—	6,405,493
Land		—	—	—	—
Software		600,000	91,200	—	691,200
Contribution in aid of construction		22,301	44,121	—	66,422
		<u>20,107,572</u>	<u>4,701,506</u>	<u>—</u>	<u>24,809,078</u>
<b>Total</b>	<b>¥</b>	<b><u>84,027,008</u></b>			<b>¥ <u>81,081,576</u></b>

14

## NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited  
For the year ended March 31, 2021

### 7 INTER-COMPANY BALANCE

There are the following balances as of March 31, 2021 and 2020 of Inter-Company transaction.

		2021	2020
Receivable other	- MSSL India	¥ 33,192,616	19,405,051
"	- MSSL SMIEL	79,296,074	47,694,743
"	- MSSL Thailand	974,520	125,220
"	- MIND Japan	19,977,002	897,203
"	- MSSL Mexico	-	4,018,306
"	- Samvardhana Motherson	-	2,203,407
"	- MSSL UAE	77,805	-
"	- MATE	961,611	2,487,063
"	- SMR Japan	985,909	36,666
"	- MSSL PKC	1,292,940	-
"	- Youngshin Motherson Auto	53,600	-
"	- PKC GROUP Lithuania UAB	128,010	-
"	- PKC FZ-LLC	348,330	-
"	- SMRC	961,611	3,126,466
"	- MSSL BRAZIL	-	374,850
"	- SAMIL	-	1,423,266
Short-term loans	- MIND Japan	195,000,000	130,000,000
"	- SMR Japan	180,000,000	192,500,000
Account payable	- Motherson Ltd.	912,722,639	924,498,857
Accrued expense	- MIND India	-	539,595
"	- MIND Japan	3,865,091	422,400

### 8 INCOME TAXES AND INCOME TAXES PAYABLE

Reconciliation between profit after tax and taxable income at March 31, 2021 and 2020 are as follows.

	2021	2020
Profit after tax	¥ (12,170,806)	(43,087,440)
Income taxes	590,662	577,911
Provision for Stocks	1,340,532	9,205,283
Others	(184,330)	(2,761,909)
Taxable income	¥ (10,423,942)	(36,066,155)

Income taxes payable as at March 31, 2021 and 2020 comprise the followings.

	2021	2020
National tax	¥ -	-
Local tax	-	-
Local tax(per capital)	583,700	577,200
Total	¥ 583,700	577,200

11

## NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2021

### 9 EMPLOYEES

Number of staffs	2021	2020
Representative director	1	1
Logistics, R&D and Quality control (Ota-LC)	13	13
Sales and engineering (Shin-yokohama office)	6	6
Administration (Nagoya office)	5	4
	25	24

### 10 COMMON STOCK

Summary of common stock of the Company as at March 31, 2021 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, 2021.