

## Independent Auditor's Report

To the Shareholders of SMRC Automotive Smart Interior Tech (Thailand) Ltd.

### Opinion

I have audited the accompanying financial statements of SMRC Automotive Smart Interior Tech (Thailand) Ltd. (the Company), which comprise the statement of financial position as at 31 March 2021, and the related statements of income and changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SMRC Automotive Smart Interior Tech (Thailand) Ltd. as at 31 March 2021 and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, 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 my opinion. 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 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.



Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

EY Office Limited

Bangkok: 5 May 2021

**SMRC Automotive Smart Interior Tech (Thailand) Ltd.****Statement of financial position****As at 31 March 2021**

		(Unit: Baht)	
	Note	2021	2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		224,477,627	234,510,584
Trade and other receivables	5	186,677,903	133,703,261
Receivables from tooling charge		2,093,672	17,683,367
Inventories	6	19,412,366	19,803,864
Short-term loans to related party	7	40,000,000	60,000,000
Other current assets		3,664,630	4,161,208
<b>Total current assets</b>		<b>476,326,198</b>	<b>469,862,284</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	141,709,131	155,351,656
Intangible assets	9	3,987,808	12,013,604
Other non-current assets		25,067,116	27,398,528
<b>Total non-current assets</b>		<b>170,764,055</b>	<b>194,763,788</b>
<b>Total assets</b>		<b>647,090,253</b>	<b>664,626,072</b>

The accompanying notes are an integral part of the financial statements.

**SMRC Automotive Smart Interior Tech (Thailand) Ltd.****Statement of financial position (continued)****As at 31 March 2021**

		(Unit: Baht)	
	Note	2021	2020
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	10	227,358,254	226,205,638
Advances received from tooling charge		29,818,176	46,749,119
Current portion of liabilities under finance lease agreements	11	1,037,750	1,268,988
Short-term provisions	12	63,102,436	52,917,842
Other current liabilities		1,068,302	1,413,187
<b>Total current liabilities</b>		<b>322,384,918</b>	<b>328,554,774</b>
<b>Non-current liabilities</b>			
Liabilities under finance lease agreements - net of current portion	11	291,120	1,328,870
Provision for long-term employee benefits	12	29,303,683	38,283,378
<b>Total non-current liabilities</b>		<b>29,594,803</b>	<b>39,612,248</b>
<b>Total liabilities</b>		<b>351,979,721</b>	<b>368,167,022</b>

The accompanying notes are an integral part of the financial statements.

**SMRC Automotive Smart Interior Tech (Thailand) Ltd.****Statement of financial position (continued)****As at 31 March 2021**

		(Unit: Baht)	
	Note	2021	2020
<b>Shareholders' equity</b>			
Share capital			
Registered			
5,620,000 ordinary shares of Baht 100 each		562,000,000	562,000,000
Issued and fully paid up			
5,620,000 ordinary shares of Baht 100 each		562,000,000	562,000,000
Retained earnings (deficit)			
Appropriated - statutory reserve	13	56,200,000	56,200,000
Deficit		(323,089,468)	(321,740,950)
<b>Total shareholders' equity</b>		<b>295,110,532</b>	<b>296,459,050</b>
<b>Total liabilities and shareholders' equity</b>		<b>647,090,253</b>	<b>664,626,072</b>

The accompanying notes are an integral part of the financial statements.

Directors



**SMRC Automotive Smart Interior Tech (Thailand) Ltd.****Income statement****For the year ended 31 March 2021**

		(Unit: Baht)	
	Note	2021	2020
<b>Revenues</b>			
Sales	15	620,922,031	871,995,097
Other income		39,903,203	41,994,988
<b>Total revenues</b>		<b>660,825,234</b>	<b>913,990,085</b>
<b>Expenses</b>			
Cost of sales		566,597,234	768,215,036
Selling and distribution expenses		26,870,755	16,916,249
Administrative expenses		68,458,660	119,053,793
Other expenses		-	2,050,677
<b>Total expenses</b>		<b>661,926,649</b>	<b>906,235,755</b>
<b>Profit (loss) before finance cost</b>		<b>(1,101,415)</b>	<b>7,754,330</b>
Finance cost		(247,103)	(315,065)
<b>Profit (loss) for the year</b>	14	<b>(1,348,518)</b>	<b>7,439,265</b>

The accompanying notes are an integral part of the financial statements.

**SMRC Automotive Smart Interior Tech (Thailand) Ltd.****Statement of changes in shareholders' equity****For the year ended 31 March 2021**

(Unit: Baht)

	Paid-up	Retained earnings (deficit)		Total
	share capital	Appropriated	Unappropriated	
<b>Balance as at 1 April 2019</b>	562,000,000	56,200,000	(329,180,215)	289,019,785
Profit for the year	-	-	7,439,265	7,439,265
<b>Balance as at 31 March 2020</b>	562,000,000	56,200,000	(321,740,950)	296,459,050
<b>Balance as at 1 April 2020</b>	562,000,000	56,200,000	(321,740,950)	296,459,050
Loss for the year	-	-	(1,348,518)	(1,348,518)
<b>Balance as at 31 March 2021</b>	562,000,000	56,200,000	(323,089,468)	295,110,532

The accompanying notes are an integral part of the financial statements.



# **SMRC Automotive Smart Interior Tech (Thailand) Ltd.**

## **Notes to financial statements**

**For the year ended 31 March 2021**

### **1. General information**

#### **1.1 General information of the Company**

SMRC Automotive Smart Interior Tech (Thailand) Ltd. ("the Company") is a limited company incorporated and domiciled in Thailand. Currently, its parent company is SMRC Automotive Holdings Netherlands B.V., which was incorporated in Netherlands. The parent company of the Group is Motherson Sumi Systems Limited, which was incorporated in India. The Company is principally engaged in the manufacture and distribution of automotive parts. The registered office of the Company is at 62 Moo 4, Eastern Seaboard Industrial Estate (Rayong), Tambon Pluakdaeng, Amphoe Pluakdaeng, Rayong.

#### **1.2 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company's management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

### **2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

### **3. Significant accounting policies**

#### **3.1 Revenue recognition**

##### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

##### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### **3.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **3.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### **3.4 Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined by first-in first-out method.

#### **3.5 Property, plant and equipment/Depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	-	30 years
Buildings and building improvement	-	5 - 30 years
Machinery and equipment	-	3 - 15 years
Furniture, fixtures and equipment	-	3 - 12.5 years
Motor vehicles	-	5 years

Depreciation is included in determining income. No depreciation is provided on land and assets under installation.

### **3.6 Intangible assets**

Intangible assets are stated at cost less any accumulated amortisation and allowance for diminution in value (if any).

Intangible assets are amortised as expenses in the income statements on a straight-line basis over the following economic useful lives.

Computer software	-	5 years
Intellectual property	-	7 years
License	-	5 years

### **3.7 Long-term leases**

Leases of plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, which interest element is charged to the income statements over the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

### **3.8 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in determining income.

### **3.9 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

For long-term employee benefits, the Company calculates its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period.

### 3.10 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### 4. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

### 5. Trade and other receivables

(Unit: Thousand Baht)		
	2021	2020
Trade accounts receivables	186,398	133,761
Other receivables	280	310
Total	186,678	134,071
Less: Allowance for doubtful debts	-	(368)
Total trade and other receivables - net	186,678	133,703

### 6. Inventories

(Unit: Thousand Baht)						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	5,696	8,565	(2,626)	(2,808)	3,070	5,757
Work in process	2,920	2,740	(872)	(318)	2,048	2,422
Raw materials	19,081	13,714	(4,787)	(2,089)	14,294	11,625
Total	27,697	25,019	(8,285)	(5,215)	19,412	19,804

During the current year, the Company reduced cost of inventories by Baht 3 million, to reflect the net realisable value. This was included in cost of sales.

### 7. Short-term loans to related party

As at 31 March 2021 and 2020, short-term loans to a related company represent unsecured loans. The repayment period was no later than 90 days after each drawdown. The loans carry interest at a rate of 1.67% per annum.

## 8. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and land and building improvement	Equipment	Assets under installation	Total
<b>Cost</b>					
1 April 2019	52,581	206,573	872,275	594	1,132,023
Additions	-	2,253	4,351	2,183	8,787
Disposals/ write-off	-	-	(2,394)	-	(2,394)
Transfers in (out)	-	315	265	(580)	-
31 March 2020	52,581	209,141	874,497	2,197	1,138,416
Additions	-	2,138	8,166	4,094	14,398
Transfers in (out)	-	-	2,012	(2,012)	-
31 March 2021	52,581	211,279	884,675	4,279	1,152,814
<b>Accumulated depreciation</b>					
1 April 2019	-	142,271	744,176	-	886,447
Depreciation for the period	-	7,789	27,222	-	35,011
Depreciation on disposals/write-off	-	-	(2,394)	-	(2,394)
31 March 2020	-	150,060	769,004	-	919,064
Depreciation for the year	-	8,242	19,799	-	28,041
31 March 2021	-	158,302	788,803	-	947,105
<b>Allowance for diminution in value</b>					
1 April 2019	5,000	7,000	52,000	-	64,000
31 March 2020	5,000	7,000	52,000	-	64,000
31 March 2021	5,000	7,000	52,000	-	64,000
<b>Net book value</b>					
31 March 2020	47,581	52,081	53,493	2,197	155,352
31 March 2021	47,581	45,977	43,872	4,279	141,709

As at 31 March 2021, the Company had vehicles under finance lease agreements with net book values amounting to Baht 1 million (2020: Baht 3 million).

## 9. Intangible assets

	(Unit: Thousand Baht)	
	2021	2020
Cost	80,490	79,036
Less: Accumulated amortisation	(64,502)	(55,022)
Less: Allowance for diminution in value	(12,000)	(12,000)
Net book value	3,988	12,014
	2021	2020
Net book value at beginning year	12,014	11,123
Additions	1,454	9,953
Amortisation	(9,480)	(9,062)
Net book value at end of year	3,988	12,014

## 10. Trade and other payables

	(Unit: Thousand Baht)	
	2021	2020
Trade payables	151,841	133,343
Other payables	6,217	13,060
Accrued expenses	69,300	79,803
Total	227,358	226,206

## 11. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	2021	2020
Liabilities under finance lease agreements	1,394	2,808
Less: Deferred interest expenses	(65)	(210)
Total	1,329	2,598
Less: Portion due within one year	(1,038)	(1,269)
Liabilities under finance lease agreements - net of current portion	291	1,329

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

As at 31 March 2021			
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	1,098	296	1,394
Deferred interest expenses	(60)	(5)	(65)
Present value of future minimum lease payments	<u>1,038</u>	<u>291</u>	<u>1,329</u>

(Unit: Thousand Baht)

As at 31 March 2020			
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	1,414	1,394	2,808
Deferred interest expenses	(145)	(65)	(210)
Present value of future minimum lease payments	<u>1,269</u>	<u>1,329</u>	<u>2,598</u>

## 12. Provisions

(Unit: Thousand Baht)

	Long-term			
	Product warranty	Price reduction	employee benefits	Total
At 1 April 2019	15,618	36,234	42,971	94,823
Increase during the year	1,739	17,723	1,746	21,208
Utilised	(2,032)	(7,878)	(2,646)	(12,556)
Reversal of provisions	(4,113)	(4,373)	(3,788)	(12,274)
At 31 March 2020	11,212	41,706	38,283	91,201
Increase during the year	1,247	26,378	7,511	35,136
Utilised	(364)	(4,799)	(12,215)	(17,378)
Reversal of provisions	-	(12,278)	(4,275)	(16,553)
At 31 March 2021	<u>12,095</u>	<u>51,007</u>	<u>29,304</u>	<u>92,406</u>
<b>31 March 2021</b>				
Current	12,095	51,007	-	63,102
Non-current	-	-	29,304	29,304
	<u>12,095</u>	<u>51,007</u>	<u>29,304</u>	<u>92,406</u>
<b>31 March 2020</b>				
Current	11,212	41,706	-	52,918
Non-current	-	-	38,283	38,283
	<u>11,212</u>	<u>41,706</u>	<u>38,283</u>	<u>91,201</u>



**Product warranty**

The provision is recognised for expected warranty claims on products sold based on past experience of the level of returns.

**Price reduction**

The provision is recognised for expected discount on products sold to certain customers during the year.

**Long-term employee benefits**

The provision represents the Company's obligations payable to its employees when they reach a retirement age and payable to its employees for long service awards. They are determined based on the employee's age, length of employment services and salary increase rate, among other things.

**13. Statutory reserve**

According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the Company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment. At present, the statutory reserve has fully been set aside.

**14. Income tax**

Corporate income tax has been calculated on net profit of BOI-promoted operations eligible for 50% tax and net profit of non-promoted operations, after adding back expenses and deducting income which are disallowable for tax computation purpose.

The Company is not liable to corporate income tax for the year due to tax loss brought forward.

**15. Promotional privileges**

The Company has received promotional privileges from the Board of Investment. Subject to imposed conditions, the privileges include an exemption from corporate income tax on net income from promoted activities for a period of 8 years from the date the promoted operations begin generating revenues and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the corporate income tax exemption period ends. Details of the promotional certificates are as follows.

Promotional certificates No.	Date of certificates	Type of business	The date of first earning operating income
2223(2)/2553	11 November 2010	Manufacturing door panel	5 October 2011
2369(2)/2553	16 December 2010	Manufacturing air duct	19 May 2011
1911(2)/2556	26 June 2013	Manufacturing instrument panel, console assy and plastic trims	13 June 2014
1319(2)/2558	18 March 2015	Manufacturing autoparts e.g. door autoparts	-

The Company's revenues from sales for the year ended 31 March 2021 and 2020 are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2021	2020	2021	2020	2021	2020
Sales	69,545	306,743	551,377	565,252	620,922	871,995

## 16. Commitments and contingent liabilities

### 16.1 Capital commitments

As at 31 March 2021, the Company had capital commitments of approximately Baht 4 million relating to the acquisitions of machinery and equipment (2020: Baht 1 million, relating to acquisitions of equipment and computer software).

### 16.2 Operating lease and service commitments

The Company has entered into several lease agreements in respect of the leases of warehouses, motor vehicles and equipment, and several service agreements. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these operating lease and service contracts were as follows.

(Unit: Million Baht)

	2021	2020
Payable:		
In up to 1 year	20	33
In over 1 and up to 3 years	3	20

### **16.3 Long-term service commitments**

#### **a) Technical assistance agreements**

The Company has technical assistance agreements with two unrelated companies, under which those companies agree to grant rights and furnish certain technological know-how and assistance for the production of certain products specified in the agreements, and the Company is to pay royalty fees at rates stipulated in the agreement. The fees for the current period amounted to approximately Baht 0.2 million (2020: Baht 3 million).

#### **b) New product development assistance and administrative services agreements**

The Company entered into agreements with the parent company, whereby the parent company agrees to provide assistance with development of new products and administration, with the Company to pay for these services at cost plus 6% and 5%, respectively. The agreement is effective for a period of 3 years, commencing 1 November 2014, and this term will be extended by a further year if neither the parent company nor the Company manifests their intention to terminate the agreement. Fees for the current period amounted to USD 1.67 million, or approximately Baht 52 million (2020: USD 1.82 million, or approximately Baht 56 million).

### **17. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised director on 5 May 2021.