

Financial Statements Report
of
MSSL Japan Limited
for the year ended March 31, 2022 and 2021
with
Review Report

Abou Accounting Co.

ABOU ACCOUNTING CO.

Certified Public Accountant
A Professional Corporation

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, 2022 and 2021, and the income statement for the year ended March 31, 2022 and 2021, 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, except for sales of 31,122 thousand yen and purchase of 21,602 thousand yen, nothing has come to our attention that causes us to believe that the financial statements of the company for the year ended March 31 2022 and 2021, has not been prepared, in all material respects, in accordance with generally accepted accounting principles in Japan.

Please refer to the Management Letter for details of sales and purchase.

Very truly yours,



Abou Accounting Co.

June 28, 2022

Osaka, Japan

BALANCE SHEET

MSSL Japan Limited
As of March 31, 2022

ASSETS	Japanese Yen			
	2022		2021	
Current Assets:				
Cash	¥	70,384	¥	94,533
Cash in bank		341,821,532		250,683,694
Notes receivable		8,333,542		45,664,721
Accounts receivable		285,553,006		147,186,648
Goods		185,761,774		122,345,858
Suspense payment		146,393		158,826
Receivable - other		145,374,902		138,367,317
Prepaid expense		5,284,592		4,667,317
Short-term Loans		370,000,000		375,000,000
Consumption tax - receivable		18,118,507		19,361,120
Payments		1,703,299		-
Total current assets		1,362,167,931		1,103,530,034
Non-current Assets				
Fixed Assets:				
Building		31,515,541		31,515,541
Fixtures		19,879,539		19,522,539
Structure		4,914,989		4,914,989
Cars		2,630,000		2,630,000
Equipment		7,949,337		7,715,370
Land		41,564,625		41,564,625
Software		212,860		516,830
Less, accumulated depreciation		(30,555,937)		(28,735,778)
		78,110,954		79,644,116
Other Assets:				
Deposit		14,974,313		7,230,080
Stocks of affiliated corporations		10,000,000		-
Contribution in aid of construction		65,578		109,578
Total non-current assets		103,150,845		86,983,774
Total assets:	¥	1,465,318,776	¥	1,190,513,808
LIABILITIES AND EQUITY	Japanese Yen			
	2022		2021	
Current & Fixed Liabilities:				
Accounts payable	¥	1,160,684,409	¥	921,110,195
Income taxes payable		598,800		583,700
Accrued expenses		142,132,861		67,107,337
Deposit received, withholding tax, etc		1,639,790		1,525,991
Advance received		576,877		1,696
Long term debt		153,670,000		173,830,000
Total liabilities:		1,459,302,737		1,164,158,919
Shareholders' Equity:				
Capital		17,500,000		17,500,000
Capital reserve		7,500,000		7,500,000
Retained earnings		(18,983,961)		1,354,889
Total shareholders' equity:		6,016,039		26,354,889
Total liabilities and shareholders' equity:	¥	1,465,318,776	¥	1,190,513,808

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INCOME STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2022

		Japanese Yen	
		2022	2021
Revenue:			
Sales	¥	2,179,348,555	1,863,900,611
Interest income		4,720,712	4,252,733
Foreign exchange gain		51,686	181,924
Miscellaneous income		1,701,479	727,097
		<u>2,185,822,432</u>	<u>1,869,062,365</u>
Costs and expenses:			
Cost of sales		1,867,152,191	1,610,529,673
Selling, general and administrative		336,396,359	268,465,556
Foreign exchange loss		70,327	101,912
Interest expense		1,943,311	1,545,368
Loss on disposal of obsolete inventories		3	-
		<u>2,205,562,191</u>	<u>1,880,642,509</u>
Income before income taxes		<u>(19,739,759)</u>	<u>(11,580,144)</u>
Income taxes		599,091	590,662
Net income		<u>(20,338,850)</u>	<u>(12,170,806)</u>

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SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

MSSL Japan Limited

For the year ended March 31, 2022

	Japanese Yen	
	2022	2021
Salary	¥ 140,827,047	¥ 138,712,903
Retirement allowance	504,000	-
Commuting traffic	3,535,731	3,551,292
Social insurance	21,752,249	22,140,396
Welfare	3,573,258	3,193,694
Recruiting, Education cost		1,709,400
Outside	84,761,485	34,767,516
Delivery	18,637,227	17,098,880
Entertainment	1,000,260	433,199
Meeting	135,340	47,315
Travel	6,762,290	4,723,195
Telephone	2,674,896	2,502,149
Supplies	11,156,292	1,135,991
Office supplies	805,127	882,358
Repair / Maintenance	2,568,865	1,187,572
Utilities	2,867,056	3,034,781
Membership fee	88,110	41,910
Bank charges	1,328,824	1,812,265
Brokerage fee	975,455	538,003
IT System fee	2,553,021	1,929,268
Leasing	1,689,691	1,918,717
Insurance	3,387,698	1,792,009
Professional services	2,771,168	5,999,050
Warehouse fee	3,150,000	-
Depreciation	5,272,819	5,032,292
Office rent	6,021,022	6,083,952
House rent	4,113,364	4,552,392
Other taxes	1,942,036	2,255,337
Others, miscellaneous	1,542,028	1,389,720
Total	¥ 336,396,359	268,465,556

STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY

MSSL Japan Limited

For the year ended March 31, 2022

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

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

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NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2022

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, 2022.

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.

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NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2022

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	97,126,459
Aichi Bank (Nagoya Ekimae Branch), Ordinary Account	234,797,096
Syoko Chukin Bank (Nagoya Branch), Ordinary Account	9,803,571
Gunma Bank (Ohara Branch), Ordinary Account	94,406
	<u>JPY 341,821,532</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 12, March 2022 and in Hamamatsu LC at 26 March 2022.

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, 2022 and 2021 are as follows.

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>

2021		April 1, 2020	Increase	Decrease	March 31, 2021
Fixed assets:					
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>
Less, accumulated depreciation					
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>
Total	¥	<u>81,081,576</u>			<u>¥ 79,753,694</u>

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NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2022

7 INTER-COMPANY BALANCE

There are the following balances as of March 31, 2022 and 2021 of Inter-Company transaction.

		2022	2021
Receivable other	- MSSL India	¥ 22,669,804	33,912,616
"	- MSSL SMIEL	69,718,198	79,296,074
"	- MSSL Thailand	1,519,627	974,520
"	- MIND Japan	32,947,187	19,977,002
"	- MSSL UAE	-	77,805
"	- MATE	1,975,234	961,611
"	- SMR Japan	1,846,973	985,909
"	- MSSL PKC	-	1,292,940
"	- Youngshin Motherson Auto	-	53,600
"	- PKC GROUP Lithuania UAB	-	128,010
"	- PKC FZ-LLC	-	348,330
"	- SMRC	986,594	961,611
"	- Samvardhana Motherson Automotive Systems Group B.V	911,223	-
"	- MSSL Mexico	475,700	-
"	- MAGIC	133,000	-
"	- ACSICOMEX LTDA	1,537,360	-
"	- Motherson Sumi Wiring India Limited	9,739,530	-
"	- MSSL UK	24,570	-
Short-term loans	- MIND Japan	200,000,000	195,000,000
"	- SMR Japan	170,000,000	180,000,000
Account payable	- Motherson Ltd.	1,160,684,409	912,722,639
Accrued expense	- MIND Japan	3,377,847	3,865,091
"	- SMR Japan	178,444	-

8 INCOME TAXES AND INCOME TAXES PAYABLE

Reconciliation between profit after tax and taxable income at March 31, 2022 and 2021 are as follows.

	2022	2021
Profit after tax	¥ (20,338,850)	(12,170,806)
Income taxes	599,091	590,662
Provision for Stocks	3,181,749	1,340,532
Purchase	21,602,166	-
Sales	(31,122,368)	-
Others	1,629,619	(184,330)
Taxable income	¥ (24,448,593)	(10,423,942)

Income taxes payable as at March 31, 2022 and 2021 comprise the followings.

	2022	2021
National tax	¥ -	-
Local tax	-	-
Local tax(per capital)	598,800	583,700
Total	¥ 598,800	583,700

NOTES TO FINANCIAL STATEMENTS

MSSL Japan Limited

For the year ended March 31, 2022

9 EMPLOYEES

Number of staffs	2022	2021
Representative director	1	1
Logistics, R&D and Quality control (Ota-LC)	11	13
Sales and engineering (Shin-yokohama office)	6	6
Quality assurance and Inspection (Hamamatsu LC)	6	-
Administration (Nagoya office)	3	5
	27	25

10 COMMON STOCK

Summary of common stock of the Company as at March 31, 2022 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, 2022.