

**Financial Statements Report**  
**of**  
**MothersonSumi INfotech & Designs KK**  
**for the year ended March 31, 2022 and 2021**  
**with**  
**Audit Report**

**Abou Accounting Co.**

# ABOU ACCOUNTING CO.

Certified Public Accountant  
A Professional Corporation

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## Audit Report

To the Board of Directors of  
MothersonSumi INfotech & Designs KK

We have audited the financial statements of MothersonSumi INfotech & Designs KK (the "Company"), which comprise the balance sheet as of March 31, 2022 and 2021, the income statement for the year ended March 31, 2022 and 2021, 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, 2022 and 2021, and the results of their operations for the year then ended in accordance with IND AS accounting policies.

Very truly yours,



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Abou Accounting Co.  
April 18, 2022  
Osaka, Japan

## BALANCE SHEET

MothersonSumi Infotech & Designs KK  
As of March 31, 2022

ASSETS	Japanese Yen			
	2022		2021	
<b>Current Assets:</b>				
Cash	¥	11,690	¥	14,851
Cash in bank		12,851,916		12,349,565
Accounts receivable		87,438,913		59,048,694
Allowance for doubtful accounts (Trade receivables)		(30,585,404)		(30,585,404)
Stocks (including Work in progress)		3,372,634		7,007,377
Prepayments		97,494		1,047,153
Other receivables		3,679,068		4,106,745
Suspend		33,370,405		15,555,535
Consumption tax receivable		-		2,231,429
Total current assets		110,236,716		70,775,945
<b>Non-current Assets</b>				
Fixed Assets:				
Fixtures		1,480,000		1,480,000
Equipment		8,049,117		6,561,251
Less, Accumulated depreciation		(7,387,949)		(4,892,216)
Software		6,584,300		6,335,044
		8,725,468		9,484,079
Other Assets:				
Deposits		1,100,000		1,100,000
Total non-current assets		9,825,468		10,584,079
Total assets:	¥	120,062,184	¥	81,360,024

  

LIABILITIES AND EQUITY	Japanese Yen			
	2022		2021	
<b>Current &amp; Fixed Liabilities:</b>				
Accounts payable - Trade	¥	46,505,307	¥	18,418,437
Short-term debt		200,000,000		195,000,000
Long-term debt		307,929,751		188,930,000
Accounts payable - other		42,098,908		22,924,157
Income taxes payable		182,500		182,500
Consumption tax payable		3,200,121		-
Accrued expenses		15,132,588		9,152,444
Deposit received, Withholding tax, etc		852,263		359,973
Advance Received		7,809,100		6,434,100
Suspense receipt		8,837,600		3,020,000
Total current liabilities:		632,548,138		444,421,611
<b>Shareholders' Equity:</b>				
Common stock		28,000,000		28,000,000
Retained earnings		(540,485,954)		(391,061,587)
Total shareholders' equity:		(512,485,954)		(363,061,587)
Total liabilities and shareholders' equity:	¥	120,062,184	¥	81,360,024

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## INCOME STATEMENTS

MotherSonSumi INFotech & Designs KK  
For the year ended March 31, 2022

		Japanese Yen	
		2022	2021
<b>Revenue:</b>			
Net sales	¥	132,637,947	¥ 65,414,629
Interest income		152	110
Other miscellaneous income		548,335	5,012,131
		133,186,434	70,426,870
<b>Costs and expenses:</b>			
Cost of sales		119,744,666	77,958,969
Selling, general and administrative		155,111,721	99,715,450
Interest expense		7,546,980	5,378,703
Miscellaneous expense		24,934	-
		282,428,301	183,053,122
<b>Income before income taxes</b>		(149,241,867)	(112,626,252)
<b>Income taxes</b>		182,500	189,000
<b>Net income</b>		(149,424,367)	(112,815,252)
<b>Retained earnings at:</b>			
Beginning of year		(391,061,587)	(278,246,335)
End of year	¥	(540,485,954)	¥ (391,061,587)

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

MotherSumi Infotech & Designs KK  
For the year ended March 31, 2022

	Japanese Yen	
	2022	2021
Salary	¥ 94,386,030	¥ 52,692,050
Commuting traffic	2,325,585	2,110,560
Social insurance	13,591,939	7,264,206
Welfare	173,148	103,833
Recruiting, education Cost	7,813,876	-
Delivery	204,670	326,077
Advertising	10,875,270	403,800
Entertainment	48,046	179,683
Meeting	41,194	-
Travel	4,278,578	5,147,448
Telephone	1,572,847	987,570
Supplies	639,928	564,542
Sales activities	12,866,495	-
Utilities	332,292	273,674
Publication	20,582	10,547
Membership fee	157,683	109,545
Bank & other charges	1,044,852	998,384
Testing expense	4,466,351	3,643,290
Leasing	181,220	265,200
Maintenance	101,000	144,000
Insurance	523,504	381,065
Professional services	4,243,707	5,004,733
Amortization	-	88,000
Depreciation	2,691,877	2,011,642
Office & House rent	8,672,508	8,611,788
Other taxes	2,044,912	11,434,109
Others, miscellaneous	42,848	10,000
Transfer to Cost of sales	(18,229,221)	(3,050,296)
Total	¥ 155,111,721	¥ 99,715,450

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## STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY

MotherSumi Infotech & Designs KK

For the year ended March 31, 2022

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)

Japanese Yen				
2021				
	Shareholders' equity			Net assets
	Common stock	Retained earnings	Total shareholders' equity	
Net assets at April 1, 2020	¥ 28,000,000	¥ (278,246,335)	¥ (250,246,335)	¥ (250,246,335)
Net income	-	(112,815,252)	(112,815,252)	(112,815,252)
Net change	-	(112,815,252)	(112,815,252)	(112,815,252)
Net assets at March 31, 2021	¥ 28,000,000	¥ (391,061,587)	¥ (363,061,587)	¥ (363,061,587)

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# NOTES TO FINANCIAL STATEMENTS

**MotherSumi Infotech & Designs KK**  
**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 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, 2022.

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	9,190,113
Sumitomo Mitsui Bank (Nagoya Branch), Ordinary Account	3,567,783
Aichi Bank (Nagoya Ekimae Branch), Ordinary Account	94,020
	<u>JPY 12,851,916</u>

## NOTES TO FINANCIAL STATEMENTS

### MotherSumi Infotech & Designs KK For the year ended March 31, 2022

#### 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, 2022 and 2021 of Inter-Company transaction.

	2022	2021
Account receivables for MIND India	¥ 32,024	-
Other receivables for MSSL Japan	3,377,847	4,069,524
Other receivables for SMR Japan	264,000	-
Other receivables for MIND India	37,221	35,849
Accounts payable to MIND India	¥ 32,788,659	-
Other Accounts payable to MSSL Japan	32,947,187	19,977,002
Other Accounts payable to SMR Japan	180,540	-
Other Accounts payable to MIND Singapore	8,023,906	2,947,155
Other Accounts payable to MIND UK	12,462	-
Other Accounts payable to MIND India	947,275	-
Accrued expenses to MIND India	40,299	-
Long term debt to MIND Singapore	267,823,651	165,450,000
Long term debt to MIND UK	27,846,100	-
Short term debt to MSSL Japan	200,000,000	195,000,000

#### 7 FIXED ASSETS AND DEPRECIATION

Details of fixed assets and depreciation for the year ended March 31, 2022 and 2021 are as follows.

	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

	April 1, 2020	Increase	Decrease	March 31, 2021
Fixed assets:				
Fixture	¥ 1,480,000	—	—	¥ 1,480,000
Equipment	5,575,345	985,906	—	6,561,251
Software	1,373,643	4,961,401	—	6,335,044
	8,428,988	5,947,307	—	14,376,295
Less, accumulated depreciation and amortization				
Fixture	828,241	163,427	—	991,668
Equipment	2,016,111	925,323	—	2,941,434
Software	36,222	922,892	—	959,114
	2,880,574	2,011,642	—	4,892,216
Total	¥ 5,548,414			¥ 9,484,079



## NOTES TO FINANCIAL STATEMENTS

**MotherSumi INFotech & Designs KK**  
**For the year ended March 31, 2022**

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

Details of short-term and long-term debt at March 31, 2022 and 2021 are as follows.

	Interest rate(%)		2022	2021
Short-term Loan (MSSL Japan)	1.10	¥	200,000,000	195,000,000
Long-term Loan (MIND Singapore)	2.19		199,603,551	165,450,000
Long-term Loan (MIND Singapore)	3.56		38,500,000	-
Long-term Loan (MIND Singapore)	3.56		29,720,100	-
Long-term Loan (MIND UK)	2.17		27,846,100	-
Long-term Loan (Shoko Chukin Bank)	1.47		12,260,000	23,480,000

### 9 INCOME TAXES PAYABLE

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

		2022	2021
National tax	¥	-	-
Local taxes		182,500	182,500
Total		182,500	182,500

### 10 EMPLOYEES

	2022	2021
Number of staffs		
Representative director	1	1
Sangyo IT	7	6
SE	2	-
Administration and other	2	2
Total	12	9

### 11 COMMON STOCK

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

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.

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