Motherson Techno Precision México, S. A. de C. V.
(Subsidiary of Motherson Air Travel Agency GmbH

Financial Statements

As of December 31, 2023 and 2022
(Independent Auditor's Report)

Motherson Techno Precision México, S.A. de C.V.
(Subsidiary of Motherson Air Travel Agency GmbH)

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INDEPENDENT AUDITOR´S REPORT

To the Stockholders' of
Motherson Techno Precision México, S. A. de C. V.

Opinion

We have audited the financial statements of Motherson Techno Precision México, S. A. de C. V. (the Company), which comprise the statement of financial position as of December 31, 2023, and the statements of comprehensive income, changes in Stockholders' equity and of cash flows for the year then ended, and its notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Motherson Techno Precision México, S.A. de C.V., as of December 31, 2023, and its financial performance and its cash flow for the year ended in accordance with Mexican Financial Reporting Standards (MFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in México in accordance with the Instituto Mexicano de Contadores Públicos A. C.'s Code of Professional Ethics (IMCP Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and IMCP Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other issues

The Company's financial statements as of December 31, 2022 are presented only for comparative purposes, since they were audited by other independent public accountants who issued a qualified opinion on May 23, 2023, for the lack of employee benefits and deferred income tax recognition.

These report and the accompanying financial statements have been translated from the original Spanish language version for the convenience of foreign/English-speaking readers.

Responsibilities of the management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with MFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of 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 appropriate, 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

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 the ISAs, we exercise our professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We communicate with 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 we identify during our audit.

Baker Tilly México
Independent member firm of
Baker Tilly International

CPA Gabriel Barranco Hernández
Audit Partner

Aguascalientes, Ags. México
May 14, 2024

Motherson Techno Precision México, S.A. de C.V.
(Subsidiary of Motherson Air Travel Agency GmbH)

Statements of financial position

As of December 31, 2023 and 2022
(Stated in Mexican pesos)

			2023		2022
Assets					
Current assets:					
Cash and cash equivalents	Note 5	Ps.	17,965,544	Ps.	14,081,409
Accounts receivable			34,607,575		41,138,956
MSSL GmbH (stockholder)	Note 9		10,515,205		8,399,402
Inventories	Note 7		47,107,611		58,574,426
Recoverable taxes	Note 6		9,203,038		1,809,993
Prepaid expenses			2,960,407		5,591,646
Total current assets			122,359,380		129,595,732
Non current assets:					
Machinery, equipment, and leasehold improvements	Note 8		60,163,933		45,388,413
Intangible assets	Note 10		247,001		320,608
Right of use assets	Note 11		13,771,473		19,920,779
Deferred income tax	Note 14		22,924,184		26,355,178
Deferred employees' profit sharing	Note 15		8,025,288		8,979,553
Total assets		Ps.	227,491,259	Ps.	230,560,263
Liabilities and Stockholders' equity					
Short term liabilities:					
Accounts payable		Ps.	17,919,931	Ps.	20,436,869
Employees' benefits			4,186,353		7,034,611
Lease	Note 11		6,529,634		6,730,594
Related parties	Note 9		18,954,859		21,015,310
Accrued expenses and other provisions	Nota 12		49,905,251		61,223,063
Taxes and accrued liabilities			56,142		2,334,676
Total current liabilities			97,552,170		118,775,123
Long-term liabilities:					
Related parties	Note 9		20,581,478		31,261,612
Leases	Note 11		7,449,795		12,336,161
Employees' benefits	Note 13		2,958,303		2,183,478
Total liabilities			128,541,746		164,556,374
Stockholders' equity:					
Capital	Note 16		50,000		50,000
Net income of the year			98,945,624		65,953,889
Contingencies Stockholders' equity	Note 18		98,949,513		66,003,889
Total liabilities and equity		Ps.	227,491,259	Ps.	230,560,263

The accompanying notes are an integral part of these financial statements which were authorized for their issuance on May 14, 2024 by the officer that sign these financial statements and their notes.

Martha Butron Angeles
Legal Representative

Motherson Techno Precision México, S.A. de C.V.
(Subsidiary of Motherson Air Travel Agency GmbH)

Statements of comprehensive income

For the years ended December 31, 2023, and 2022
(Stated in Mexican pesos)

	Notes		2023		2022
Sales from contracts with customers		Ps.	288,553,010	Ps.	308,593,282
Cost of sales from contracts with customers			192,920,540		195,794,116
Gross profit			95,632,470		112,799,166
Operating expenses			43,277,906		45,751,317
Operating profit			52,354,564		67,047,849
Comprehensive financial result:					
Net Interest income			2,628,179		5,082,510
Exchange profit (loss), net			2,568,089		(3,040,053)
			5,196,268		2,042,457
Profit before income taxes			47,158,296		69,090,306
Income tax			14,212,672		20,857,495
Net profit of the year		Ps.	32,945,624	Ps.	48,232,811

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Martha Butron Angeles
Legal Representative

Motherson Techno Precision México, S.A. de C.V.
(Subsidiary of Motherson Air Travel Agency GmbH)

Statements of changes in Stockholders' equity

For the years ended December 31, 2023 and 2022
(Stated in Mexican pesos)

		Capital		Retained earnings		Net Profit		Total
Balance at January 1 2022	Ps.	50,000	Ps.	(13,926,441)	Ps.	31,647,519	Ps.	17,771,078
Transfer to retained earnings				31,647,519		(31,647,519)		-
Net profit of the year		-		-		48,232,811		48,232,811
Balance at December 31, 2022	Ps.	50,000	Ps.	17,721,078	Ps.	48,232,811	Ps.	66,003,889
Transfer to retained earnings		-		48,232,811		(48,232,811)		-
Net profit of the year		-		-		32,945,624		32,945,624
Balance at December 31, 2023	Ps.	50,000	Ps.	65,953,889	Ps.	32,945,624	Ps.	98,949,513

The accompanying notes are an integral part of these financial statements which were authorized for their issuance on May 14, 2024 by the officer that sign these financial statements and their notes.

Martha Butron Angeles

Legal Representative

Motherson Techno Precision México, S.A. de C.V.
(Subsidiary of Motherson Air Travel Agency GmbH)

Statements of cash flows

For the years ended December 31, 2023 and 2022
(Stated in Mexican pesos)

		2023		2022
Operating activities				
Profit before provision for income tax	Ps.	47,158,296	Ps.	69,090,306
Items not affecting cash flows:				
Employees benefits		774,825		515,765
Deferred employee profit sharing		954,265		495,036
Item related to investing activities:				
Depreciation and amortization impairment of property, plant and equipment		14,183,220		13,372,867
Gain on disposal of property, plant and equipment		-		(290,896)
Interest income		(52,844)		(1,593)
Items related to financing activities:				
Leases interest		445,493		-
Interest expense		2,568,089		3,040,053
		66,031,344		86,221,538
Operating activities:				
Accounts receivables and others		(11,643,442)		(8,732,500)
Inventories		11,466,815		1,917,280
Accounts payable		(2,516,938)		5,752,996
Others accounts payables		(13,596,346)		(33,343,453)
Prepaid expenses		2,631,239		629,231
Related parties		(4,176,254)		(8,717,760)
Employees' benefits payment		(2,848,258)		(358,780)
Net cash flow from operating activities		45,348,160		43,368,552
Investment activities:				
Proceeds from sale of equipment		-		941,552
Purchase of machinery and equipment		(22,735,827)		(3,923,578)
Interest received		52,844		1,593
Net cash flows from investment activities		(22,682,983)		2,980,433
Financing activities:				
Related parties		(10,680,134)		(35,012,978)
Leases payments		(5,532,819)		
Interest paid		(2,568,089)		(3,040,053)
Net cash flow from financing activities		(18,781,042)		(38,053,031)
Increase in cash and cash equivalents		3,884,135		2,335,088
Cash and cash equivalents at beginning of year		14,081,409		11,746,321
Cash and cash equivalents at end of year	Ps.	17,965,544	Ps.	14,081,409

The accompanying notes are an integral part of these financial statements which were authorized for their issuance on May 14, 2024 by the officer that sign these financial statements and their notes.

Martha Butron Angeles
Legal Representative

Motherson Techno Precision México, S.A. de C.V.
(Subsidiary of Motherson Air Travel Agency GmbH

Notes to the financial statement

For the years ended December 31, 2023 and 2022
(Stated in Mexican pesos)

1. Information of the Company and nature of its operations

Motherson Techno Precision México, S. A. de C. V. (collectively, "the Company") which is a subsidiary of Motherson Air Travel Agency GmbH (formerly known as Motherson Techno Precision GmbH) and MSSL GmbH, which in turn is a subsidiary of Samvardhana Motherson International Limited (formerly known as Motherson Sumi Systems Limited) and a corporation incorporated under the laws of Mexico on April 8, 2013 and commences productive activities in 2014. Its main address is San Luis Potosí, SLP and it primarily manufacturing, design, assembly, production and commercialization in any form of any kind of turned and milled parts of high-quality precision, particularly parts for fueling. The Company is a 99.9% owned direct subsidiary of Motherson Air Travel Agency GmbH (formerly known as Motherson Techno Precision GmbH) (direct holding company), and an indirect subsidiary of Samvardhana Motherson International Limited (formerly known as Motherson Sumi Systems Limited).

Manufacturing and sales operation of the Company are made in accordance with the terms of contracts between Motherson Techno Precision México, S. A. de C. V., and its client Vitesco Technologies GmbH, in the territories and in accordance with such contract signed in 2020 and ends 31 December 2025. During 2022 the sales to Vitesco Technologies GmbH, represent 96% (99% in 2022) of total production of the Company, consequently, is economically dependent on the continuance of the contract.

The period of operations of the Company and the fiscal year, comprise from January 1 to December 31.

These financial statements and its notes have been translated from the original Spanish language version for the convenience of foreign / English-speaking readers.

2. Basis of preparation of the financial statements

The accompanying financial statements have been prepared in accordance with Mexican Financial Reporting Standards (MFRS) as issued by the Mexican Financial Reporting Standards Board (MFRSB) they have been prepared under the assumption that the Company operates on a going concern basis.

Use of estimates

In preparing the financial statements, MFRS require the use of estimates and assumptions that are critical to measure some of their line items as well as disclosing some contingent assets and liabilities, if any. Actual amounts sometimes can differ from when such estimates and assumptions were originally determined.

MFRS also require Management to exercise judgement in applying the Company's accounting policies. Areas that imply major judgements and uncertainty or, where assumptions and estimates are significant to the financial statements, are described further below.

Reporting currency

The accompanying financial statements have been prepared in Mexican pesos, which is the Company's functional currency.

Functional, recording and reporting currency

Management has established the US dollar as functional currency the financial statements are presented on Mexican pesos; this currency is also used to record operations and report financial statements.

The financial statements are issue for legal and tax purposes, therefore are not subject to consolidation or valuation base on equity method, company did not perform the conversion of recording currency to functional currency in accordance with INIF 15 Financial statements, where reporting currency is equal to entry currency, but different from functional currency.

Authorization of the issued financial statements

The financial statements for the year ended December 31, 2023 were authorized for the Legal Representative, Martha Butron May 14, 2024. These financial statements must be further approved by the Company's Board of Directors and the Stockholders. In accordance with the General Corporate Law, this body is entitled to entitled to amend the financial statements after issuance.

3. New accounting pronouncements

a) New standards and improvements adopted, beginning January 1, 2023

The Company did not adopt any new accounting pronouncements released by CINIF with effective date January 1, 2023, as they are deemed not applicable.

Improvements to NIF 2023

NIF B-15 Foreign currency translation. As discussed in Note 2 "Bases of preparation of the financial statements", the Company adopted the practical expedient not to translate the financial statements to the entity's functional currency when its recording and reporting currency is the same, but different to the functional currency, and the financial statements are prepared for legal and tax purposes.

NIF D-3 Employee benefits - *Statutory employee profit sharing (PTU, for its Spanish acronym).* As a result of the amendments of the PTU payment calculation, resulted from the Federal Government Decree released on April 23, 2021, the Company has adopted the option for determining deferred PTU at a lesser rate to that determined following the Income tax law (10%).

Adoption of improvements of the following NIF eliminated disclosure specific requirements that now converge with IFRS:

NIF B-1 Accounting changes and correction of errors.
NIF B-10 Effects of inflation
NIF B-17 Fair value determination
NIF C-6 Property, plant and equipment

b) Revised and improvements to NIF issued, that are not yet effective

At the date of authorization of the financial statements, amendments and improvements to existing standards have been released by CINIF which effective dates are after December 31, 2023, and have not been early adopted by the Company. The following describes information about those that are deemed applicable to the Company.

NIF A-1 Conceptual Framework of the Financial Reporting Standards

The Conceptual Framework will change its codification to include in NIF A-1 what formerly was Series A of the extant Conceptual framework (NIF A-1 to NIF A-8). Other important changes are the fundamental and enhancing qualitative characteristics of the financial statements, some definitions of asset and liability, the new valuation of amortized cost and elimination of the replacement cost valuation. All the foregoing, given the issuance of particular new standards and to narrow down differences with International Financial Reporting Standards (IFRS).

The new Conceptual Framework will be effective for fiscal years beginning on January 1, 2023.

Improvements to NIF 2023 that generate accounting changes

NIF B-11 Long-lived assets disposition and discontinued operations / NIF C-11 Equity – ***Long-lived assets held for distribution to owners.*** Upon this improvement NIF B-11 is amended to address that such difference should also affect retained earnings. The NIF also requires some disclosures of this kind of transactions and includes in its amended bases for conclusions the analysis performed on these amendments. In addition, there are some conforming amendments to NIF C-11 to achieve consistency.

NIF B-15 Foreign currency translation - ***Practical expedient not to translate to functional currency.*** Based on feedback received, CINIF made some precisions to ensure a clear understanding and application of the practical expedient.

Improvements to NIF 2023 that do not generate accounting changes

NIF B-10 Effects of inflation – ***Inflation levels in an inflationary environment.*** The wording is amended in some paragraphs to eliminate references to annual inflation average of 8% as a measure of an inflationary environment. Accordingly, accumulated inflation for the immediate three years of 26% or higher will be the only threshold to consider an inflationary economic environment.

NIF C-2 Investment in financial instruments - ***Valuation of financial instruments when fair value is significantly different to the consideration price.*** An introductory paragraph is added to address the difference between NIF C-2 *Investment in financial instruments* and IFRS 9 *Financial Instruments* in respect to the initial measurement of a financial instrument when its fair value is significantly different to the consideration price, and such fair value is not based on observable data.

NIF C-3 Accounts receivable – ***Reference to "other receivables".*** The improvement clarifies that "other receivables" are also in scope of this NIF. Reference to "trade receivables" (in the Spanish term) is no longer used.

NIF C-4 Inventories – ***Wording precisions.*** CINIF deemed convenient to include some amendments for a better understanding of the standard. In addition, an introductory paragraph is amended in regard to convergence with IFRS, where a difference with IAS 2 Inventories arises and is being explained.

NIF D-6 Capitalization of the comprehensive financial result - *Capitalization of borrowing costs for manufacturing plants.* An introductory paragraph is added to address the difference between this NIF D-6 and IAS 23 *Borrowing costs* in respect to borrowing costs for manufacturing plants.

Company's Management anticipate that all significant pronouncements will be adopted at their effective dates.

4. Significant accounting policies

a) Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate at the transaction date. Exchange differences resulting from the settlement of such transactions and/or from remeasurement of foreign currency denominated balances using the exchange rate at the reporting date, are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies are measured at the exchange rate of the transaction date (historical cost).

b) Recognition of inflation in the financial information

In accordance with NIF B-10, effective January 1, 2008, the effects of inflation in the financial information ceased to be recognized.

Inflation for the years 2023 and 2022, determined through the National Consumer Price Index (INPC, *for its Spanish acronym*) was 4.66% and 7.82%, respectively. Accumulated inflation for the immediate three years before 2023 and 2022 was 19.39% and 13.87%, respectively. Accumulated inflation for the last three years to year end 2023 and 2022 is 21.14% and 19.39%; respectively; levels which, pursuant to NIF, correspond to a non-inflationary environment for the reporting years and the next one.

The financial statements as of December 31, 2023 and 2022 are prepared under historical cost basis. Pursuant to NIF B10, the Company does not recognize the effects of inflation in the financial information as it operates in a non-inflationary economic environment since its incorporation and commencement of its operations.

c) Presentation of the statement of comprehensive income

Costs and expenses, shown in the accompanying statements of profit or loss, are presented based on their function as such classification allows for appropriately assessing gross profit and operating margins.

d) Statements of cash flows

Statements of cash flows have been prepared under the indirect method, presenting cash flows from operating activities beginning by pre-tax net income, and reconciled with non-cash flows items arising from investing and financing activities; then followed by working capital changes, cash flows from investing activities and those from financing activities.

e) Revenues from contracts with customers

The Company is primarily engaged in manufacturing and selling parts for the automotive industry.

To recognize revenues, the Company follows the five-step model:

- Identifying the contract with the customers
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to each performance obligation, and
- Recognizing income when each performance obligation is satisfied.

Revenues from sale of automotive parts (the parts) is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the parts. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of parts, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

f) Cash and cash equivalents

Cash and cash equivalents are primarily represented by petty cash, bank and time deposits, and highly liquid short-term investments with maturities of 90 days or less, with slight risk of changes in value. Cash is presented at nominal value and investments at fair value; changes in value of this caption are recognized in the comprehensive financial result. (See Note 5).

g) Accounts receivables

Trade receivables are initially recognized at the transaction price and subsequently measured at the unconditional consideration amounts, less any expected loss. (Where trade receivables contain significant financing components pursuant MFRS D-1, they are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest rate method, less any expected loss.

To recognize any impairment, the Company uses a simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. To measure ECL, accounts receivable is grouped based on shared credit risk characteristics and the days past due. Expected loss rates are applied based on the payment profiles of sales over the last 2 years and the corresponding credit losses experienced within this period.

h). Prepaid expenses

Prepaid expenses mainly comprise insurance and other upfront payments to service suppliers) for which the benefit or inherent risk for the goods or services acquired are not yet transferred to the Company. They are recognized at the amounts paid; when receiving the good or service they are transferred to an asset or expense based on which the payment was intended. Prepayments in foreign currency are recognized at the exchange rate of the transaction date and are not subject to remeasurement due to foreign exchange fluctuation.

i) Machinery, equipment, and lease hold improvements

Machinery, equipment and lease hold improvements initially recognized at their acquisition cost.

Depreciation of property, plant and equipment is calculated upon the value of the assets, using the straight line method and based on their estimated useful lives. (See Note 8), which are annually reviewed considering their residual value.

	Annual rates
Machinery and equipment	17%
Leasehold improvements	5%
Computer equipment	30%
Office furniture and equipment	8%
Vehicles	25%
Tools	35%

Where these assets are comprised in various components with different estimated useful lives, material individual components are depreciated during their individual useful lives. Maintenance costs and repair costs are charged to profit or loss as incurred.

When there is a substantial period of construction or installation of property, plant and equipment, the accrued comprehensive financial result is capitalized to the qualifying assets.

Improvements to leased facilities are accounted for at their acquisition cost and amortized during the lease term.

The value of property, plant and equipment is reviewed when there is an indication of impairment in the value of such assets. When the recovery value, which is the greater of the sales price and value in use (which is the present value of future cash flows), is lower than the net book value, the difference is recognized as an impairment loss. In the years ended December 31, 2023 and 2022, no indications of impairment were identified.

j) Leases

The Company accounts for a right-to-use asset arising from lease agreements entered into as a lessee. Its cost comprises the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any cost of dismantling the asset at the end of the lease contract, and any lease payments made prior to the lease official commencement date (net of any incentives received).

Right-of-use assets are depreciated using the straight-line method from the lease initial date to the earlier of the asset's end of its useful life or to the end of the lease term.

The liability is measured at the present value of the future payments at the beginning of the lease, discounted at an interest rate implied in the lease, if that rate is easily determinable, the Company's incremental financing rate or a free risk rate. After the initial measurement, the liability will be reduced by the payments made and increased by the interest. The liability is re-measured to reflect any re-evaluation or modification, or if there is a change in payments that are essentially fixed. The measurement adjustment affects the right-of-use asset or affects income if the asset has already been reduced to zero.(See Note 11).

k) Financial liabilities

The Company's financial liabilities include bank loans, lease obligations, suppliers, and other accounts payable.

Financial liabilities are initially measured at fair value and, when applicable, adjusted for transaction costs, unless the Company has designated the financial liability in its initial recognition at fair value through profit or loss (FVTPL).

l) Provisions and contingent liabilities

Provisions are recognized when (i) there is a present obligation (legal or assumed) because of a past event, (ii) there is a likely need of outflow of economic resources, and (iii) amounts can be estimated reliably.

Contingent liabilities are only recognized when the outflow of economic resources for their settlement is probable and there are reasonable bases for its quantification. Likewise, commitments are recognized only when a loss is known.

m) Employees' benefits

Direct benefits

Obligations for short-term employee direct benefits such as salaries, profit sharing, year-end bonus, paid vacation, illness leave are recognized as expenses in the year the employees are entitled for the benefits.

Seniority premium and indemnifications

The Federal Labor Law in México sets forth payment of seniority premium to personnel being employed for 15 or more years, as well as indemnifications for voluntary or involuntary termination, that are mandatory at the time the labor relationship ceases for termination or retirement. These benefits are determined based on actuarial appraisals considering personnel years of service to cover defined benefit obligations (DBO) in a long-term liability. (See Note 10).

Adjustments to DBO arising from actuarial gains or losses are recognized in OCI and then reclassified to profit or loss based on the remaining average labor life. Costs of unaccrued past services, less fair value of plan assets (if any) are recognized in profit or loss.

n) Statutory Employees profit sharing (ESPS)

Current SPS is recognized in profit or loss for the year in which is deemed payable and is allocated in its belonging expense item within the statement of comprehensive income.

Effective January 1, 2023, ESPS is initially calculated based on taxable income as provided in Section II of Article 10 of the Income Tax Law (tax mechanism). As a result of the Reform to Federal Labor Law (LFT *for its Spanish acronym*) released on April 23, 2023, the mechanism to determine ESPS payable considers a maximum amount; this is compared to ESPS calculated under the tax mechanism to determine current ESPS of the year.

Deferred ESPS is determined from temporary differences arising from comparing book against tax values of assets and liabilities. The rate is determined based upon the current ESPS as described in the preceding paragraph, either the tax rate, or that which is determined by the Company pursuant the maximum amount payable as set forth in the LFT. Deferred ESPS asset is recognized only if it is probable that will be recoverable in the future.

o) Comprehensive income

Total comprehensive income represents the equity gained during the year, comprised by the net income and other comprehensive items. The Company's other comprehensive items are the result of accumulated translation effects, defined benefit plan adjustments, fair value reassessments, and the effect of deferred taxes being applied directly to equity.

q) Income taxes

Income tax expense is comprised by the current and deferred income tax of the year. Current income tax of the year is presented as a short-term liability, net of any prepayment made during the same year.

Deferred income tax is determined based on temporary differences arising from comparing book against tax values of assets and liabilities using the expected tax rate will be in force in the year the asset would be realized, or the liability would be settled. (See Note 5).

A deferred tax asset is recognized for temporary deductible differences, including the benefit of tax loss carryforwards and other tax credits, only if it is probable that future taxable income will be available to utilize those temporary differences or losses. The carrying amount of the asset is reviewed at the reporting date and is reduced to the extent it is unlikely to have sufficient tax benefits available to which the asset can be realized. Accordingly, any deferred tax asset allowance previously created is reversed otherwise.

Deferred income tax of applicable items recognized aside of profit or loss are associated to the underlying transaction, and therefore, recognized in OCI. (See Note 5).

Uncertain tax treatments

The Company assesses every year the uncertainty over tax treatments in connection with income tax, considering any new positions taken by the tax authority and/or tax amendments during the year that can affect those tax treatments adopted by the Company in prior years.

For those uncertain treatments where Management may conclude are not probable that the tax authority will accept them, Management uses the "most likely amount" method to estimate income tax determinations.

5. Cash and cash equivalents

As of December 31, 2023 and 2022, cash and cash equivalents are comprised as follows:

	December 31,			
		2023		2022
Fixed	Ps.	16,147	Ps.	26,000
Banks		17,949,397		14,055,409
	Ps.	17,965,544	Ps.	14,081,409

6. Recoverable taxes

As of December 31, 2023 and 2022, tax recoverable are analyzed as follows:

	December 31,			
		2023		2022
Prepayments Income Tax	Ps.	5,404,130	Ps.	-
Recoverable value added tax		3,798,908		1,809,893
	Ps.	9,203,038	Ps.	1,809,893

7. Inventories

As of December 31, 2023 and 2022, inventories are analyzed as follows:

	December 31,			
		2023		2022
Raw material	Ps.	17,348,643	Ps.	16,977,515
Finished goods		11,366,846		21,661,772
Work in progress		17,465,749		19,008,766
Spare parts for machines		926,373		926,373
	Ps.	47,107,611	Ps.	58,574,426

Inventories recognized in profit as part of cost of sales for the years ended as at 31 December 2023 and 2022 totaled $102,825,306 and $127,258,686, respectively.

As of December 31, 2023 and 2022 inventories existence granted on consignment amounts to $7,336,755 and 10,307,428, respectively.

8. Machinery, equipment, and leasehold improvements

a) Machinery, equipment, and leasehold improvements are comprised as follows:

		As of December 31,			
		2023		2022	
Components subject to depreciation		Investment		Investment	Depreciation rate
Machinery and equipment	Ps.	91,516,083		89,916,066	17%
Leasehold improvements		5,725,757		5,725,757	5%
Computer equipment		4,069,306		3,798,727	30%
Office furniture and equipment		847,499		837,052	8%
Tools		4,650,229		4,557,169	35%
		106,808,874		104,834,771	
Accumulated depreciation		(77,633,653)		(70,604,407)	
		29,175,221		34,230,364	
Components not subject to depreciation					
Construction in process		30,988,712		11,158,049	
Machinery and equipment, net	Ps.	60,163,933	Ps.	45,388,413	

b) Depreciation expense for the years ended December 31, 2023 and 2022 amounted to Ps. 7,102,877 and Ps. 6,727,854. respectively.

c) The Company sold Machinery and equipment and vehicles in the amount of $941,552 in 2022, which are presented as part of other Income.

9. Related parties

a. Balances receivable with related parties As of December 31, 2023 and 2022 are as follows:

	December 31,			
	2023		2022	
MSS GmbH (Shareholder)	Ps.	10,515,205	Ps.	8,399,402

b. Balances payable with related parties As of December 31, 2023 and 2022 are as follows:

	As of December 31			
Currente:	2023		2022	
Motherson Air Travel Agency GmbH	Ps.	-	Ps.	459,332
Motherson Sumi Infotech and Desing Ltd. (affiliate)		-		45,850
SMR Automotive Mirror international USA Inc. (affiliate		18,786		45,117
MSSL India (affiliate)		99,893		17,311
Motherson Air Travel Agency GmbH (holding company)		18,836,181		20,447,700
	Ps.	18,954,859	Ps.	21,015,310

	As of December 31,			
Long-term payable:	2021		2022	
Motherson Air Travel Agency GmbH (holding company)	PS.	20,581,478	PS.	31,261,612

B. The company has entered into the following agreements with its related parties:

- In 2021, the company received two loans totaling USD $1,050,000 and Eur $2,800,003 of its Holding, Motherson Air Travel Agency GmbH (formerly known as Motherson Techno Precision GmbH). These loans accrued an interest rate of 2.7% plus three month of rate IBOR and 2.75%, respectively and the loans mature on 31 December 2021. The proceeds of these loans will be used to finance the Company's working capital.

- Administrative service agreement with Motherson Air Travel Agency GmbH (Formerly known as Motherson Techno Precision GmbH), for which the Company pays a royalty equal to 5% of its net sales. This agreement is renewable thereafter indefinitely by mutual accord.

C. During the years ended December 31, 2023 and 2022, transactions with related parties are shown below:

	Year ended As of December 31,			
Income:	2023		2022	
Sale of inventories	Ps.	18,328,473	Ps.	10,788,794
Expenses				
Other expenses (freight and consumables)		62,577		38,071
Salaries		96,414		-
Travel expenses		101,886		1,814,147
Purchase of materials		164,786		53,119
Software		518,459		23,456
Interest		1,601,997		4,191,541
Service		1,873,489		6,426,407
Purchase of machinery and equipment		10,521,582		2,686,582
	Ps.	14,941,190	Ps.	15,233,323

10. Intangible assets

An analysis of intangible assets as at 31 December 2023 and 2022 is as follows:

		Finite useful life
		Software
Cost:		
At 1 January, 2022	Ps.	1,302,130
Additions		-
As at 31 December, 2022		1,302,130
Additions		-
As at 31 December, 2023	Ps.	1,302,130
Amortization:		
As at 1 January, 2022	Ps.	(907,914)
Amortization		(73,608)
As at 31 December, 2022		(981,522)
Amortization		(73,607)
As at 31 December, 2023	Ps.	(1,055,129)
Net book value:		
As at 31 December, 2023		247,001
As at 31 December, 2022		320,608

Amortization expense for the years ended 31 December 2023 and 2022 of $73,607 and $73,608, respectively, was recognized in profit and loss as part of administrative expenses.

11. Leases

Right of use assets and lease liabilities are comprised as shown below:

		Buildings		Motor vehicles		Other equipment		Total
As at 1 January 2022	Ps.	23,757,606	Ps.	2,214,251	Ps.	262,355	Ps.	26,234,212
Additions		-		257,971		-		257,971
Depreciation/amortization expense		(5,544,375)		(901,099)		(125,930)		(6,571,404)
As at 31 December 2022	Ps.	18,213,231	Ps.	1,571,123	Ps.	136,425	Ps.	19,920,779
As at 1 January 2023	Ps.	18,213,231	Ps.	1,571,123	Ps.	136,425	Ps.	19,920,779
Additions		479,117		378,305		-		857,422
Depreciation/amortization expense		(5,957,505)		(923,292)		(125,931)		(7,006,728)
As at 31 December 2023	Ps.	12,734,843	Ps.	1,026,136	Ps.	10,494	Ps.	13,771,473

The Company has lease contracts for various items of buildings, vehicles and other equipment used in its operations. Leases of buildings generally have lease terms between 3 and 5 years, while motor vehicles and other equipment generally have lease terms between 2 and 3 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	As of December, 31			
		2023		2022
As at 1 January	Ps.	19,066,755	Ps.	26,566,270
Additions		857,422		257,971
Accretion of interest		445,493		(636,173)
Fluctuation		(1,032,916)		-
Payments		(5,087,325)		(7,121,313)
As at 31 December	Ps.	13,979,429	Ps.	19,066,755
Current	Ps.	6,529,634	Ps.	6,730,594
Non-current	Ps.	7,449,795	Ps.	12,336,160

The following are the amounts recognized in profit:

	As of December, 31			
		2023		2023
Depreciation expense of right of use assets	Ps.	7,006,728	Ps.	1,027,029
Interest expense on lease liabilities		445,493		636,174
Expense relating to short-term leases (included in operating expenses)		-		16,574
Total amount recognized in profit	Ps.	7,452,221	Ps.	1,679,777

12. Accrued expenses and other provisions

Movements on provisions and accrued liabilities are as follows:

		Balance at 31 December 2022	Increasing	Payments	Balance at 31 December 2023
Current:					
Accruals	Ps.	56,414,582	19,776,677	31,013,310	45,177,949
Fees and service		1,269,200	994,800	1,475,000	789,000
Salaries (1)		1,517,751	-	-	1,517,751
Local taxes		1,733,941	-	-	1,733,941
Other provisions		287,589	399,021	-	686,610
	Ps.	61,223,063	21,170,497	32,488,310	49,905,248

Include provision of vacation and vacation premium.

	As of December 31, 2022	Increasing	Payments	As of December, 31 2023
Current:	Ps. 61,914,741	Ps. 17,966,024	Ps. 23,466,183	Ps. 56,414,582
Accruals	460,855	1,339,600	531,255	1,269,200
Fees and service	2,260,246	3,862,656	4,605,151	1,517,751
Salaries (1)	1,789,481	18,165,547	18,221,087	1,733,941
Local taxes	270,291	20,038,594	20,021,296	287,589
Other provisions	Ps. 66,695,614	Ps. 61,372,421	Ps. 66,844,972	Ps. 61,223,051

13. Employees' benefits

The company has two separate pension plans for its unionized and non-unionized workers, both of which are classified as defined benefit pension plans. The average remaining working lifetime of the company´s employees is 3 years.

An analysis of the net periodic cost, the net defined benefit liability and the fair value of plan associated with the Company's post-employment benefits pension plan, seniority premiums, and termination benefit plan as at and for the years ended 31 December 2023 and 2022 is as follows:

a. Net periodic cost:

	2023		
	Retirement benefits	Termination benefits	Total
Analysis of net periodic cost for 2023:			
Current year service cost	Ps. 54,897	Ps. 955,848	Ps. 1,010,745
Net interest cost on net defined benefit liability	20,105	134,442	154,547
Actuarial loss (gain) from settlements	(44,335)	(764,556)	(720,221)
Net periodic benefit cost for 2023	Ps. 119,337	Ps. 325,734	Ps. 445,071

	2022		
	Retirement benefits	Termination benefits	Total
Analysis of net periodic cost for 2022:			
Current year service cost	Ps. 56,594	Ps. 852,123	Ps. 908,717
Net interest cost on net defined benefit liability	15,636	-	15,636
Actuarial loss (gain) from settlements	40,473	(583,503)	(543,030)
Net periodic benefit cost for 2022	Ps. 112,703	Ps. 268,620	Ps. 381,323

b. An analysis of changes in the company´s net defined benefit liability is as follows:

	As of December 31,					
	Retirement benefits		Termination benefits		Total	
Net defined benefit liability:						
Net defined benefit liability as at 1 January 2022	Ps.	187,820	Ps.	1,838,673	Ps.	2,026,493
Current year service cost		56,594		852,123		908,717
Net interest on net defined benefit liability		15,636		134,442		150,078
Benefits paid		(101,485)		(257,295)		(358,780)
Actuarial loss from settlements		40,473		(583,503)		(543,030)
Net defined benefit liability as at 31 December 2022	Ps.	199,038	Ps.	1,984,440	Ps.	2,183,478
Current year service cost	Ps.	54,897	Ps.	955,848	Ps.	1,010,745
Net interest on net defined benefit liability		20,105		174,633		194,738
Benefits paid		-		(485,262)		(485,262)
Actuarial loss (gain) from settlements		44,335		(764,556)		(720,221)
Net defined benefit liability as at 31 December 2023	Ps.	318,375	Ps.	1,865,103	Ps.	2,183,478

An analysis of the net defined benefit liability is as follows:

	As of December 31, 2023				
	Retirement benefits		Termination benefits		Total
Provisions for: Defined benefit obligation	Ps. 318,375	Ps.	1,865,103	Ps.	2,958,303
	2022				
	Retirement benefits		Termination benefits		Total
Provisions for: Defined benefit obligation	Ps. 199,038	Ps.	1,984,440	Ps.	2,183,478

c. The key assumptions used in the actuarial study, expressed in absolute terms, were as follows:

	2023	2022
Financial assumptions:		
Discount rate	10.20%	8.40%
Expected salary increase rate	5.00%	5.00%
Inflation rate	4.00	4.00
Biometric assumptions:		
Mortality rate	EMSSA 2009	EMSSA 2009
Disability in active employees	IMSS – 97	IMSS – 97

a) An analysis of the net defined benefit liability is as follows:

	2022					
	Retirement benefits		Termination benefits		Total	
Provisions for:						
Defined benefit obligation	Ps.	318,375	Ps.	1,865,103	Ps.	2,183,478
Net periodic benefit cost for 2022	Ps.	318,375	Ps.	1,865,103	Ps.	2,183,478

	2023	2022
Financial:	%	%
Discount rate	10.20%	8.40%
Expected salary increase rate	5.00%	5.00%
Inflation rate	4.00%	4.00%
Biometric assumptions:		
Mortality rate	EMSSA 2009	EMSSA 2009
Disability in active employees	IMSS – 97	IMSS - 97

b) Fiscal values

Stock reimbursements and dividends, except for those restated tax balances of paid in common stock (CUCA, for its Spanish acronym) and retained earnings (CUFIN, for its Spanish acronym) will be subject to income tax to the Company at the rate in effect at distribution date. The tax paid may be credited against the annual income tax for the year in which the tax on dividend is paid and the two immediately following years.

As of December 31, 2023 and 2022, the CUFIN and CUCA accounts have the following values:

	December 31,			
	2023		2022	
CUCA account balance	Ps.	82,550	Ps.	78,875
CUFIN account balance		135,505,868		109,438,236

14. Income tax

In 2022, the Company determined a tax profit of Ps.101,763,977 (tax profit of Ps.132,063,002 in 2022) For the years ended December 31, 2023 and 2022 the tax rate was 30%.

The tax result differs from the accounting result, mainly in such items cumulative by the time and deducted differently for accounting and tax purposes, by the recognition of the inflation effects for tax purposes, as well such items only affecting either the accounting or tax result.

a. The income tax provision is analyzed as follows:

	Years ended December 31			
		2023		2022
Current income tax	Ps.	10,781,678	Ps.	19,912,822
Deferred income tax		3,430,994		944,673
	Ps.	14,212,672	Ps.	20,857,495

b. The effective rate and statutory rate reconciliation at December 31, 2023 and 2022 is as follows:

	Year ended December 31,			
		2023		2022
Profit for income tax	Ps.	47,158,296	Ps.	69,090,306
Tax rate		30%		30%
Income tax at legal rate		14,147,489		20,727,091
Plus (less) the following items				
Non-deductible		1,256,832		1,181,988
Inflation effect on PPYE		(679,817)		-
Annual Inflation adjustment		(67,707)		1,157,372
Other permanent items		(444,125)		(1,529,871)
Income tax	Ps.	14,212,672	Ps.	20,857,495
Effective tax rate		30%		30%

c. As of December 31, 2023 and 2022, the main temporary differences on which that deferred income tax was recognized as follows:

	As of December 31			
		2023		2022
Deferred tax assets:				
Provisions	Ps.	52,913,904	Ps.	62,076,878
Current employee profit sharing		4,186,353		7,034,611
Retirement benefits and termination benefits		2,958,303		2,183,478
Machinery and equipment		30,019,189		31,905,565
Intangible asset		-		50,347
Lease liability		13,979,429		19,066,755
Deferred income tax	Ps.	104,057,178	Ps	122,317,634

Deferred tax liabilities:		As of December 31,		
Deferred employee profit sharing		2023		2022
Prepaid expenses				
Asset use rights		(13,771,473)		(19,920,779)
Deferred revenue		(1,000,000)		(1,155,000)
		80,434,223		87,850,592
Income tax rate		30%		30%
Deferred tax liability, net		24,130,267		26,355,178
Valuation reserve		(1,206,083)		-
Deferred tax asset	Ps.	22,924,184	Ps.	26,355,178

15. Employees' statutory profit sharing (ESPS)

The Company is subject to the payment of the ESPS, which is calculated using the procedures established by the Law of income tax (LIT). On January 1, 2014, the new LIT entered into force, which modifies the procedure to determine the taxable base for the calculation of the ESPS, which must be determined based on the provisions of Article 9 of the LIT, where the taxable base for ESPS is the reported taxable income for income tax purposes, without reducing the ESPS paid or deferred tax losses and decreasing the amount of non-deductible exempt wages, as well as historical tax depreciation that would have been determined if there had not been applied immediate deductions to property, plant and equipment in prior years to 2014.

In 2023 the Company determined an ESPS payable of Ps.8,025,288. (In 2022 ESPS payable was Ps.7,034,611). The taxable base of ESPS differs from the accounting result mainly due to the fact that historical depreciation is recognized for accounting purposes, while for the purposes of ESPS caused, the same taxable base is recognized as for income tax, as mentioned in the previous paragraph, which generates differences in the time in which some items are accrued or deducted from accounting and for effects of ESPS caused, as well as those items that only affect the accounting result or ESPS caused by the year.

a. At December 31, 2023 and 2022, the employees' profit-sharing provision recognized in the statements of comprehensive income as follows:

		Year ended December 31		
		2023		2022
Employees' statutory profit sharing	Ps.	8,025,288	Ps.	7,005,379
Deferred employees' statutorily profit sharing		954,265		495,036
Total employee profit sharing	Ps.	8,979,553	Ps.	7,500,415

b. Deferred Employee Profit Sharing (DEPS)

An analysis of the Company's Deferred Employee Profit Sharing (DEPS) assets (liabilities) as at 31 December 2023 and 2022 is as follows:

		Year ended December 31		
		2023		2022
Deferred ESPS assets:				
Provisions	Ps.	52,151,722	Ps.	62,076,878
Retirement benefits and termination benefits		-		2,183,478
Machinery and equipment		30,019,189		31,905,565
Intangible asset		-		50,347
Other asset		762,182		
Lease liability		19,066,755		19,066,755
Deferred ESPS	Ps.	101,999,848	Ps.	115,283,023

		Year ended December 31	
		2023	2022
Deferred EPS liabilities	Ps.	(1,000,000)	(4,411,709)
Prepaid expenses		(826,194)	(19,920,779)
Asset use rights		(19,920,779)	(1,155,000)
Deferred income		(21,746,973)	(25,487,488)
		80,252,875	89,795,535
EPS rate		10%	10%
Deferred employee profit sharing assets, net		8,025,288	8,979,553

Based on financial and tax projections prepared by Company management, the Company has determined that its net deferred employee profit sharing asset.

Current and deferred employee profit sharing are presented as part of operating costs in the statement of income.

16. Stockholders' equity

a. The common stock consists of ordinary nominative shares at par value of one peso each. As of December 31, 2023 and 2022 the capital stock is as follows:

	Year ended December 31, 2023		
	Number of shares	Amount	
Fixed capital, series A	50,000	Ps.	50,000
	50,000	Ps.	50,000

b) In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. At 31 December 2022 the legal reserve is $10,000 ($10,000 in 2022).

c) There was no dividend decree between the closing date of the accompanying financial statements and the date of authorization to issue them.

Earnings distributed in excess of the Net taxed profits account (CUFIN, by its acronym in Spanish) and CUFINRE balances will be subject to the payment of corporate income tax at the statutory rate at that time. The payment of this tax may be credited against the Company's current income tax and income tax payable for the two subsequent years or against provisional tax payments.

Dividends paid to individuals and foreign corporations from earnings generated as of 1 January 2014 shall be subject to an additional 10% withholding tax.

17. Subsequent events

Vacation reform

The vacation reform published in the Official Gazette on 27 December 2022 and effective as of 1 January 2023 amends Articles 76 and 78 of the Federal Labor Law, which address vacation periods.
The vacation reform increases the number of vacation days to which workers are entitled (and, in turn, increases the amount of vacation premium payable), provided that such modifications are more favorable to the workers' existing benefits.

Workers who have more than one year of service are now entitled to twelve paid vacation days per year, increasing by two days for each additional year of service until the fifth year (20 days). As of the sixth year, the number of vacation days granted to employees will increase by two days for each additional five years of service. The accounting effects of the increase in compensated absences payable for the year ended 31 December 2022, as well as the increase in vacation premium, are disclosed in.

18. Contingencies and Commitments

a) Federal and state taxes are open to review by the tax authorities for a period of five years. Accordingly, the Company is contingently liable for any omitted taxes that might be determined by the tax authorities in the event of a review, as well as penalties, restatements and surcharges.

b) In accordance with the MITL, companies that carry out transactions with related parties are subject to tax restrictions and obligations with respect to the determination of the prices charged, since such prices should be similar to the prices that would have been used with or between independent parties in comparable transactions. Should the tax authorities review and reject the Company's intercompany pricing, they may demand payment of the omitted taxes, plus restatements and surcharges, as well as fines for amounts of up to 100% of the restated omitted taxes.

c) As at 31 December 2023 and 2022 and at the date of issue of these financial statements, the Company is party to a number of suits and litigations, including labor lawsuits. There is no certainty as to what the outcome of these proceedings will be, and whether or not these could give rise to a contingency. The Company's executives and legal advisors do not believe that the Company needs to create a provision for these suits.

Martha Butron Angeles
Legal Representative