

Financial Statements Report
of
MOTHERSON TECHNOLOGY SERVICES
KABUSHIKI GAISHA
for the year ended March 31, 2024 and 2023
with
Audit Report

Miki Accounting Co.

Miki ACCOUNTING CO.

Certified Public Accountant
A Professional Corporation

Audit Report

To the Board of Directors of
MOTHERSON TECHNOLOGY SERVICES KABUSHIKI GAISHA

We have audited the financial statements of MOTHERSON TECHNOLOGY SERVICES KABUSHIKI GAISHA (the "Company"), which comprise the balance sheet as of March 31, 2024 and 2023, the income statement for the year ended March 31, 2024 and 2023, 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, 2024 and 2023, and the results of their operations for the year then ended in accordance with IND AS accounting policies.

Very truly yours,



Miki Accounting Co.
April 19, 2024
Osaka, Japan

BALANCE SHEET

MOTHERSON TECHNOLOGY SERVICES KABUSHIKI GAISHA

As of March 31, 2024

ASSETS	Japanese Yen	
	2024	2023
Current Assets:		
Cash	¥ -	¥ -
Cash in bank	14,862,039	24,209,766
Accounts receivable	81,904,572	106,121,256
Allowance for doubtful accounts (Trade receivables)	(30,585,404)	(30,585,404)
Stocks (including Work in progress)	10,143,568	7,449,071
Prepayments	25,785	69,238
Other receivables	9,596,730	2,500,798
Consumption tax receivable	3,288,890	-
Total current assets	89,236,180	109,764,725
Non-current Assets		
Fixed Assets:		
Fixtures	400,000	1,480,000
Equipment	8,049,117	8,049,117
Less, Accumulated depreciation	(11,893,898)	(10,186,961)
Software	6,584,300	6,584,300
	3,139,519	5,926,456
Other Assets:		
Deposits	1,100,000	1,100,000
Total non-current assets	4,239,519	7,026,456
Total assets:	¥ 93,475,699	¥ 116,791,181
LIABILITIES AND EQUITY		
	Japanese Yen	
	2024	2023
Current & Fixed Liabilities:		
Accounts payable - Trade	¥ 122,875,435	¥ 72,083,759
Short-term debt	200,000,000	200,000,000
Long-term debt	385,560,261	347,523,156
Accounts payable - other	62,192,001	61,135,523
Income taxes payable	182,500	182,500
Consumption tax payable	-	14,948,583
Accrued expenses	27,107,261	17,804,610
Paid holidays allowance	1,670,092	2,233,817
Deposit received, Withholding tax, etc	459,684	404,272
Advance Received	6,434,100	6,434,100
Suspense receipt	-	3,350,000
Total current liabilities:	806,481,334	726,100,320
Shareholders' Equity:		
Common stock	28,000,000	28,000,000
Retained earnings	(741,005,635)	(637,309,139)
Total shareholders' equity:	(713,005,635)	(609,309,139)
Total liabilities and shareholders' equity:	¥ 93,475,699	¥ 116,791,181

INCOME STATEMENTS

MOTHERSON TECHNOLOGY SERVICES KABUSHIKI GAISHA
For the year ended March 31, 2024

	Japanese Yen	
	2024	2023
Revenue:		
Net sales	¥ 241,300,752	¥ 256,935,981
Interest income	402	246
Foreign exchange gain	4,094,346	6,875,398
Other miscellaneous income	339,014	1,942,002
	245,734,514	265,753,627
Costs and expenses:		
Cost of sales	203,228,266	219,575,230
Selling, general and administrative	105,684,492	120,356,923
Interest expense	19,880,172	10,799,670
Loss on retirement of fixed assets	2	-
Foreign exchange loss	20,455,578	11,662,489
	349,248,510	362,394,312
Income before income taxes	(103,513,996)	(96,640,685)
Income taxes	182,500	182,500
Net income	(103,696,496)	(96,823,185)
Retained earnings at:		
Beginning of year	(637,309,139)	(540,485,954)
End of year	¥ (741,005,635) ¥	(637,309,139)

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

MOTHERSON TECHNOLOGY SERVICES KABUSHIKI GAISHA

For the year ended March 31, 2024

	Japanese Yen	
	2024	2023
Salary	¥ 65,594,704	¥ 80,579,662
Provision of allowance for paid holidays	1,670,792	2,233,817
Bonus	574,657	973,819
Commuting traffic	2,367,593	2,590,717
Social insurance	8,993,064	12,173,991
Welfare	214,303	231,112
Retirement pay	-	533,324
Recruiting, education Cost	-	779,170
Delivery	421,717	287,648
Advertising	506,316	644,469
Entertainment	58,477	49,419
Meeting	165,946	51,931
Travel	5,221,516	5,742,402
Telephone	1,407,651	1,568,192
Supplies	661,752	618,906
Sales activities	18,234,671	11,059,161
Utilities	381,116	406,167
Publication	966	-
Membership fee	68,071	79,796
Bank & other charges	966,256	1,048,345
Testing expense	39,000	1,336,259
Leasing	26,520	26,520
Maintenance	672,000	74,400
Insurance	352,294	365,446
Professional services	3,894,367	3,940,078
Depreciation	2,786,935	2,799,012
Office & House rent	8,259,718	9,182,746
Other taxes	87,707	915,703
Others, miscellaneous	3,128,555	25,969
Transfer to Cost of sales	(21,072,172)	(19,961,258)
Total	¥ 105,684,492	¥ 120,356,923

STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY

MOTHERSON TECHNOLOGY SERVICES KABUSHIKI GAISHA

For the year ended March 31, 2024

Japanese Yen				
2024				
	Shareholders' equity			Net assets
	Common stock	Retained earnings	Total shareholders' equity	
Net assets at April 1, 2023	¥ 28,000,000	¥ (637,309,139)	¥ (609,309,139)	¥ (609,309,139)
Net income	-	(103,696,496)	(103,696,496)	(103,696,496)
Net change	-	(103,696,496)	(103,696,496)	(103,696,496)
Net assets at March 31, 2024	¥ 28,000,000	¥ (741,005,635)	¥ (713,005,635)	¥ (713,005,635)

Japanese Yen				
2023				
	Shareholders' equity			Net assets
	Common stock	Retained earnings	Total shareholders' equity	
Net assets at April 1, 2022	¥ 28,000,000	¥ (540,485,954)	¥ (512,485,954)	¥ (512,485,954)
Net income	-	(96,823,185)	(96,823,185)	(96,823,185)
Net change	-	(96,823,185)	(96,823,185)	(96,823,185)
Net assets at March 31, 2023	¥ 28,000,000	¥ (637,309,139)	¥ (609,309,139)	¥ (609,309,139)

NOTES TO FINANCIAL STATEMENTS

MOTHERSON TECHNOLOGY SERVICES KABUSHIKI GAISHA

For the year ended March 31, 2024

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, 2024.

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	11,698,456
Sumitomo Mitsui Bank (Nagoya Branch), Ordinary Account	3,001,482
Aichi Bank (Nagoya Ekimae Branch), Ordinary Account	162,101
	<hr/>
	JPY 14,862,039

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.

NOTES TO FINANCIAL STATEMENTS

MOTHERSON TECHNOLOGY SERVICES KABUSHIKI GAISHA For the year ended March 31, 2024

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, 2024 and 2023 of Inter-Company transaction.

		2024	2023
Account receivables for Misato	¥	974,628	-
Account receivables for Yachiyo		1,155,483	-
Other receivables for MSSL Japan		8,433,666	1,996,563
Other receivables for SMR Japan		121,000	250,800
Other receivables for MTSL India		253,435	253,435
Other receivables for MATE Robis South ICP		788,629	-
Accounts payable to MTSL India	¥	86,680,365	55,236,641
Other Accounts payable to MSSL Japan		43,576,193	52,743,934
Other Accounts payable to SMR Japan		154,916	145,786
Other Accounts payable to MIND Singapore		14,963,619	8,023,906
Other Accounts payable to MIND UK		3,205,117	14,728
Other Accounts payable to MTSL India		292,156	207,169
Accrued expenses to MTSL India		-	41,671
Accrued expenses to MIND Singapore		8,048,533	6,939,713
Accrued expenses to MIND UK		8,407,473	1,118,630
Long term debt to MIND Singapore		276,191,701	271,567,276
Long term debt to MIND UK		109,368,560	75,955,880
Short term debt to MSSL Japan		200,000,000	200,000,000

7 FIXED ASSETS AND DEPRECIATION

Details of fixed assets and depreciation for the year ended March 31, 2024 and 2023 are as follows.

	April 1, 2023	Increase	Decrease	March 31, 2024
Fixed assets:				
Fixture	¥ 1,480,000	—	1,080,000	¥ 400,000
Equipment	8,049,117	—	119,160	7,929,957
Software	6,584,300	—	—	6,584,300
	<u>16,113,417</u>	<u>—</u>	<u>1,199,160</u>	<u>14,914,257</u>
Less, accumulated depreciation and amortization				
Fixture	1,318,524	161,473	1,079,998	399,999
Equipment	5,301,256	1,312,074	119,160	6,494,170
Software	3,567,181	1,313,388	—	4,880,569
	<u>10,186,961</u>	<u>2,786,935</u>	<u>1,199,158</u>	<u>11,774,738</u>
Total	<u>¥ 5,926,456</u>			<u>¥ 3,139,519</u>

	April 1, 2022	Increase	Decrease	March 31, 2023
Fixed assets:				
Fixture	¥ 1,480,000	—	—	¥ 1,480,000
Equipment	8,049,117	—	—	8,049,117
Software	6,584,300	—	—	6,584,300
	<u>16,113,417</u>	<u>—</u>	<u>—</u>	<u>16,113,417</u>
Less, accumulated depreciation and amortization				
Fixture	1,155,096	163,428	—	1,318,524
Equipment	3,979,060	1,322,196	—	5,301,256
Software	2,253,793	1,313,388	—	3,567,181
	<u>7,387,949</u>	<u>2,799,012</u>	<u>—</u>	<u>10,186,961</u>
Total	<u>¥ 8,725,468</u>			<u>¥ 5,926,456</u>

NOTES TO FINANCIAL STATEMENTS

MOTHERSON TECHNOLOGY SERVICES KABUSHIKI GAISHA For the year ended March 31, 2024

8 SHORT-TERM and LONG-TERM DEBT

Details of short-term and long-term debt at March 31, 2024 and 2023 are as follows.

	Interest rate(%)	2024	2023
Short-term Loan (MSSL Japan)	1.32	¥ 200,000,000	200,000,000
Long-term Loan (MIND Singapore)	2.19	199,603,551	199,603,551
Long-term Loan (MIND Singapore)	3.56	38,500,000	38,500,000
Long-term Loan (MIND Singapore)	3.56	38,088,150	33,463,725
Long-term Loan (MIND UK)	2.17	109,368,560	75,955,880

9 INCOME TAXES PAYABLE

Income taxes payable at March 31, 2024 and 2023 comprise the followings.

	2024	2023
National tax	¥ -	-
Local taxes	182,500	182,500
Total	182,500	182,500

10 EMPLOYEES

Number of staffs	2024	2023
Representative director	1	1
Sangyo IT	6	6
SE	-	-
Administration and other	1	1
Total	8	8

11 COMMON STOCK

Summary of common stock of the Company at March 31, 2024 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, 2024.

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.