

Hero Motor Thai Limited

Financial Statements

31 March 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hero Motor Thai Limited

Opinion

I have audited the financial statements of Hero Motor Thai Limited (the Company), which comprise the statement of financial position as at March 31, 2024, and the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hero Motor Thai Limited as at March 31, 2024, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

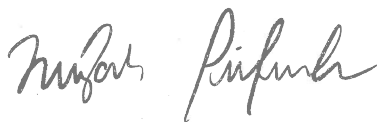
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Well Smart Accounting and Advisory Co.,Ltd.



Nusaporn Piboonpairojana
Certified Public Accountant No.13969
Nonthaburi
15 May 2024

Hero Motors Thai Ltd.
Statement of financial position

Assets	Notes	31 March	
		2024	2023
<i>(In Baht)</i>			
Current Assets			
Cash and cash equivalents	4	6,731,251.40	3,418,695.66
Trade accounts receivable and others	5	12,537,824.86	4,027,077.02
Inventories	6	19,991,353.66	12,873,459.75
Other current assets	7	4,480,410.79	7,341,125.18
Total current assets		43,740,840.71	27,660,357.61
Non - Current assets			
Property Plant and Equipment - Net	8	298,972,540.33	262,379,457.76
Deposit		3,672,500.00	3,412,500.00
Total non- current assets		302,645,040.33	265,791,957.76
Total assets		346,385,881.04	293,452,315.37

The note to the financial statements from an integral part of these financial statements.

The financial statements have been approved by the general meeting of shareholders

No. 1/2024 on 15-May-2024

Sign _____ Director

(_____)



Hero Motors Thai Ltd.
Statement of financial position

Liabilities and shareholder's equity	Notes	31 March	
		2024	2023
		<i>(In Baht)</i>	
Current liabilities			
Trade accounts payable and others	9	52,397,152.79	27,978,124.17
Other current liabilities		-	139,518.80
Total current liabilities		52,397,152.79	28,117,642.97
Non - Current Liabilities			
Long term loan from related party	10	227,083,912.00	209,173,452.94
Total non-current liabilities		227,083,912.00	209,173,452.94
Total Liabilities		279,481,064.79	237,291,095.91
Shareholder's equity			
Share capital			
<i>(Ordinary share at 590,000 shares at 100 Baht per share)</i>		59,000,000.00	59,000,000.00
Paid up capital			
<i>(Ordinary share at 590,000 shares at 100 Baht per share)</i>		59,000,000.00	59,000,000.00
Retained Earnings (Deficit)		7,904,816.24	(2,838,780.54)
Total share's holder equity		66,904,816.24	56,161,219.46
Total Liabilities and share's holder equity		346,385,881.04	293,452,315.37

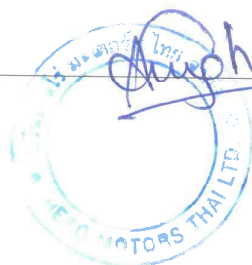
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No. 1/2024 on 15th May 2024

Sign _____ Director

(_____)



Hero Motors Thai Ltd.
Statement of Profit and Loss

	For the year ended	
	31 March	
	2024	2023
	<i>(In Baht)</i>	
<i>Revenue</i>		
Revenue from sales	72,801,332.05	-
Others income	1,462.38	53,832.88
Gain on exchange rate	-	2,967,756.33
Total revenue	<u>72,802,794.43</u>	<u>3,021,589.21</u>
<i>Expenses</i>		
Cost of sales	35,760,165.42	-
Administrative expenses	13,805,074.69	5,228,684.84
Loss on exchange rate	1,441,538.70	-
Total expenses	<u>51,006,778.81</u>	<u>5,228,684.84</u>
Profit (Loss) before financial cost and tax income	21,796,015.62	(2,207,095.63)
Finance costs	(11,052,418.84)	-
Profit (Loss) before tax income	10,743,596.79	(2,207,095.63)
Income tax	-	-
Profit (Loss) for the year	<u>10,743,596.79</u>	<u>(2,207,095.63)</u>

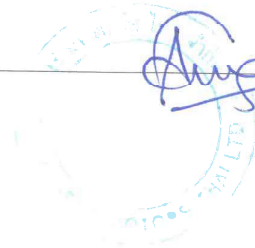
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The financial statements have been approved by the general meeting of shareholders

No. 1/2024 on 15th May 2024

Sign _____ Director

(_____)



Hero Motors Thai Ltd.

Statement of change's shareholder equity

	Share Capital and paid up	Retained Earnings (Deficit) <i>(In Baht)</i>	Total Share's holder equity
Balance as at 1 April 2022	16,500,000.00	(631,684.91)	15,868,315.09
Increase the share capital	42,500,000.00	-	42,500,000.00
Loss for the year	-	(2,207,095.63)	(2,207,095.63)
Balance as at 31 March 2023	59,000,000.00	(2,838,780.54)	56,161,219.46
Balance as at 1 April 2023	59,000,000.00	(2,838,780.54)	56,161,219.46
Profit for the year	-	10,743,596.79	10,743,596.79
Balance as at 31 March 2024	59,000,000.00	7,904,816.24	66,904,816.24

The note to the financial statements from an integral part of these financial statements.

The financial statements have been approved by the general meeting of shareholders

No. 1/2024 on 15th May 2024

Sign _____ Director

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Hero Motors Thai Ltd.
Notes to the financial statements
For the year-ended of 31 March 2024

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 15 May 2024.

1 General information

Hero Motors Thai Ltd. ("the Company") was incorporated and domiciled in Thailand on 7 Jul 2021 with the registration No. 0105564107640.

The registered office of the Company is located at 88/16 Moo 4, Asia Industries Estate (Suvarnabhumi), Klongsuan Sub-district, Bang-bo district, Samutprakarn.

The principal business operations of the Company are manufacture of accessories for motor vehicles.

The Company received an Investment Promotion Card from the Board of Investment (BOI) no. 65-0856-1-00-1-0 dated 19 July 2022. Tax incentives are subject to the terms and conditions specified in the Investment Promotion Card, effective from 3 August 2021 onwards.

2 Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

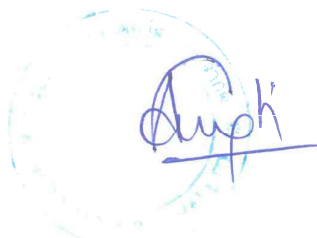
Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the exchange rates at that date. Gains or losses arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities arising from foreign currency transactions that are measured at cost are translated to Thai Baht at the exchange rates at the dates of the transactions.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.



Hero Motors Thai Ltd.
Notes to the financial statements
For the year-ended of 31 March 2024

(c) Trade accounts receivable and other

Trade accounts and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Bad debts recovered are recognised in other income in the statement of income.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the first in first out principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(e) Property Plant and equipment - Net

Owned assets

Plant and equipment are measured at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

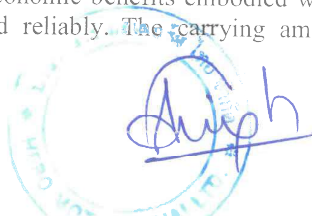
Any gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised in the statement of income.

Leased assets

Assets which the Company leases and substantially assumes all the risk and rewards of ownership are classified as finance leases and recognised as plant and equipment at the lower of its fair value and the present value of the minimum lease payments, plus initial direct costs, less accumulated depreciation and losses on decline in value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Subsequent costs

The cost of replacing a part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is



Hero Motors Thai Ltd.
Notes to the financial statements
For the year-ended of 31 March 2024

- derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the statements of income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. The estimated useful lives are as follows:

Plant and Machinery	5 - 15 years
Building	30 years
Furniture and Fixture	10 years
Computer and Office Equipment	3 - 6 years

No depreciation is provided on assets under construction and installation.

(f) Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised if the carrying amount of assets exceeds its recovery amount. A loss on decline in value is recognised in the statement of income.

(g) Trade and other payables

Trade and other payables are stated at cost.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate method.

(i) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest and other income

Interest and other income are recognised in the statement of income as they accrue.

(j) Operating leases

Payments made under operating leases are recognised on a straight-line basis over the term of the lease. Contingent rentals are recognised as expense in the accounting period in which they are incurred.

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Notes to the financial statements
For the year-ended of 31 March 2024

(k) Finance costs

Interest expenses and similar costs are recognised on accrual basis. The interest component of finance lease payments is recognised using the effective interest rate method.

(l) Income tax expense

Income tax is calculated on the taxable income for the year, using tax rates enacted at the reporting date.

4 Cash and cash equivalents

	2024	2023
	<i>(in Baht)</i>	
Cash at bank - current account	6,731,251.40	3,418,695.66
Total	<u>6,731,251.40</u>	<u>3,418,695.66</u>

5 Trade accounts receivable and others

	2024	2023
	<i>(in Baht)</i>	
Trade accounts receivable	10,389,791.36	-
Prepaid expenses	2,147,355.08	4,026,400.00
Others	678.42	677.02
Total	<u>12,537,824.86</u>	<u>4,027,077.02</u>

6 Inventories

	2024	2023
	<i>(in Baht)</i>	
Raw materials	17,557,005.24	12,153,486.52
Finished goods	1,091,828.91	-
Goods in Transit	876,196.38	-
Consumables used	266,703.13	460,207.23
Oils	199,620.00	259,766.00
Total	<u>19,991,353.66</u>	<u>12,873,459.75</u>

7 Other current assets

	2024	2023
	<i>(in Baht)</i>	
Input vat	4,064,069.18	3,808,017.38
Short-term deposit	292,500.00	594,950.00
Undue input vat	34,307.91	34,307.91
Other receivables	-	2,858,352.98
Others	89,533.70	45,496.91
Total	<u>4,480,410.79</u>	<u>7,341,125.18</u>



Hero Motors Thai Ltd.
Notes to the financial statements
For the year-ended on 31 March 2024

8 Property Plant and Equipment - Net

	Plant and Machinery	Building	Furniture and Fixture	Computer and Office Equipment	Asset under Construction Building	Asset under Construction Machinery	Total
<i>Costing</i>							
1 April 2023	-	-	-	-	-	-	-
Addition	-	-	-	-	22,473,325.00	4,566,278.48	4,566,278.48
31 March 2023	-	-	-	-	22,473,325.00	235,339,854.22	257,813,179.22
and 1 April 2024	-	-	-	-	22,473,325.00	239,906,132.70	262,379,457.70
Addition	745,653.53	-	-	-	881,904.77	44,943,301.75	45,825,206.52
Transfer	276,603,528.21	22,890,925.00	1,224,055.00	4,889,532.72	(23,355,229.77)	(282,252,811.16)	-
31 March 2024	277,349,181.74	22,890,925.00	1,224,055.00	4,889,532.72	-	2,596,623.29	308,950,317.75
<i>Accumulated depreciation</i>							
1 April 2023	-	-	-	-	-	-	-
Addition	-	-	-	-	-	-	-
31 March 2023	-	-	-	-	-	-	-
and 1 April 2024	-	-	-	-	-	-	-
Addition	9,153,854.10	362,439.65	52,951.73	408,531.94	-	-	9,954,165.06
31 March 2024	9,153,854.10	362,439.65	52,951.73	408,531.94	-	-	9,954,165.06
Net Book Value							
31 March 2023	-	-	-	-	-	-	-
31 March 2024	268,195,327.64	22,528,485.35	1,171,103.27	4,481,000.78	22,473,325.00	239,906,132.70	298,972,540.33



Hero Motors Thai Ltd.
Notes to the financial statements
For the year-ended of 31 March 2024

9 Trade accounts payable and others

	2024	2023
	<i>(in Baht)</i>	
Trade Accounts payable	15,217,992.47	10,368,263.52
Other payable	1,912,887.14	310,462.12
Accrue Professional fees	329,000.00	125,257.00
Accrue interest expense	31,225,790.75	10,116,498.21
Accrue consultant fee	2,588,759.48	6,151,351.57
Accrue travelling expense	450,000.00	887,075.75
Accrue bonus	175,376.55	-
Other accrue expenses	497,346.40	19,216.00
Total	<u><u>52,397,152.79</u></u>	<u><u>27,978,124.17</u></u>

10 Long term loan from related party

As of 31 March 2024, the Company has outstanding loan-term loan from Hero Motors Limited amounting of THB 227,083,912.00 (*FY2023: THB209,173,452.94*) with a 9% interest rate per year. The repayment within 3 years without guaranteed securities.

11 Approval of financial statements

These financial statements were authorized for issue by the authorized directors on 15 May 2024

