**Yuasa Battery (Thailand) Public Company Limited and its subsidiary**

**Notes to consolidated interim financial statements**

**For the three-month and nine-month periods ended 30 September 2022**

**1. General information**

**1.1 The Company’s information**

Yuasa Battery (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are GS Yuasa International Ltd, incorporated in Japan, with shareholdings of 40.69 percent and Metropolitan Motor Service Company Limited, incorporated in Thailand, with shareholdings of 19.13 percent. The Company is principally engaged in the manufacture and distribution of batteries for automobiles and motorcycles. The registered office of the Company is at No. 164, Moo 5, Soi Thedsaban 55, Sukhumvit Road, Tambol Taibanmai, Amphur Muangsamutprakan, Samutprakan.

**1.2 Basis of preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.3 Basis of consolidation**

The interim consolidated financial statements include the financial statements of Yuasa Battery (Thailand) Public Company Limited (“the Company”) and its subsidiary (“the subsidiary”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021. There have been no significant changes in the composition of the Group during the current period, except for the completion of liquidation of a subsidiary as described in Note 1.5 to the financial statement.

**1.4 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group’s financial statements.

**1.5 Completion of liquidation of the subsidiary**

On 7 April 2021, the Company entered into an entire business transfer agreement with Yuasa Sales and Distribution Company Limited, a subsidiary of the Company, whereby the Company was to receive assets and liabilities as well as related rights and obligations as specified in the agreements. The subsidiary delivered the properties to the Company on 1 July 2021, which is the date to approve the entire business transfer, at the agreed price of totaling Baht 6 million. The Company had already paid in full amount. The subsidiary registered its dissolution with the Ministry of Commerce on 1 July 2021.

Net book value of assets and liabilities as at the selling date are as follows.

|  | (Unit: Million Baht) |
| --- | --- |
| Trade and other receivables - unrelated parties | 192 |
| Other current assets | 1 |
| Equipment | 1 |
| Investment properties | 2 |
| Deferred tax assets | 2 |
| Trade and other payables - related parties | (148) |
| Trade and other payables - unrelated parties | (42) |
| Other current liabilities | (1) |
| Provision for long-term employee benefits | (8) |
| Net liabilities | (1) |
| Add: Difference between acquisition cost of business combination and net book value of subsidiary | 7 |
| Cash paid for entire business transfer | 6 |

The Company recorded the transaction with respect to the entire business transfer in the year 2021, where the surplus of acquisition cost of business combination under common control over the net book value of subsidiary amounting to Baht 7.0 million was recorded as “Differences from reorganisation of business of group companies” and presented as a separate item under shareholders’ equity in the separate statement of financial position.

On 9 March 2022, Yuasa Sales and Distribution Company Limited completed its liquidation process and returned investment capital amounting to Baht 6.5 million to the Company, based on the net book value of such investment of Baht 1.0 million. Therefore, the Company recorded reversals of “Differences from reorganisation of business of group companies” amounting to Baht 7.0 million and provision for losses on return of investment capital in subsidiary amounting to Baht 1.5 million which were previously recorded in the income statement for the year 2021.

**2. Related party transactions**

During the period, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

Summaries significant business transactions with related parties are as follows.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | |
|  | For the three-month periods ended  30 September | | | |  |
|  | Consolidated  financial statements | | Separate financial statements | | Pricing policy |
|  | 2022 | 2021 | 2022 | 2021 |  |
| Transactions with related companies |  |  |  |  |  |
| Sales of goods | 53,212 | 40,429 | 53,212 | 40,429 | Cost plus margin |
| Commission income | 581 | 679 | 581 | 679 | At an agreed price |
| Purchase of raw materials and goods | 50,313 | 48,564 | 50,313 | 48,564 | Market price |
| Royalty fee | 12,355 | 8,203 | 12,355 | 8,203 | Contract price |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | |
|  | For the nine-month periods ended  30 September | | | |  |
|  | Consolidated  financial statements | | Separate financial statements | | Pricing policy |
|  | 2022 | 2021 | 2022 | 2021 |  |
| Transactions with subsidiary |  |  |  |  |  |
| (eliminate from the consolidated financial statements) |  |  |  |  |  |
| Sales of goods | - | - | - | 479,402 | Cost plus margin |
| Rental and service income | - | - | - | 674 | Contract price |
| Transactions with related companies |  |  |  |  |  |
| Sales of goods | 140,303 | 111,202 | 140,303 | 111,202 | Cost plus margin |
| Commission income | 1,638 | 1,584 | 1,638 | 1,584 | At an agreed price |
| Purchase of raw materials and goods | 157,921 | 126,593 | 157,921 | 126,593 | Market price |
| Royalty fee | 32,683 | 25,894 | 32,683 | 25,894 | Contract price |

The balances of the accounts as at 30 September 2022 and 31 December 2021 between the Company and those related companies are as follows:

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 30 September 2022 | 31 December 2021 | 30 September 2022 | 31 December 2021 |
|  |  | (Audited) |  | (Audited) |
| **Trade receivables - related parties (Note 3)** |  |  |  |  |
| Related companies (1) (2) | 33,186 | 22,331 | 33,186 | 22,331 |
| Total trade receivables - related parties | 33,186 | 22,331 | 33,186 | 22,331 |
|  |  |  |  |  |
| **Other receivables, related parties (Note 3)** |  |  |  |  |
| Related companies (1) | 880 | 1,059 | 880 | 1,059 |
| Total other receivables - related parties | 880 | 1,059 | 880 | 1,059 |
| Total trade and other receivables - related parties | 34,066 | 23,390 | 34,066 | 23,390 |
|  |  |  |  |  |
| **Trade and other payables - related parties** |  |  |  |  |
| **Trade payables - related parties** |  |  |  |  |
| Related companies (1) (2) | 33,046 | 34,706 | 33,046 | 34,706 |
| Total trade payables - related parties | 33,046 | 34,706 | 33,046 | 34,706 |
|  |  |  |  |  |
| **Other payables - related parties** |  |  |  |  |
| Related companies (1) (2) | 32,683 | 36,676 | 32,683 | 36,676 |
| Total other payables - related parties | 32,683 | 36,676 | 32,683 | 36,676 |
| Total trade and other payables - related parties | 65,729 | 71,382 | 65,729 | 71,382 |
|  |  |  |  |  |
| Relationship with the related parties |  |  |  |  |
| (1) Common shareholders |  |  |  |  |
| (2) Common directors |  |  |  |  |

Directors and management’s benefits

For the three-month and nine-month periods ended 30 September 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below.

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | For the three-month  periods ended 30 September | |
|  | Consolidated/Separate financial statements | |
|  | 2022 | 2021 |
| Short-term employee benefits | 5,370 | 4,751 |
| Post-employment benefits | 331 | 307 |
| Total | 5,701 | 5,058 |
|  | | |
| (Unit: Thousand Baht) | | |
|  | For the nine-month  periods ended 30 September | |
|  | Consolidated/Separate financial statements | |
|  | 2022 | 2021 |
| Short-term employee benefits | 20,627 | 20,216 |
| Post-employment benefits | 991 | 921 |
| Total | 21,618 | 21,137 |

**3. Trade and other receivables**

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September  2022 | 31 December 2021 | 30 September  2022 | 31 December 2021 |
|  |  | (Audited) |  | (Audited) |
| Trade receivables - related parties |  |  |  |  |
| Aged on the basis of due dates |  |  |  |  |
| Not yet due | 33,186 | 22,331 | 33,186 | 22,331 |
| Total trade receivables - related parties | 33,186 | 22,331 | 33,186 | 22,331 |
| Trade receivables - unrelated parties |  |  |  |  |
| Aged on the basis of due dates |  |  |  |  |
| Not yet due | 316,562 | 286,792 | 316,562 | 286,792 |
| Past due |  |  |  |  |
| Up to 3 months | 46,474 | 38,835 | 46,474 | 38,835 |
| Over 12 months | 1,760 | 1,764 | 1,760 | 1,764 |
| Total | 364,796 | 327,391 | 364,796 | 327,391 |
| Less: Allowance for expected credit losses | (1,656) | (1,701) | (1,656) | (1,701) |
| Total trade receivables - unrelated parties - net | 363,140 | 325,690 | 363,140 | 325,690 |
| Total trade receivables - net | 396,326 | 348,021 | 396,326 | 348,021 |
| Other receivables |  |  |  |  |
| Other receivables - related parties | 880 | 1,059 | 880 | 1,059 |
| Other receivables - unrelated parties | 16,396 | 18,166 | 16,396 | 18,166 |
| Total other receivables | 17,276 | 19,225 | 17,276 | 19,225 |
| Trade and other receivables - net | 413,602 | 367,246 | 413,602 | 367,246 |

**4. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Chief Executive Officer.

The Group is principally engaged in the manufacture and distribution of batteries. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

**Geographic information**

Revenue from external customers is based on locations of the customers.

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | For the nine-month periods ended 30 September | |
|  | Consolidated financial statements | |
|  | 2022 | 2021 |
| Revenue from external customers |  |  |
| Thailand | 1,563,068 | 1,326,383 |
| Others | 367,358 | 279,814 |
| Total | 1,930,426 | 1,606,197 |

**5. Commitments and contingent liabilities**

**5.1 Capital commitments**

As at 30 September 2022, the Group has capital commitments of Baht 14 Million, relating to the construction of plant and purchases of equipment.

**5.2 Guarantees**

As at 30 September 2022, there were outstanding bank guarantees of Baht 6 million issued by banks on behalf of the Company to guarantee electricity use and for performance bonds.

**5.3 Other commitments**

As at 30 September 2022, the Company had purchase order accepted by suppliers for purchase of raw materials for a total quantity of 2,400 Metric Tons, at the prices as determined in agreements that will be delivered by December, 2022.

**6. Foreign currency risk**

The Group’s exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies.

As at 30 September 2022 and 31 December 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Consolidated/Separate financial statements | | | | | | |
| Foreign currency | Financial assets | | Financial liabilities | | Average exchange rate | |
|  | 30 September 2022 | 31 December  2021 | 30 September  2022 | 31 December  2021 | 30 September 2022 | 31 December 2021 |
|  | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US dollar | 2 | 1 | 1 | 1 | 37.9067 | 33.4199 |
| Japanese yen | - | - | - | 22 | 0.2624 | 0.2906 |

**7. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 10 November 2022.