

TATA DAEWOO COMMERCIAL VEHICLE  
SALES & DISTRIBUTION CO., LTD.

Financial Statements

**March 31, 2023 and 2022**

(With Independent Auditors' Report Thereon)

# Contents

	<b>Page</b>
<b>Independent Auditors' Report</b>	3
Statements of Financial Position	5
Statements of Operations	7
Statements of Changes in Equity	8
Statements of Cash Flows	9
Notes to the Financial Statements	10

## Independent Auditors' Report

The Board of Directors and Shareholder  
TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.:

### Opinion

We have audited the financial statements of TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.(the "Company"), which comprise the statements of financial position as of March 31, 2023 and 2022, the statements of operations, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Korean Accounting Standards for Non-public Entities ("K-GAAP").

### Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with K-GAAP, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditors' 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 auditors' 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 KSAs 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 KSAs, we exercise 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 in the preparation of the financial statements 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 those charged with governance 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.

*KPMG Samjong Accounting Corp.*

Seoul, Korea  
May 11, 2023

This report is effective as of May 11, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.  
 Statements of Financial Position  
 As of March 31, 2023 and 2022

(In Korean won)

	<u>Note</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
<b>Assets</b>			
Cash and cash equivalents		₩ 5,234,826,332	6,563,443,728
Accounts receivable	9	4,994,311,161	998,622,513
Other receivable		7,095,720	4,092,000
Accrued income		12,975,341	-
Current deferred tax assets	12	133,163,624	135,333,556
Other current assets	4, 12	-	995,543,509
<b>Total current assets</b>		<u>10,382,372,178</u>	<u>8,697,035,306</u>
Property and equipment, net	5	394,930,193	289,507,418
Intangible assets, net	6	-	36,981,967
Non-current deferred tax assets	12	235,357,211	195,835,999
Other non-current assets	7	389,273,000	389,273,000
<b>Total non-current assets</b>		<u>1,019,560,404</u>	<u>911,598,384</u>
<b>Total assets</b>		<u>₩ 11,401,932,582</u>	<u>9,608,633,690</u>

(Continued)

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.  
 Statements of Financial Position, Continued  
 As of March 31, 2023 and 2022

(In Korean won)

	<u>Note</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
<b>Liabilities</b>			
Accounts payable	9,16	₩ 3,109,944,770	3,536,581,256
Accrued expenses	16	727,543,997	717,535,316
Withholdings		398,210,315	60,678,530
Advance receipts		10,483,360	10,483,360
Income tax payable	12	383,884,889	-
<b>Total current liabilities</b>		<u>4,630,067,331</u>	<u>4,325,278,462</u>
Accrued severance indemnities	8	1,115,152,890	882,169,090
Long-term guarantee deposits received		20,000,000	20,000,000
<b>Total non-current liabilities</b>		<u>1,135,152,890</u>	<u>902,169,090</u>
<b>Total liabilities</b>		<u>5,765,220,221</u>	<u>5,227,447,552</u>
<b>Shareholder's equity</b>			
Common stock	1,10	1,000,000,000	1,000,000,000
Retained earnings	11		
Earned surplus reserve		70,000,000	70,000,000
Unappropriated retained earnings		4,566,712,361	3,311,186,138
<b>Total shareholder's equity</b>		<u>5,636,712,361</u>	<u>4,381,186,138</u>
<b>Total liabilities and shareholder's equity</b>		<u>₩ 11,401,932,582</u>	<u>9,608,633,690</u>

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.  
 Statements of Financial Position, Continued  
 For the years ended March 31, 2023 and 2022

(In Korean won)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Operating Revenue</b>	9		
Service fee		₩ 50,294,916,292	58,255,849,068
<b>Operating Expenses</b>	9		
Salaries		(3,608,708,366)	(3,107,765,226)
Provision for severance indemnities		(298,441,824)	(273,916,078)
Other employee benefits		(831,362,924)	(750,980,398)
Utilities		(6,325,295)	(5,849,972)
Vehicle maintenance		(104,668,232)	(102,345,978)
Rental		(561,334,631)	(554,188,845)
Insurance		(565,103)	(21,590,174)
Depreciation		(105,185,398)	(92,167,466)
Amortization		(36,981,967)	(59,693,600)
Supplies		(22,291,688)	(20,958,831)
Publication		(26,451,250)	(16,713,918)
Communication		(74,792,051)	(75,172,460)
Taxes and dues		(15,900,819)	(15,048,303)
Travel		(132,649,989)	(74,713,195)
Training		(67,252,178)	(18,799,705)
Sales commission		(23,606,142,873)	(25,556,529,783)
Fee and charge		(650,612,058)	(1,076,804,635)
Entertainment		(48,382,710)	(78,101,900)
Advertising		(204,170,000)	(1,372,651,759)
Outsourcing		(2,668,378,681)	(2,398,299,524)
Sales promotion		(15,575,477,103)	(20,747,661,455)
Expenditure for meeting		(104,187,183)	(62,268,181)
Reversal for doubtful accounts		-	51,137,209
Others		(29,427,636)	(28,295,955)
<b>Operating Income</b>		<u>1,515,226,333</u>	<u>1,796,468,936</u>
<b>Other income</b>			
Interest income		159,547,831	41,923,783
Others, net		27,432,648	99,813,006
<b>Other income, net</b>		<u>186,980,479</u>	<u>141,736,789</u>
<b>Income before income tax expenses</b>		1,702,206,812	1,938,205,725
Income tax expenses	12	(446,680,589)	(508,665,456)
<b>Net income</b>		<u>₩ 1,255,526,223</u>	<u>1,429,540,269</u>
<b>Earnings per Share</b>	13	<u>₩ 6,278</u>	<u>7,148</u>

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.  
 Statements of Financial Position, Continued  
 For the years ended March 31, 2023 and 2022

<i>(In Korean won)</i>	<b>Common stock</b>	<b>Retained earnings</b>	<b>Total shareholder's equity</b>
<b>Balance at April 1, 2021</b>	₩ 1,000,000,000	1,951,645,869	2,951,645,869
Net income	-	1,429,540,269	1,429,540,269
<b>Balance at March 31, 2022</b>	₩ 1,000,000,000	3,381,186,138	4,381,186,138
<b>Balance at April 1, 2022</b>	₩ 1,000,000,000	3,381,186,138	4,381,186,138
Net income	-	1,255,526,223	1,255,526,223
<b>Balance at March 31, 2023</b>	₩ 1,000,000,000	4,636,712,361	5,636,712,361

*See accompanying notes to the financial statements.*



**TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.**  
**Statements of Financial Position, Continued**  
**For the years ended March 31, 2023 and 2022**

(In Korean won)

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
<b>Net Income</b>	₩ 1,255,526,223	1,429,540,269
<b>Adjustments for:</b>		
Depreciation	105,185,398	92,167,466
Amortization	36,981,967	59,693,600
Provision for severance indemnities	298,441,824	273,916,078
Reversal of doubtful accounts	-	(51,137,209)
Loss on disposal of property and equipment	30,000	69,000
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(3,995,688,648)	5,050,098,375
Other receivables	(3,003,720)	98,014,310
Accrued income	(12,975,341)	-
Prepaid income tax	995,543,509	(993,676,959)
Current deferred tax assets	2,169,932	61,076,851
Non-current deferred tax assets	(39,521,212)	270,875,971
Other payables	(434,551,486)	(233,097,276)
Accrued expenses	10,008,681	(779,969,261)
Withholdings	337,531,785	(471,028,214)
Income tax payable	383,884,889	-
Payment of severance indemnities	(65,458,024)	(32,574,198)
<b>Net cash provided by operating activities</b>	₩ (1,125,894,223)	4,773,968,803
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	₩ (202,723,173)	(95,982,800)
<b>Net cash used in investing activities</b>	(202,723,173)	(95,982,800)
<b>Net increase in cash and cash equivalents</b>	(1,328,617,396)	4,677,986,003
Cash and cash equivalents at the beginning of year	6,563,443,728	1,885,457,725
<b>Cash and cash equivalents at the end of year</b>	₩ 5,234,826,332	6,563,443,728

See accompanying notes to the financial statements.

# TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.

## Notes to the Financial Statements

### 1. Reporting Entity

Tata Daewoo Commercial Vehicle Sales & Distribution Co., Ltd. (the "Company"), located in Seoul, Republic of Korea, is engaged in sales agent service of commercial vehicles. The Company was incorporated on April 9, 2010.

As of March 31, 2023, the Company's capital stock totals ₩1,000 million and its common shares are wholly owned by Tata Daewoo Commercial Vehicle Co., Ltd.

### 2. Basis of Preparation

Financial statements have been condensed, restructured, and translated into English with certain expanded descriptions from the Korean language financial statements.

#### (1) Statement of compliance

The Company prepared the financial statements in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea ("K-GAAP for Non-Public Entities").

The accompanying financial statements are not intended to present the financial position, results of operations, changes in equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. Accordingly, the accompanying financial statements are for use by those knowledgeable about Korean accounting principles and their application in practice.

#### (2) Basis of measurement

The financial statements have been prepared on the historical cost basis.

#### (3) Use of estimates and judgments

The preparation of the financial statements in conformity with K-GAAP for Non-Public Entities requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 13 – Income Taxes

# TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.

## Notes to the Financial Statements

### 3. Significant Accounting Policies

The significant accounting policies applied by the Company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (1) Cash and cash equivalents

Cash and cash equivalents include cash, cash equivalent securities, including checks issued by others and checking accounts, ordinary deposit and financial instruments that can be easily converted into cash and whose value changes due to changes in interest rates are not material, with maturities (or date of redemption) of three months or less from acquisition.

#### (2) Allowance for doubtful accounts

The Company provides an allowance for doubtful accounts to cover estimated losses that may arise from non-collection of its receivables. The estimate of losses is based on the review of the aging and current status of outstanding receivables.

#### (3) Property and equipment

Property and equipment are stated at cost (acquisition cost or manufacturing cost, plus expenditures directly related to preparing the asset ready for use in time and bringing asset to the required place, net of sales discount given). Assets acquired from investment in kind, by donation or free of charge are stated at fair value. When an asset is exchanged for a similar kind of asset, the asset received is stated at the carrying value of the asset given. When an asset is exchange for a different kind of asset, the asset received is stated at the fair value of the asset given. When there is uncertainty as to the fair value of the asset given, the asset received is recorded at its fair value.

If the costs incurred after acquisition or completion increases the future economic benefit of an asset, such costs are capitalized if the costs can be objectively measured and incurred to replace an existing asset; such existing asset is removed from the financial statements. Costs incurred to repair and to maintain assets are expensed as incurred.

In accordance with the Company's policy, borrowing costs in relation to the manufacture, purchase, construction or development of assets are charged to current operations as incurred.

Property and equipment are depreciated using the straight-line method over their economic useful lives, which are determined from the time when the assets are ready for use (ready for their intended use by the management in time and place). Depreciation expense is recognized as operating expense.

Depreciation is computed using the straight-line method over the following economic useful lives:

	<u>Useful lives (years)</u>
Tools	6
Furniture and fixtures	6
Computers	6

# TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.

## Notes to the Financial Statements

### 3. Significant Accounting Policies, Continued

#### (4) Intangible assets

Intangible assets are initially recognized at acquisition cost (purchase cost, plus expenditures directly related to preparing the asset ready for use) and subsequently presented at amortized cost. Software are amortized when the capitalized assets can be used or sold (over six years). Amortization is included in the operating expense.

#### (5) Impairment of assets

At the end of each reporting period, the Company reviews the carrying values of assets, except for financial assets and deferred tax assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying value of the asset is reduced to its recoverable amount, and an impairment loss is immediately recorded in profit or loss. If a tangible asset (an individual asset or cash-generating unit) has an indication of impairment and cash flow from disposition of asset is less than its carrying amount, the carrying value of the asset is reduced to the net proceed on disposition, and an impairment loss is immediately recorded in profit or loss.

Also, in regard to impairment loss indicators, assets not in use and assets held for future use are estimated for recoverable amounts.

#### (6) Accrued severance indemnities

In accordance with the Company's policy, all employees with more than one year of service are entitled to receive lump-sum severance payments upon termination of their employment, based on their current salary and years of service.

#### (7) Income taxes

The Company recognizes deferred tax assets or liabilities for the temporary differences between the carrying amount of an asset and liability for the financial reporting purposes and the amounts used for income tax purposes. A deferred tax liability is generally recognized for all taxable temporary differences, with some exceptions, and a deferred tax asset is recognized to the extent when it is probable that taxable income will be available against which the deductible temporary difference can be utilized in the future. Deferred tax asset (liability) is classified as a current or non-current asset (liability) depending on the classification of related asset (liability) in the statements of financial position. Deferred tax asset (liability), which does not relate to a specific asset (liability) account in the statements of financial position, such as a deferred tax asset recognized for tax loss carry forwards, is classified as a current or non-current asset (liability) depending on the expected reversal period. Deferred tax assets and liabilities in the same tax jurisdiction and in the same current or non-current classification are presented on a net basis. Current and deferred income tax expenses are included in income tax expense in the statements of income, and additional income tax or tax refunds for the prior periods are included in income tax expense for the current period, when recognized.

#### (8) Revenues

Revenues for the sales agent service of commercial vehicles are recognized when related revenue activities are completed, revenues are measurable and economic benefits are highly expected.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.  
Notes to the Financial Statements

**4. Other Current Assets**

Other current assets as of March 31, 2023 and 2022 are summarized as follows:

<i>(In Korean won)</i>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
Prepaid income tax	₩	-	842,538,156
Prepaid tax(VAT)		-	153,005,353
	₩	-	995,543,509

**5. Property and Equipment**

(1) Property and equipment and related accumulated depreciation as of March 31, 2023 and 2022 are summarized as follows:

<i>(In Korean won)</i>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
Tools	₩	111,914,000	105,914,000
Furniture and fixtures		1,045,019,715	939,626,454
Computers		68,694,700	50,906,527
<b>Total cost</b>		<b>1,225,628,415</b>	<b>1,096,446,981</b>
Less: accumulated depreciation		(830,698,222)	(806,939,563)
<b>Property and equipment, net</b>	₩	<b>394,930,193</b>	<b>289,507,418</b>

(2) Changes in property and equipment for the years ended March 31, 2023 and 2022 are as follows:

<i>(In Korean won)</i>		<b>2023</b>				
		<b>April 1</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>March 31</b>
Tools	₩	97,000	6,000,000	-	(666,667)	5,430,333
Furniture and fixtures		285,526,647	186,850,000	(30,000)	(101,548,514)	370,798,133
Computers		3,883,771	17,788,173	-	(2,970,217)	18,701,727
	₩	<u>289,507,418</u>	<u>210,638,173</u>	<u>(30,000)</u>	<u>(105,185,398)</u>	<u>394,930,193</u>
<i>(In Korean won)</i>		<b>2022</b>				
		<b>April 1</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>March 31</b>
Tools	₩	97,000	-	-	-	97,000
Furniture and fixtures		272,596,418	99,600,273	(61,000)	(86,609,044)	285,526,647
Computers		6,757,666	2,692,527	(8,000)	(5,558,422)	3,883,771
	₩	<u>279,451,084</u>	<u>102,292,800</u>	<u>(69,000)</u>	<u>(92,167,466)</u>	<u>289,507,418</u>

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.  
Notes to the Financial Statements

**6. Intangible Assets**

(1) Details of intangible assets as of March 31, 2023 and 2022 are as follows:

(In Korean won)

	March 31, 2023			March 31, 2022		
	Acquisition cost	Accumulated amortization	Book value	Acquisition cost	Accumulated amortization	Book value
Software ₩	-	-	-	359,600,000	(322,618,033)	36,981,967

(2) Changes in intangible assets for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

	2023		
	April 1	Amortization	March 31
Software ₩	36,981,967	(36,981,967)	-

(In Korean won)

	2022		
	April 1	Amortization	March 31
Software ₩	96,675,567	(59,693,600)	36,981,967

**7. Other Non-Current Assets**

Other non-current assets as of March 31, 2023 and 2022 are summarized as follows:

(In Korean won)

	2023	2022
Guarantee deposits ₩	389,273,000	389,273,000

**8. Accrued severance Benefits**

Changes in retirement and severance benefits for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

	2023	2022
<b>Provision for retirement and severance benefits at beginning of the period</b>	₩ 882,169,090	640,827,210
Accrual for retirement and severance benefits	298,441,824	273,916,078
Payment of severance indemnities	(65,458,024)	(32,574,198)
<b>Provision for retirement and severance benefits at end of the period</b>	₩ 1,115,152,890	882,169,090

# TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.

## Notes to the Financial Statements

### 9. Related Party Transactions

(1) Details of parent and subsidiary relationships as of March 31, 2023 are as follows:

Relationship	Related parties
Ultimate controlling party	Tata Motors Limited
Immediate Parent	Tata Daewoo Commercial Vehicle Co., Ltd. ("TDCV")
Others	Tata Motors Limited's subsidiaries and associates

(2) Significant transactions which occurred in the normal course of business with related parties for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

Transaction	Name	2023	2022
Sales agent service to	TDCV	₩ 50,294,916,292	58,255,849,068
Other from	TDCV	252,000,000	511,910,000
	Tata Sons Limited	90,397,471	102,011,880

(3) Account balances with related parties as of March 31, 2023 and 2022 are as follows:

① As of March 31, 2023

(In Korean won)

Name	Receivables		Payables	
	Accounts receivable - trade	Accounts payable - other	Accounts payable - other	Accrued expenses
TDCV	₩ 4,994,311,161	23,100,000	-	-
Tata Sons Limited	-	-	90,397,471	-

② As of March 31, 2022

(In Korean won)

Name	Receivables		Payables	
	Accounts receivable - trade	Accounts payable - other	Accounts payable - other	Accrued expenses
TDCV	₩ 998,622,513	71,500,000	-	-
Tata Sons Limited	-	-	102,011,880	-

### 10. Shareholder's Equity

Common stock as of March 31, 2023 and 2022 are as follows:

(In Korean won except for share data)

	March 31, 2023	March 31, 2022
Number of shares:		
Authorized	800,000 shares	800,000 shares
Issued and outstanding	200,000 shares	200,000 shares
Par value	₩ 5,000	₩ 5,000
Common stock	₩ 1,000,000,000	₩ 1,000,000,000

# TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.

## Notes to the Financial Statements

### 11. Retained Earnings

(1) Earned surplus reserve;

The Korean Commercial Code requires the Company to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of stated capital. The legal reserve may be used to reduce a deficit or may be transferred to common stock in connection with a free issue of shares.

(2) Statements of Appropriations of Retained Earnings

(In Korean won)

		<u>2023</u>	<u>2022</u>
Retained earnings before appropriations			
Beginning of the year	₩	3,311,186,138	1,881,645,869
Net income(loss)		<u>1,255,526,223</u>	<u>1,429,540,269</u>
End of the year		<u>4,566,712,361</u>	<u>3,311,186,138</u>
Unappropriated retained earnings to be carried forward to subsequent year	₩	<u><u>4,566,712,361</u></u>	<u><u>3,311,186,138</u></u>

### 12. Income Taxes

(1) The components of income tax expense for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

		<u>2023</u>	<u>2022</u>
Current tax expenditure		484,031,869	176,712,634
Changes in deferred tax for temporary differences		<u>(37,351,280)</u>	<u>331,952,822</u>
<b>Income tax recognized in continuing operation</b>	₩	<u><u>446,680,589</u></u>	<u><u>508,665,456</u></u>

(2) The income tax expense calculated by applying statutory tax rates to the Company's income before income taxes for the years differs from the actual tax expense in the statements of income for the years ended March 31, 2023 and 2022 for the following reasons:

(In Korean won)

		<u>2023</u>	<u>2022</u>
<b>Income before income taxes</b>	₩	1,702,206,812	1,938,205,725
Tax rate		22%	22%
<b>Income taxes at normal tax rates</b>		374,485,499	426,405,260
Tax effects of permanent differences		74,799,256	104,629,974
Others		<u>(2,604,166)</u>	<u>(22,369,778)</u>
<b>Income tax expense</b>	₩	446,680,589	508,665,456
<b>Effective tax rate</b>		26.24%	26.24%



TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.  
Notes to the Financial Statements

**12. Income Taxes, Continued**

(3) Changes in temporary differences and deferred tax assets for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

Account	2023			
	April 1	Decrease	Increase	March 31
<b>Temporary differences (current):</b>				
Accrued expenses	₩ 615,152,526	615,152,526	637,146,526	637,146,526
Tax rate	22%			21%
Current deferred tax assets	<u>135,333,556</u>			<u>133,163,624</u>
<b>Temporary differences (non-current):</b>				
Accrued severance indemnities	₩ 882,169,090	65,458,024	298,441,824	1,115,152,890
Depreciation vehicle for business use	<u>7,994,540</u>	<u>5,248,373</u>	<u>8,212,000</u>	<u>10,958,167</u>
	<u>890,163,630</u>	<u>70,706,397</u>	<u>306,653,824</u>	<u>1,126,111,057</u>
Tax rate	22%			21%
Non-current deferred tax assets	<u>195,835,999</u>			<u>235,357,211</u>
Deferred tax assets	₩ <u><u>331,169,555</u></u>			<u><u>368,520,835</u></u>

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.  
Notes to the Financial Statements

**12. Income Taxes, Continued**

(In Korean won)

Account	2022			
	April 1	Decrease	Increase	March 31
<b>Temporary differences (current):</b>				
Accrued expenses	₩ 892,774,577	892,774,577	615,152,526	615,152,526
Tax rate		22%		22%
Current deferred tax assets	<u>196,410,407</u>			<u>135,333,556</u>
<b>Temporary differences (non-current):</b>				
Accrued severance indemnities	₩ 640,827,210	32,574,198	273,916,078	882,169,090
Long-term other payable	604,730,000	604,730,000	-	-
Depreciation vehicle for business use	7,768,663	4,000,000	4,225,877	7,994,540
Loss carry forward	<u>868,092,174</u>	<u>868,092,174</u>	<u>-</u>	<u>-</u>
	<u>2,121,418,047</u>	<u>1,509,396,372</u>	<u>278,141,955</u>	<u>890,163,630</u>
Tax rate		22%		22%
Non-current deferred tax assets	<u>466,711,970</u>			<u>195,835,999</u>
Deferred tax assets	₩ <u><u>663,122,377</u></u>			<u><u>331,169,555</u></u>

(4) Deferred tax assets have been recognized as the Company has determined it is probable that future profits will be available against which the Company can utilize the related benefit.

(5) Prepaid tax as of March 31, 2023 and 2022 are as follows:

(In Korean won)

	March 31, 2023	March 31, 2022
Current income tax asset	₩ 100,146,980	1,019,250,790
Current income tax liability	<u>(484,031,869)</u>	<u>(176,712,634)</u>
Current income tax asset (liability)	(383,884,889)	842,538,156

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.  
Notes to the Financial Statements

**13. Earnings per Share**

The Company's earnings per share for the years ended March 31, 2023 and 2022 is as follows:

*(In Korean won except for share data)*

	<u>2023</u>	<u>2022</u>
Net income	₩ 1,255,526,223	1,429,540,269
Weighted-average number of common shares outstanding (*)	<u>200,000</u>	<u>200,000</u>
Earnings per share	<u>₩ 6,278</u>	<u>7,148</u>

(\*) Weighted-average number of shares outstanding for the years ended March 31, 2023 and 2022, is the same as the issued number of shares, as there was no change in outstanding shares of common stock for the years ended March 31, 2023 and 2022.

**14. Employee Welfare**

In connection with the employee welfare, the Company maintains various employee welfare programs, including scholarship, medical insurance, workers' compensation, paid absence, subsidies to pension contributions and others.

**15. Non-cash Investing and Financing Activities**

Significant non-cash investing and financing activities for the years ended March 31, 2023 and 2022 are as follows :

*(In Korean won)*

	<u>2023</u>	<u>2022</u>
Increase of other payables due to acquisition of property and equipment	7,915,000	6,310,000

# TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.

## Notes to the Financial Statements

### 16. Financial Instruments

(1) The maturity analysis of financial liabilities as of March 31, 2023 and 2022 is as follows:

(In Korean won)

<u>Account</u>		<u>2023</u>	<u>2022</u>
Accounts payable	₩	3,109,944,770	3,536,581,256
Accrued expenses		496,533,371	527,276,698
Total	₩	<u>3,606,478,141</u>	<u>4,063,857,954</u>

(2) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### 17. Value Added Information

Details of value-added information included in cost of goods manufactured and selling and administrative expenses for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

		<u>2023</u>	<u>2022</u>
Wages and salaries	₩	3,608,708,366	3,107,765,226
Provision for severance indemnities		298,441,824	273,916,078
Employee welfare		831,362,924	750,980,398
Rent		561,334,631	554,188,845
Depreciation		105,185,398	92,167,466
Amortization		36,981,967	59,693,600
Taxes and dues		15,900,819	15,048,303

### 18. Date of Authorization for Issue

The financial statements were authorized for issue on May 8, 2023, at the board of directors and will be approved at the annual shareholder's meeting to be held on June 23, 2023.