

Toyoda Gosei Czech, s.r.o.

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Toyoda Gosei Czech, s.r.o.
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020
TABLE OF CONTENTS

- 1. THE PRESIDENT'S INTRODUCTION**
- 2. REPORT ON RELATED PARTY TRANSACTIONS**
- 3. FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**
- 4. AUDIT REPORT**

1. The President's Introduction

“The President’s Introduction for the 2019 Fiscal Year”

2019 was supposed to be a year of stabilisation after previous years of dramatic economic growth, with all its positive and negative consequences. The significant decline in profitability was predominantly influenced by a dramatic increase in labour costs, which the Company has to contend with using new procedures that were not applied in the previous years. In 2019, one of the most significant projects for stabilising the workforce was the launch of cooperation with local prisons. The cooperation brought the Company around 80 stable employees, who were able to deliver high-quality results soon after their employment, and has proved very successful; therefore, we plan to continue with it in the coming years. In 2019, sales amounted to CZK 4.38 billion, which marks a slight increase compared to the prior year’s performance; nevertheless, our expectations were higher. Unfortunately, the end of the successful year was marred by the COVID-19 epidemic, which resulted in a decline of sales and profit; however, more severe impacts are expected for 2020.

Key Milestones and Projects in 2019:

Safety systems and functional components

2019 was characterised by planning the launch of production of the new Toyota Yaris model, which is supposed to commence at the beginning of the fiscal year 2020. For this model, we had to implement a completely new technology for the two-component plastic injection: so-called 2K. This technology will be used for the production of components for new types of hoses used for filling fuel into tanks. Additionally, there have also been significant investments in new technologies with a substantially higher share of automation and robotics. The aim of these investments was to increase competitiveness and production efficiency.

Weatherstrips (WS) – Key milestones included the completion of transfers of the remaining Tier2 projects, where the Company supplies a portion of production operations to the fellow subsidiary TG Meteor. It was crucial for the WS division to decide how to prepare for the production launch of the new Yaris, which is one of the most complex projects across all divisions. Preparations for this project brought significant investments in modern technologies, the most important undoubtedly being the modernisation of rubber extrusion lines, which will now be substantially faster and, mainly, fully automatic with defect detection.

In the fiscal year 2019, the Company reported total sales of safety systems of CZK 2.65 billion (a decrease of approx. 2.8% as compared to 2018).

With respect to functional components, products with total sales of CZK 0.45 billion were manufactured and sold (a decrease of 7.3% as compared to 2018).

The production of sealing components reached total sales of CZK 1.12 billion (an increase of 10.3% as compared to 2018).

Total sales of LED components amounted to approximately CZK 0.5 million (a decrease of 87.7% as compared to 2018). As the balance suggests, this activity is being phased out.

The Company also sold production moulds to final customers in the amount of CZK 166,7 million in the 2019 fiscal year (in 2018, sales amounted to CZK 35.2 million).

At the end of the 2019 fiscal year, the number of employees was 1,194, which, despite the rising sales, denotes a decrease of 150 people. This is primarily due to the increased productivity and stabilisation of problematic projects. During 2019, the Company continued to work closely with the trade union organisation OS Kovo. Positive communication and understanding were maintained by regular meetings and confirmed when the collective negotiations of conditions for 2019 resulted in an agreement.

The Company also undertakes maximum efforts to minimise the impacts of its activities on the environment. Priorities in this area include emissions released to the atmosphere, and the emissions of all measured pollutants were maintained at last year's levels despite the increase in production. Other priorities include waste management and recycling; in this area, a solution was found once again to recycle or utilise 100 percent of waste.

The Company continues to pursue its goal of becoming Toyoda Gosei's most efficient production unit in Europe.

The Company has no internal development unit.

The Company has no branch or another part of the business abroad, ie outside the Czech Republic.

The Company holds no treasury shares, interim certificates or equity investments, or treasury shares, interim certificates or equity investments of the controlling entity.

2. Report on Related Party Transactions

REPORT ON RELATED PARTY TRANSACTIONS

Toyoda Gosei Czech, s.r.o., registered at Průmyslová 2, 431 51 Klášterec nad Ohří, corporate ID: 26 43 71 71, recorded in the Register of Companies maintained at the Regional Court in Ústí nad Labem, Section C, File 18630 (hereinafter the “**reporting entity**” or “**TGCZ**”), is a member of a business group, within which the relations detailed below exist between the reporting entity and the controlling entities and between the reporting entity and entities controlled by the same controlling entities (hereinafter the “**related parties**”).

This report on relations between the entities specified below was prepared pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations, as amended, for the reporting period ended 31 March 2019 (hereinafter the “**reporting period**”).

TGCZ decided not to disclose the amounts of performances related to the listed agreements, for reasons of business secrecy.

The Company is controlled, as standard, by the owner through the General Meeting.

During the reporting period, the reporting entity and the entities listed below entered into the following agreements and adopted or implemented the following legal acts or other measures:

A. STRUCTURE OF THE RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND THE PERSONS CONTROLLED BY THE SAME CONTROLLING ENTITY (manner and means of control)

The controlled entity:

Toyoda Gosei Czech, s.r.o.
Průmyslová 2, 431 51 Klášterec nad Ohří

The main scope of business activities (role) of TGCZ is the production of automotive parts and the purchase and sale of goods.

B. CONTROLLING ENTITIES

TOYODA GOSEI CO., LTD., (“TG”)
Haruhi Nagahata, Kiyosu, Aichi-Prefecture, Japan
Relation to the reporting entity: directly controlling entity – 80%

During the reporting period, the reporting entity sold to the related party the following:

- Products and material based on orders.

During the reporting period, the reporting entity purchased from the related party the following:

- Costs related to product testing based on orders;
- Technical support based on orders;
- Goods and material based on orders;
- Fees from sales based on the license contract;
- Management and coordinator wages based on the contract for the international hiring; and;
- Costs related to control fixtures based on orders.

Toyota Tsusho Corporation, (“TTC”)

9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan

Corporate ID 1899-01-031731

Relation to the reporting entity: directly controlling entity – 20%

C. OTHER RELATED PARTIES

Toyoda Gosei Europe N.V. (“TGE”)

Planet 2, Unit E 3.0. Leuvensesteenweg 542, 1930 Zaventem, Belgium

Relation to the reporting entity: entity controlled by TG (100%)

During the reporting period, the reporting entity sold to the related party the following:

- IT and other services.

During the reporting period, the reporting entity purchased from the related party the following:

- Technical support and sales support based on contracts; and
- Goods based on orders.

Toyoda Gosei Haiphong Co., Ltd. (“TGHP”)

Land Plot M, Nomura-Haiphong Industrial Zone, Km13, An Duong District,

Haiphong City, Vietnam

Relation to the reporting entity: entity controlled by TG (95%) and TTC (5%)

During the reporting period, the reporting entity sold to the related party the following:

- Goods based on orders.

During the reporting period, the reporting entity purchased from the related party the following:

- Administrative costs related to custom proceedings and transport based on orders.

Toyoda Gosei Meteor GmbH (“TG Meteor”)

Ernst-Deger-Strasse 9, 31167 Bockenem, Germany

Relation to the reporting entity: entity controlled by TG (100%)

During the reporting period, the reporting entity sold to the related party the following:

- Material and products based on orders; and
- Support services based on orders.

During the reporting period, the reporting entity purchased from the related party the following:

- Material and goods based on orders;
- Testing services and development based on orders;
- Packaging and transport based on orders; and
- Machines and equipment based on orders.

Toyoda Gosei North America Corporation (“TGNA”)

1400 Stepheson Highway Troy, Michigan 48083, USA

Relation to the reporting entity: entity controlled by TG (100%)

During the reporting period, the reporting entity sold to the related party the following:

- Fees for bad supplies.

During the reporting period, the reporting entity purchased from the related party the following:

- Material based on orders; and
- Technical support for an information system.

Toyoda Gosei Asia Co., Ltd. ("TGAS")

700/489 Moo 4 Amata Nakorn Industrial Estate, Bangna-trad Highway KM.57, Tambon Bankhao, Amphur Pantong Chonburi 20160, Thailand

Relation to the reporting entity: entity controlled by TG (100%)

Toyoda Gosei (Thailand) Co., Ltd. ("TGT")

700/489 Moo 4 Amata Nakorn Industrial Estate, Bangna Trad Highway KM. 57, Tambon Bankao, Amphur Pantong, Chonburi 20160, Thailand

Relation to the reporting entity: entity controlled by TGAS (78.5%) and TTC (21.5%)

During the reporting period, the reporting entity sold to the related party the following:

- Goods based on orders.

Toyoda Gosei UK Ltd. ("TGUK")

Bessemer Way Centurion Business Park, Templeborough Rotherham South Yorkshire, S60 1FB UK

Relation to the reporting entity: entity controlled by TG (91.1%) and TTC (8.9%)

During the reporting period, the reporting entity sold to the related party the following:

- Products based on orders; and
- Support IT services based on orders.

During the reporting period, the reporting entity purchased from the related party the following:

- Support services in the area of quality assurance based on orders; and
- Material based on orders.

Toyoda Gosei Star Light (Tianjin) Auto Parts Co., Ltd. ("TJTG")

No.4 Libei Street Sanjing Road Dongli Development Area Tianjin, 300300, China

Relation to the reporting entity: entity controlled by TG (100%)

During the reporting period, the reporting entity purchased from the related party the following:

- Material based on orders.

Toyota Tsusho Europe S.A., organizační složka v České republice ("TTESA CR")

Plzeňská 3185//5b, 150 00 Prague 5, Smíchov, Czech Republic

Relation to the reporting entity: entity controlled by TTESA (100%)

During the reporting period, the reporting entity sold to the related party the following:

- Products and services based on orders; and
- Administration fees related to bad material supplies based on a framework agreement.

During the reporting period, the reporting entity purchased from the related party the following:

- Material and goods based on a framework agreement;
- Services and other low value performances based on orders; and
- Production machinery and equipment based on orders.

Toyota Tsusho Europe S.A., France branch ("TTESA FR")

Parc d' Activité de la Vallée de l'Escaut BP.10 – ZI No. 9 Ouest 59264 Onnaing, France

Relation to the reporting entity: entity controlled by TTESA (100%)

During the reporting period, the reporting entity purchased from the related party the following:

- Logistics and storage services based on a contract.

Toyota Tsusho Europe S.A. Poland ("TTESA PL")

Poland branch, ul. M. Jachimowicza 6, Walbrzych, 58-306 Poland

Relation to the reporting entity: entity controlled by TTESA (100%)

During the reporting period, the reporting entity sold to the related party the following:

- Products based on orders.

Toyota Tsusho Europe NV ("TTESA")

Belgicastraat 13, 1930 Zaventam, Belgium

Relation to the reporting entity: entity controlled by TTC (100%)

The above-mentioned contracts represent the entire list of valid contracts for the period from 1 April 2019 to 31 March 2020. In 2019, no other business performances were made or new contracts concluded beyond the scope of this list.

D. RELATED PARTY TRANSACTIONS IN 2019

Income Generated with Related Parties

(CZK '000)

Entity	Relation to the reporting entity	Goods	Products	Services	Other income	Total
TG	Parent company	0	294	0	1 681	1 975
TG Meteor	Ultimate parent company (until 31 December 2019)	0	110 079	0	2 925	113 004
TGHP	Ultimate parent company	59 670	0	0	0	59 670
TGT	Ultimate parent company	4 568	0	0	0	4 568
TGUK	Ultimate parent company	0	-18	0	463	445
TGE	Ultimate parent company	0	0	0	4 830	4 830
TGNA	Ultimate parent company	0	0	3	0	3
TTESA CR	Ultimate parent company	0	74 772	46	602	75 420
TTESA PL	Ultimate parent company	0	21	0	0	21
Total		64 238	185 148	49	10 501	259 936

Purchases Made from Related Parties

(CZK '000)

Entity	Relation to the reporting entity	Goods	Products	Services	Other expenses	Total
TG	Parent company	14 415	397 308	182 443	10 008	604 174
TG Meteor	Ultimate parent company (until 31 December 2019)	0	24 627	357	37	25 021
TGHP	Ultimate parent company	0	0	342	0	342
TJTG	Ultimate parent company	0	3 011	0	0	3 011
TGUK	Ultimate parent company	0	30	-1 215	6	-1 179
TGE	Ultimate parent company	736	12	29 368	0	30 116
TGNA	Ultimate parent company	0	5 954	1 323	2	7 279
TTESA CR	Ultimate parent company	568	455 815	672	881	457 936
TTESA FR	Ultimate parent company	0	0	2 146	0	2 146
Total		15 719	886 757	215 436	10 934	1 128 846

Purchases of Tangible Fixed Assets from Related Parties

(CZK '000)		
Entity	Relation to the reporting entity	Intangible and tangible fixed assets
TG Meteor	Ultimate parent company (until 31 December 2019)	1 055
TTESA CR	Ultimate parent company	71 375
TG	Parent company	3 337
Total		75 767

Dividends Paid to Controlling Entities

In 2019, the Company paid no profit shares.

CONCLUSION

While exercising due care and diligence, the reporting entity is not aware of any related parties other than those disclosed herein. During the reporting period, the reporting entity took or executed no legal acts in the interest of or at the initiative of the related parties other than those described herein. Our review of the legal relations between the reporting entity and the related parties indicates that the reporting entity incurred no detriment in connection with contractual arrangements or legal acts or other measures that the reporting entity adopted or implemented during the reporting period in the interest of or at the initiative of individual related parties. It can also be stated that no disadvantages ensued to the reporting entity arising from these relations.

In Klášterec nad Ohří on 22 May 2020

Toyoda Gosei Czech, s.r.o.



Shoji Okajima
Statutory Executive

3. Financial Statements for the Year Ended 31 March 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Name of the Company: Toyoda Gosei Czech, s.r.o.
Registered Office: Průmyslová 2, 431 51 Klášterec nad Ohří –
District of Chomutov
Legal Status: Limited Liability Company
Corporate ID: 264 37 171

Components of the Financial Statements:

Balance Sheet


Profit and Loss Account

Statement of Changes in Equity

Cash Flow Statement

Notes to the Financial Statements

These financial statements were prepared on 22 May 2020.

Statutory body of the reporting entity:	Signature
Shoji Okajima Statutory Executive	

BALANCE SHEET

full version

Toyota Gosei Czech, s.r.o.

Corporate ID 264 37 171

As of
31.03.2020
(in CZK thousand)Průmyslová 2
Kláštorec nad Ohří
okres Chomutov, 43151

		31.03.2020			31.03.2019
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	5 215 517	2 225 739	2 989 778	3 067 283
B.	Fixed assets	3 733 599	2 192 688	1 540 911	1 467 455
<i>B.I.</i>	<i>Intangible fixed assets</i>	144 073	130 696	13 377	15 207
B.I.2.	Valuable rights	142 722	130 696	12 026	12 409
B.I.2.1.	Software	65 695	53 669	12 026	12 409
B.I.2.2.	Other valuable rights	77 027	77 027		
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	1 351		1 351	2 798
B.I.5.2.	Intangible fixed assets under construction	1 351		1 351	2 798
<i>B.II.</i>	<i>Tangible fixed assets</i>	3 589 525	2 061 992	1 527 533	1 452 247
B.II.1.	Land and structures	1 229 069	421 239	807 830	828 991
B.II.1.1.	Land	27 235		27 235	27 235
B.II.1.2.	Structures	1 201 834	421 239	780 595	801 756
B.II.2.	Tangible movable assets and sets of tangible movable assets	1 967 303	1 521 422	445 881	464 074
B.II.4.	Other tangible fixed assets	128 080	119 331	8 749	16 927
B.II.4.1.	Perennial crops	7 157	2 622	4 535	4 778
B.II.4.3.	Other tangible fixed assets	120 923	116 709	4 214	12 149
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	265 073		265 073	142 255
B.II.5.1.	Prepayments for tangible fixed assets	56 940		56 940	45 040
B.II.5.2.	Tangible fixed assets under construction	208 133		208 133	97 215
<i>B.III.</i>	<i>Non-current financial assets</i>	1		1	1
B.III.3.	Equity investments in associates	1		1	1
C.	Current assets	1 292 376	32 604	1 259 772	1 324 002
<i>C.I.</i>	<i>Inventories</i>	653 950	26 086	627 864	630 672
C.I.1.	Material	376 138	14 313	361 825	359 707
C.I.2.	Work in progress and semifinished goods	28 251		28 251	30 285
C.I.3.	Products and goods	241 958	11 773	230 185	237 579
C.I.3.1.	Products	119 489	5 656	113 833	62 047
C.I.3.2.	Goods	122 469	6 117	116 352	175 532
C.I.5.	Prepayments for inventories	7 603		7 603	3 101
<i>C.II.</i>	<i>Receivables</i>	486 516	6 518	479 998	558 064
C.II.1.	Long-term receivables	1 343		1 343	521
C.II.1.5.	Receivables - other	1 343		1 343	521
C.II.1.5.4.	Sundry receivables	1 343		1 343	521
<i>C.II.2.</i>	<i>Short-term receivables</i>	485 173	6 518	478 655	557 543
C.II.2.1.	Trade receivables	453 849	5 462	448 387	492 490
C.II.2.4.	Receivables - other	31 324	1 056	30 268	65 053
C.II.2.4.3.	State - tax receivables	12 944		12 944	53 416
C.II.2.4.4.	Short-term prepayments made	13 240		13 240	6 340
C.II.2.4.5.	Estimated receivables	2 541		2 541	2 475
C.II.2.4.6.	Sundry receivables	2 599	1 056	1 543	2 822
<i>C.IV.</i>	<i>Cash</i>	151 910		151 910	135 266
C.IV.1.	Cash on hand	343		343	194
C.IV.2.	Cash at bank	151 567		151 567	135 072
D.	Other assets	189 542	447	189 095	275 826
D.1.	Deferred expenses	5 978		5 978	10 673
D.2.	Complex deferred expenses	36 686		36 686	45 062
D.3.	Accrued income	146 878	447	146 431	220 091

		31.03.2020	31.03.2019
	TOTAL LIABILITIES & EQUITY	2 989 778	3 067 283
A.	Equity	1 489 910	1 440 580
<i>A.I.</i>	<i>Share capital</i>	970 000	970 000
A.I.1.	Share capital	970 000	970 000
<i>A.II.</i>	<i>Share premium and capital funds</i>	256	256
A.II.2.	Capital funds	256	256
A.II.2.1.	Other capital funds	256	256
<i>A.III.</i>	<i>Funds from profit</i>	51 438	51 438
A.III.1.	Other reserve funds	51 438	51 438
<i>A.IV.</i>	<i>Retained earnings (+/-)</i>	418 886	427 427
A.IV.1.	Accumulated profits or losses brought forward (+/-)	418 886	427 427
<i>A.V.</i>	<i>Profit or loss for the current period (+/-)</i>	49 330	-8 541
B.+C.	Liabilities	1 481 673	1 626 621
B.	Reserves	77 462	67 410
B.II.	Income tax reserve	14 957	
B.IV.	Other reserves	62 505	67 410
C.	Payables	1 404 211	1 559 211
<i>C.I.</i>	<i>Long-term payables</i>	20 142	26 266
C.I.4.	Trade payables	5 006	6 403
C.I.8.	Deferred tax liability	15 136	19 863
<i>C.II.</i>	<i>Short-term payables</i>	1 384 069	1 532 945
C.II.2.	Payables to credit institutions	778 762	786 900
C.II.4.	Trade payables	160 599	419 634
C.II.8.	Other payables	444 708	326 411
C.II.8.3.	Payables to employees	30 615	35 438
C.II.8.4.	Social security and health insurance payables	16 281	19 814
C.II.8.5.	State - tax payables and subsidies	2 273	3 180
C.II.8.6.	Estimated payables	395 513	267 971
C.II.8.7.	Sundry payables	26	8
D.	Other liabilities	18 195	82
D.2.	Deferred income	18 195	82

PROFIT AND LOSS ACCOUNT
structured by the nature of expense method

Toyoda Gosei Czech, s.r.o.
Corporate ID 264 37 171

Year ended
31.03.2020
(in CZK thousand)

Průmyslová 2
Kláštrec nad Ohří
okres Chomutov, 43151

		Year ended 31.03.2020	Year ended 31.03.2019
I.	Sales of products and services	4 095 514	4 024 699
II.	Sales of goods	286 871	236 818
A.	Purchased consumables and services	3 471 182	3 391 985
A.1.	Costs of goods sold	219 366	164 275
A.2.	Consumed material and energy	2 772 772	2 722 666
A.3.	Services	479 044	505 044
B.	Change in internally produced inventory (+/-)	-50 999	-10 075
D.	Staff costs	717 913	691 293
D.1.	Payroll costs	517 614	508 326
D.2.	Social security and health insurance costs and other charges	200 299	182 967
D.2.1.	Social security and health insurance costs	178 356	175 021
D.2.2.	Other charges	21 943	7 946
E.	Adjustments to values in operating activities	198 054	184 536
E.1.	Adjustments to values of intangible and tangible fixed assets	185 219	172 027
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	186 069	167 580
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	-850	4 447
E.2.	Adjustments to values of inventories	15 020	4 613
E.3.	Adjustments to values of receivables	-2 185	7 896
III.	Other operating income	103 396	62 625
III.1.	Sales of fixed assets	10 364	254
III.2.	Sales of material	19 218	16 309
III.3.	Sundry operating income	73 814	46 062
F.	Other operating expenses	66 587	55 459
F.1.	Net book value of sold fixed assets	2 072	
F.2.	Material sold	22 046	17 752
F.3.	Taxes and charges	1 989	2 022
F.4.	Reserves relating to operating activities and complex deferred expenses	23 272	18 162
F.5.	Sundry operating expenses	17 208	17 523
*	Operating profit or loss (+/-)	83 044	10 944
VI.	Interest income and similar income	23	55
VI.2.	Other interest income and similar income	23	55
J.	Interest expenses and similar expenses	1 248	1 110
J.2.	Other interest expenses and similar expenses	1 248	1 110
VII.	Other financial income	98 815	43 416
K.	Other financial expenses	116 257	57 861
*	Financial profit or loss (+/-)	-18 667	-15 500
**	Profit or loss before tax (+/-)	64 377	-4 556
L.	Income tax	15 047	3 985
L.1.	Due income tax	19 774	6 358
L.2.	Deferred income tax (+/-)	-4 727	-2 373
**	Profit or loss net of tax (+/-)	49 330	-8 541
***	Profit or loss for the current period (+/-)	49 330	-8 541
*	Net turnover for the current period	4 584 619	4 367 613

STATEMENT OF CHANGES IN EQUITY

Toyoda Gosei Czech, s.r.o.
Corporate ID 264 37 171

Year ended
31.03.2020
(in CZK thousand)

Průmyslová 2
Klášteřec nad Ohří
okres Chomutov, 43151

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 March 2018	970 000	256	51 438	410 949	65 908	1 498 551
Distribution of profit or loss				65 908	-65 908	
Profit shares paid				-49 431		-49 431
Rounding				1		
Profit or loss for the current period					-8 541	-8 541
Balance at 31 March 2019	970 000	256	51 438	427 427	-8 541	1 440 580
Distribution of profit or loss				-8 541	8 541	
Profit or loss for the current period					49 330	49 330
Balance at 31 March 2020	970 000	256	51 438	418 886	49 330	1 489 910

CASH FLOW STATEMENT

Toyoda Gosei Czech, s.r.o.
Corporate ID 264 37 171

Year ended
31.03.2020
(in CZK thousand)

Průmyslová 2
Kláštrec nad Ohří
okres Chomutov, 43151

		Year ended 31.03.2020	Year ended 31.03.2019
P.	Opening balance of cash and cash equivalents	135 266	82 919
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	64 377	-4 556
A.1.	Adjustments for non-cash transactions	270 146	195 627
A.1.1.	Depreciation of fixed assets	186 069	167 580
A.1.2.	Change in provisions and reserves	7 901	22 280
A.1.3.	Profit/(loss) on the sale of fixed assets	-8 292	-254
A.1.5.	Interest expense and interest income	1 225	1 055
A.1.6.	Adjustments for other non-cash transactions	83 243	4 966
A.*	Net operating cash flow before changes in working capital	334 523	191 071
A.2.	Change in working capital	-22 587	-105 516
A.2.1.	Change in operating receivables and other assets	121 962	-172 868
A.2.2.	Change in operating payables and other liabilities	-132 337	148 960
A.2.3.	Change in inventories	-12 212	-81 608
A.**	Net cash flow from operations before tax	311 936	85 555
A.3.	Interest paid	-1 297	-1 093
A.4.	Interest received	23	55
A.5.	Income tax paid from ordinary operations	15 157	-10 455
A.***	Net operating cash flows	325 819	74 062
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-259 568	-206 840
B.2.	Proceeds from fixed assets sold	10 364	254
B.***	Net investment cash flows	-249 204	-206 586
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	-59 971	234 302
C.2.	Impact of changes in equity		-49 431
C.2.6.	Profit shares paid		-49 431
C.***	Net financial cash flows	-59 971	184 871
F.	Net increase or decrease in cash and cash equivalents	16 644	52 347
R.	Closing balance of cash and cash equivalents	151 910	135 266

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

Name of the Company:	Toyoda Gosei Czech, s.r.o.
Registered Office:	Průmyslová 2, 431 51 Klášterec nad Ohří, District of Chomutov
Legal Status:	Limited Liability Company
Corporate ID:	264 37 171

TABLE OF CONTENTS

1.	GENERAL INFORMATION.....	4
1.1.	INCORPORATION AND DESCRIPTION OF THE COMPANY	4
1.2.	YEAR-ON-YEAR CHANGES AND AMENDMENTS TO THE REGISTER OF COMPANIES	4
1.3.	ORGANISATIONAL STRUCTURE.....	5
1.4.	GROUP IDENTIFICATION	5
1.5.	STATUTORY BODY.....	5
2.	BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES.....	6
3.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7
3.1.	TANGIBLE FIXED ASSETS	7
3.2.	INTANGIBLE FIXED ASSETS	8
3.3.	INVENTORY	8
3.4.	RECEIVABLES	9
3.5.	TRADE PAYABLES	9
3.6.	LOANS	9
3.7.	RESERVES.....	9
3.8.	FOREIGN CURRENCY TRANSLATIONS	10
3.9.	FINANCE LEASES	10
3.10.	OPERATING LEASES.....	10
3.11.	TAXATION	10
3.11.1.	<i>Depreciation of Fixed Assets for Tax Purposes</i>	<i>10</i>
3.11.2.	<i>Current Tax Payable.....</i>	<i>10</i>
3.11.3.	<i>Deferred Tax.....</i>	<i>11</i>
3.12.	GOVERNMENT GRANTS	11
3.13.	REVENUE RECOGNITION.....	11
3.14.	USE OF ESTIMATES	11
3.15.	YEAR-ON-YEAR CHANGES IN VALUATION, DEPRECIATION OR ACCOUNTING POLICIES.....	12
3.16.	CASH FLOW STATEMENT.....	12
3.17.	SUMMARY OF USED ABBREVIATIONS WITH RELATED PARTIES	12
4.	ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.....	13
4.1.	FIXED ASSETS.....	13
4.1.1.	<i>Intangible Fixed Assets</i>	<i>13</i>
4.2.	TANGIBLE FIXED ASSETS	14
4.2.1.	<i>Assets Held under Finance and Operating Lease Agreements</i>	<i>15</i>
4.3.	INVENTORY	15
4.4.	RECEIVABLES	16
4.4.1.	<i>Long-Term Receivables</i>	<i>16</i>
4.4.2.	<i>Short-Term Receivables</i>	<i>16</i>
4.5.	DEFERRALS AND ACCRUALS	17
4.5.1.	<i>Temporary Assets.....</i>	<i>17</i>
4.5.2.	<i>Temporary Liabilities and Estimated Payables</i>	<i>17</i>
4.6.	EQUITY	17
4.6.1.	<i>Changes in Equity.....</i>	<i>17</i>
4.7.	RESERVES.....	18
4.8.	PAYABLES	18
4.8.1.	<i>Aging of Short-Term Trade Payables</i>	<i>18</i>
4.8.2.	<i>Intercompany Payables.....</i>	<i>19</i>
4.9.	BANK LOANS.....	19
4.9.1.	<i>Short-Term Bank Loans and Financial Borrowings.....</i>	<i>19</i>
4.10.	INCOME TAXATION.....	20
4.10.1.	<i>Deferred Tax.....</i>	<i>20</i>
4.11.	DETAILS OF INCOME BY PRINCIPAL ACTIVITY	20
4.12.	RELATED PARTY TRANSACTIONS	21
4.12.1.	<i>Income Generated with Related Parties</i>	<i>21</i>
4.12.2.	<i>Purchases from Related Parties.....</i>	<i>21</i>
4.12.3.	<i>Purchases and Sales of Fixed Assets and Financial Assets with Related Parties.....</i>	<i>22</i>
4.13.	CONSUMED PURCHASES	22
4.14.	SERVICES.....	23

4.15.	FEE TO THE STATUTORY AUDITOR	23
4.16.	CHANGE IN RESERVES AND PROVISIONS RELATING TO OPERATING ACTIVITIES AND COMPLEX DEFERRED EXPENSES	23
4.17.	OTHER OPERATING INCOME	24
4.18.	GRANTS	24
4.19.	SUNDRY OPERATING EXPENSES	24
4.20.	OTHER FINANCIAL INCOME	24
4.21.	OTHER FINANCIAL EXPENSES	24
5.	EMPLOYEES, MANAGEMENT AND STATUTORY BODIES.....	25
5.1.	STAFF COSTS AND NUMBER OF EMPLOYEES.....	25
6.	OFF BALANCE SHEET COMMITMENTS.....	26
7.	OTHER SIGNIFICANT EVENTS	27
8.	POST BALANCE SHEET EVENTS	28

1. GENERAL INFORMATION

1.1. Incorporation and Description of the Company

Toyoda Gosei Czech, s.r.o. (hereinafter referred to as the “Company”) was established by a Deed of Association as a limited liability company on 21 December 2000 and was incorporated following its registration in the Register of Companies held at the Regional Court in Ústí nad Labem, Section C, File 18630, on 1 March 2001.

The Company is primarily engaged in:

- Foundry work, modelling;
- Production, trade and services not listed in appendices 1 to 3 to the Trade Licensing Act; and
- Production, installation, repairs of electrical machines and appliances, electronic and telecommunication equipment.

The Company’s registered office is located at Průmyslová 2, 431 51 Klášterec nad Ohří, Chomutov region.

The Company’s share capital is CZK 970,000 thousand.

The financial statements of the Company were prepared as of 31 March 2020 for the period of 12 months (hereinafter referred to as “2019”). The prior year’s financial statements of the Company were prepared as of 31 March 2019 for the period of 12 months (hereinafter referred to as “2018”).

The following table shows individuals and corporate entities with an equity interest greater than 20% and the amount of their equity interest:

Owner	Ownership percentage
TOYODA GOSEI CO., LTD., 1, Haruhinagahata, Kiyosu Aichi-Prefecture, 452-8564, Japan	80%
TOYOTA TSUSHO CORPORATION, Toyota Bldg., 9-8, Meieki 4-chrome, Nakamura-ku, Nagoya, 450-8575, Japan	20%
Total	100%

The Company’s primary activities include the manufacture of automotive parts and the purchase and sale of goods.

1.2. Year-on-Year Changes and Amendments to the Register of Companies

During the reporting period, a new statutory executive, Mr Katsumi Saito, was recorded in the Register of Companies. His position originated on 1 April 2019.

1.3. Organisational Structure

- President of the Company
 - HR and public affairs department
 - Finance
 - IT
 - HR and general affairs department
 - Procurement
 - Quality and project management
 - Quality and project management in Hall 1
 - Quality and project management in Hall 2
 - Quality and project management in Halls 3 and 4
 - Quality assurance
 - Production Hall 1
 - Production administration in Hall 1
 - Technical department in Hall 1
 - Production department in Hall 1
 - Production Hall 2
 - Production administration in Hall 2
 - Technical department in Hall 2
 - Production department in Hall 2
 - Production Hall 3
 - Production department in Hall 3 – primary process
 - Production department in Hall 3 – secondary process
 - Production Hall 4
 - Production department in Hall 4 – secondary process
 - Technical department in Hall 3 and Hall 4
 - Technical department for Hall 3 and Hall 4
 - Primary-process technical department
 - Secondary-process technical department
 - Production-technical department

1.4. Group Identification

The Company is included in the Japanese Toyoda Gosei Corporation Limited Group.

The consolidated financial statements of the Group are available at <http://www.toyoda-gosei.com>.

1.5. Statutory Body

	Position	Time	Name
Statutory body	Statutory executive	Since 1 April 2019	Katsumi Saito
	Statutory executive	Since 10 January 2017	Shoji Okajima
	Statutory executive	Since 1 March 2017	Kazutaka Murakami
	Statutory executive	Since 17 October 2018	Hiroshi Yasuda

2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ("CZK").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 5 thousand on an individual basis.

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

Tangible fixed assets developed internally are valued at direct costs, incidental costs directly attributable to the internal production of assets (production overheads), or alternatively incidental costs of an administrative character if the production period of the assets exceeds one accounting period.

The following tangible fixed assets are stated at replacement cost: tangible fixed assets acquired through donation, tangible fixed assets acquired without consideration on the basis of a contract to purchase a leased asset (accounted for by a corresponding entry in the relevant accumulated depreciation account), fixed assets recently entered in the accounting records (accounted for by a corresponding entry in the relevant accumulated depreciation account), and an investment of tangible fixed assets. The replacement cost is determined based on an expert valuation report prepared by a certified appraiser.

The cost of fixed asset improvements exceeding CZK 40 thousand for the period increases the acquisition cost of the related tangible fixed asset.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight line method, on the following basis:

	Number of years
Administrative buildings	50
Industrial buildings and halls	30
Infrastructure networks	20
Air-conditioning, EPS, conveyors, etc.	12
Machinery for the production of weatherstrips	10
Machinery for the production of security systems and functional components	8
Other machines and equipment	6
Other furniture and fixtures	6
Servers, computers and peripheral devices	4
Transportation containers	4
Measurement and inspection devices, various instruments and tools	4
Moulds	2
Assets between CZK 5 thousand and CZK 40 thousand	2

Assets held under finance leases are depreciated by the lessor.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date and is recognised through the profit and loss account.

Provisioning

Provisions against tangible fixed assets are created based on the results of inventory taking or, if relevant, supporting documents from technical segments. The Company regularly assesses all indicators that might cause asset impairment and require relevant adjustments in the financial statements.

3.2. Intangible Fixed Assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 60 thousand on an individual basis.

Intangible fixed assets also comprise software or valuable rights. Software and valuable rights generated internally for the Company's internal needs are not capitalised. Internally generated intangible assets are stated at the lower of internal production costs and replacement cost.

Purchased intangible fixed assets are stated at cost less accumulated amortisation.

The cost of fixed asset improvements exceeding CZK 60 thousand for the period increases the acquisition cost of the related intangible fixed asset.

Amortisation of intangible fixed assets is recorded on a straight line basis over their estimated useful lives as follows:

	Number of years
Software	6
Valuable rights	5

Provisioning

The Company creates provisions against intangible fixed assets based on the results of inventory taking.

3.3. Inventory

The Company measures the inventory using standard prices determined for the particular period.

Internally developed inventory – internally developed semi-finished goods and finished products – are valued at the calculated costs, which primarily consist of the direct costs of production (direct material, direct wages, other direct costs) and the portion of indirect costs relating to production. Financial expenses relating to the use of external funding can be reported as part of the cost of producing the inventory solely if they relate to the period of their production.

Provisioning

Inventories are provisioned as follows:

- "Dead" inventory (100% against all items based on supporting documents from production administration)
- The balance of final products or goods in stock from finished projects for which no other use is anticipated (in the amount of 100%);
- The amount of final products or goods in stock for items, the standard cost of which is higher than the selling price, in the amount of the difference increased by the estimate of expenses relating to their sales;
- The amount of moulds intended for sale, the acquisition cost of which is higher than the selling price, in the amount of the difference; and
- Inventories older than six months or one year which will, however, be used to produce spare parts when the project is completed are not provided for.

3.4. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for bad amounts. Provisions are also created against unbilled supplies based on a self-billing contract with the customer, ie against items that were not included by the customer in its billing. Provisions against receivables are recognised if doubts exist as to their recoverability.

Provisioning

Based on an analysis of the maturity of receivables, the Company creates a 50% provision against receivables past due between 180 to 365 days, while receivables past due for more than 365 days are provisioned in full. Provisions against intercompany receivables are only created in exceptional situations. In determining the provisioning charges, the Company also refers to the status of court proceedings, the financial health of the debtor, opinions from legal counsel, etc.

3.5. Trade Payables

Trade payables are stated at their nominal value.

3.6. Loans

Loans are stated at their nominal value.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

Interest is included in the profit or loss for the period.

All borrowing costs are recorded to the profit and loss account in the period in which they are incurred.

3.7. Reserves

Reserves are intended to cover future risks or expenditure, the nature of which is clearly defined and which are likely to be incurred, but which are uncertain as to the amount or the date on which they will be utilised.

The Company recognises reserves for warranties, where it undertakes to participate in covering the costs incurred on delivering faulty components or addressing complaints made during the warranty period. The calculation is based on the monitoring of the development of defects reported by customers which is conducted by the Quality Control Department and the aggregate production of the reporting period. The maximum warranty repair period is five years after the relevant component is delivered to a customer. For that period, the Company maintains the reserves. After five years, the previously maintained and undrawn reserve is released.

The Company also recognises a non-tax deductible reserve for outstanding vacation days on a monthly basis by reference to the proportional part of the total entitlement to the number of vacation days and the average assessment bases. Furthermore, the Company accounts for reserves for repairs of tangible fixed assets, for contingent liabilities arising from legal disputes or for employee benefits.

In the year ended 31 March 2013, the Company started creating accounting reserves for employee benefits as a result of the current employment policy and the number and structure of the Company's employees.

3.8. Foreign Currency Translations

Transactions denominated in foreign currencies during the year are translated using the daily exchange rate of the Czech National Bank.

At the balance sheet date, financial assets, short-term receivables and payables denominated in a foreign currency are translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Any resulting foreign exchange rate gains and losses are recorded as the current year's financial expenses or revenues as appropriate.

3.9. Finance Leases

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, ownership title to the asset transfers from the lessor to the lessee; pending the transfer of title, the lessee makes lease payments to the lessor for the asset that are charged to expenses.

If a finance lease contains an initial lump-sum payment, the lump-sum payment is accrued as an asset and released as an expense over the life of the lease.

Leasehold improvements are depreciated over the lease term. Following the transfer of ownership title of the leased asset to the lessee, the cost of improvements is added to the value of acquired assets and the depreciation of this increased amount continues.

3.10. Operating Leases

Operating leases represent a short-term or long-term lease when the lessee returns the leased asset to the lessor once the lease expires. No contractual claim exists regarding the potential transfer of the leased asset to the lessee's possession.

TGCZ holds assets under operating leases. Related costs are charged to operating expenses under 'Services' based on invoices received from the individual lessors. Payables are recorded as trade payables and divided into short-term and long-term payables.

3.11. Taxation

3.11.1. Depreciation of Fixed Assets for Tax Purposes

Depreciation of fixed assets is calculated using the straight line method for tax purposes.

3.11.2. Current Tax Payable

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rates that have been enacted by the balance sheet date.

3.11.3. Deferred Tax

Deferred tax is accounted for using the balance sheet liability method.

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when the tax liability is settled or the asset realised.

The balance sheet liability method focuses on temporary differences which are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount that will be deductible for tax purposes in the future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

3.12. Government Grants

Grants received to offset costs are recognised as other operating and financial income over the period necessary to match them with the related costs. Grants received to acquire tangible and intangible fixed assets and technical improvements and grants towards interest expenses added to the cost are deducted in reporting their cost or internal cost. Grants received for the creation of jobs are posted to income when the Company reaches the required number of employees.

3.13. Revenue Recognition

Revenues are recognised in line with the delivery terms concluded with the customer, i.e. when goods are delivered and accepted by the customer, and when goods are shipped out of stock and title has passed to the customer. Revenues are reported net of discounts and VAT.

Revenues from services are recognised when services are rendered and are reported net of discounts and VAT.

3.14. Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company believes that the estimates and assumptions used will not significantly differ from the actual results and outcomes in the following reporting periods.

3.15. Year-on-Year Changes in Valuation, Depreciation or Accounting Policies

No year-on-year change in the accounting policy was determined.

3.16. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance. Cash and cash equivalents can be analysed as follows:

	(CZK thousand)	
	31 March 2020	31 March 2019
Cash on hand and cash in transit	343	194
Cash at bank	151 567	135 072
Total cash and cash equivalents	151 910	135 266

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset. The change in the balance of received loans is reported in line C.1. 'Change in payables from financing' of the cash flow statement.

3.17. Summary of Used Abbreviations with Related Parties

Zkratka	Subjekt	Země
TJTG	Toyoda Gosei Star Light (Tianjin) Auto Parts Co., Ltd.	China
TG	TOYODA GOSEI Co. Ltd.	Japan
TGE	Toyoda Gosei Europe N.V.	Belgium
TGHP	Toyoda Gosei Haiphong Co., Ltd.	Vietnam
TG Meteor	Toyoda Gosei Meteor GmbH	Germany
TGNA	Toyoda Gosei North America Corporation	USA
TGRT	Toyoda Gosei Rubber (Thailand) Co., Ltd.	Thailand
TGT	Toyoda Gosei Thailand Co., Ltd.	Thailand
TGUK	Toyoda Gosei UK Ltd.	United Kingdom
TGZS	Toyoda Gosei (Zhangjiagang) Co., Ltd.	China
TT Praha	Toyota Tsusho Praha, s.r.o.	Czech Republic
TTESA CR	Toyota Tsusho Europe S.A., organizační složka v České republice	Czech Republic
TTESA FR	Toyota Tsusho Europe S.A., Onnaing	France
TTESA PL	Toyota Tsusho Europe S.A. Oddział w Polsce	Poland
WTG	Waterville TG Inc.	Canada
Abbreviation	Entity	Country
TJTG	Toyoda Gosei Star Light (Tianjin) Auto Parts Co., Ltd.	China
MTG	Minda TG Rubber Pvt Ltd.	India
TG	TOYODA GOSEI Co. Ltd.	Japan
TGE	Toyoda Gosei Europe N.V.	Belgium
TGEJ	TG Higashi Nihon Co., Ltd.	Japan
TGHP	Toyoda Gosei Haiphong Co., Ltd.	Vietnam
TG Meteor	Toyoda Gosei Meteor GmbH	Germany
TGNA	Toyoda Gosei North America Corporation	USA
TGRT	Toyoda Gosei Rubber (Thailand) Co., Ltd.	Thailand
TGT	Toyoda Gosei Thailand Co., Ltd.	Thailand
TGUK	Toyoda Gosei UK Ltd.	United Kingdom
TGZS	Toyoda Gosei (Zhangjiagang) Co., Ltd.	China
TT Praha	Toyota Tsusho Praha, s.r.o.	Czech Republic
TTESA CR	Toyota Tsusho Europe S.A., organisational branch in the Czech Republic	Czech Republic
TTESA FR	Toyota Tsusho Europe S.A., Onnaing	France
TTESA PL	Toyota Tsusho Europe S.A. Oddział w Polsce	Poland
WTG	Waterville TG Inc.	Canada

4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

4.1. Fixed Assets

4.1.1. Intangible Fixed Assets

Overview of principal balances:

Major items include software used for communicating with customers and the ERP system which is subject to regular assessment. During the year, a new approval system for the circulation of received invoices was capitalised. Non-capitalised intangible assets predominantly include technical improvements of software, which will be capitalised in April 2020.

4.2. Tangible Fixed Assets

Cost

	(CZK thousand)					
	Balance at 31 March 2018	Additions	Disposals	Balance at 31 March 2019	Additions	Disposals Balance at 31 March 2020
Land	27 235	0	0	27 235	0	0 27 235
Structures	1 077 419	101 170	1 214	1 177 375	25 337	878 1 201 834
Tangible movable assets						
- <i>Machines and equipment</i>	1 806 065	102 804	73 288	1 835 581	99 054	45 416 1 889 219
- <i>Vehicles</i>	1 540	0	110	1 430	0	0 1 430
- <i>Furniture and fixtures</i>	12 671	6 662	1 613	17 720	3 274	680 20 314
- <i>Sundry tangible fixed assets</i>	46 175	10 923	5 232	51 866	9 359	4 885 56 340
Other tangible fixed assets and perennial crops	123 732	8 010	4 304	127 438	794	152 128 080
Tangible fixed assets under construction	138 815	189 409	231 009	97 215	245 487	134 569 208 133
Prepayments for tangible fixed assets	13 877	39 810	8 647	45 040	11 900	56 940
Total	3 247 529	458 788	325 417	3 380 900	395 205	186 580 3 589 525

Accumulated Depreciation

	(CZK thousand)					
	Balance at 31 March 2018	Additions	Disposals	Balance at 31 March 2019	Additions	Disposals Balance at 31 March 2020
Land	0	0	0	0	0	0 0
Structures	310 641	66 008	1 030	375 619	45 664	44 421 239
Tangible movable assets						
- <i>Machines and equipment</i>	1 364 139	75 612	49 772	1 389 979	117 665	46 801 1 460 843
- <i>Vehicles</i>	1 520	17	107	1 430		1 430
- <i>Furniture and fixtures</i>	7 189	3 492	1 577	9 104	1 919	631 10 392
- <i>Sundry tangible fixed assets</i>	38 118	8 119	4 227	42 010	9 058	2 311 48 757
Other tangible fixed assets and perennial crops	101 963	12 851	4 303	110 511	8 972	152 119 331
Total	1 823 570	166 099	61 016	1 928 653	183 278	49 939 2 061 992

Net Book Value

	(CZK thousand)	
	Balance at 31 March 2019	Balance at 31 March 2020
Land	27 235	27 235
Structures	801 756	780 595
Individual movable tangible assets		
- <i>Machines and equipment</i>	445 602	428 376
- <i>Vehicles</i>	0	0
- <i>Furniture and fixtures</i>	8 616	9 922
- <i>Sundry tangible fixed assets</i>	9 856	7 583
Other tangible fixed assets and perennial crops	16 927	8 749
Tangible fixed assets under construction	97 215	208 133
Prepayments for tangible fixed assets	45 040	56 940
Total	1 452 247	1 527 533

In 2019, the Company released a provision against tangible movable assets in the amount of CZK 851 thousand. In 2018, CZK 4,447 thousand was released.

The balance sheet value of the provision against tangible movable assets decreased to CZK 5,533 thousand as of 31 March 2020 (compared to CZK 6,384 thousand as of 31 March 2019).

In 2019, major additions to assets primarily include new special purpose machines for the production of rubber components in Hall 3 and Hall 4, new lines for the production of airbags in Hall 2 and, importantly, a machine for pressing crude steering wheels made of aluminium in Hall 1.

In 2019 and 2018, the Company acquired tangible assets which were directly expensed in the amounts of CZK 2,148 thousand and CZK 1,789 thousand, respectively. These assets comprise low value tangible assets consisting of other movable assets and sets of movable assets with an estimated useful life exceeding one year. These assets are excluded from fixed assets and are expensed on one-off basis.

In 2019, the main disposal of tangible assets includes unused obsolete machinery and equipment, obsolete storage trolleys and IT equipment.

Interest was not capitalised as part of the cost of tangible fixed assets.

4.2.1. Assets Held under Finance and Operating Lease Agreements

Finance Leases with Subsequent Purchase

(CZK thousand)			
Description	Total lease value	Payments made in the year ended 31 March 2020	Due in following years
Total cars and machinery	3 301	3 301	0

The above figures are net of VAT if input VAT recovery is possible.

Operating Leases

(CZK thousand)					
Description	Date of inception	Date of expiration	Total lease value	Payments made in the year ended 31 March 2020	Payments due in the following years
Handling technology	01/2010 – 03/2020	02/2019 – 03/2025	39 757	21 204	18 553
Cars	06/2015 – 03/2020	05/2019 – 02/2025	23 660	14 738	8 922
Machinery	04/2018 – 08/2018	04/2022 – 10/2023	3 372	1 351	2 021

The above figures are net of VAT if input VAT recovery is possible.

4.3. Inventory

(CZK thousand)		
	Balance at 31 March 2020	Balance at 31 March 2019
Material	376 138	363 759
Work in progress	28 251	30 285
Products	119 489	66 458
Goods	18 613	31 570
Goods – moulds and tools intended for sale	103 856	146 566
Prepayments made for inventory	7 603	3 101
Provisions	- 26 086	-11 067
Total	627 864	630 672

An increase in the balance of products was caused by the cessation of shipments to most of our customers, who reacted to the situation regarding the spread of COVID-19 in the second half of March 2020. “Goods – moulds and tools intended for sale” include items that are yet to be produced in large-scale production (a majority of them is related to a new project for Toyota whose planned large-scale production will commence in Q2/2020). Once agreed with the customer, the customer purchases these moulds and tools.

In 2019 and 2018, a provision against inventory of products was created in the balance sheet amount of CZK 5,656 thousand and CZK 4,411 thousand, respectively; a provision against inventory of goods amounted to CZK 6,117 thousand and CZK 2,604 thousand, respectively (a provision against inventory of mould included); a provision against material was recognised in the amount of CZK 14,313 thousand and CZK 4,052 thousand, respectively. An increase in the provision against goods was related to the purchased LED lighting, for which there is, unfortunately, no demand on the market. The increase in the provision against material was caused by dead inventory, which remained in stock after the completion several projects.

4.4. Receivables

4.4.1. Long-Term Receivables

Since 2006, the Company has provided loans to its employees. As of 31 March 2020, the long-term portion of these loans is not reported (CZK 3 thousand as of 31 March 2019).

The Company paid recoverable deposits related to the lease of residential and non-residential (storage) premises. As of 31 March 2020, the value of the deposits amounts to CZK 1,343 thousand (31 March 2019: CZK 518 thousand).

4.4.2. Short-Term Receivables

Aging of Trade Receivables

(CZK thousand)								
Year ended	Category	Before due	Past due				Total past due	Total
31 March			1 – 90 days	91 – 180 days	181 days – 2 years	2 years and more		
2019	Gross	404 903	39 468	3 095	6 282	101	48 946	453 849
	Provisions	0	0	0	5 381	81	5 462	5 462
	Net	405 004	39 468	3 095	901	20	43 484	448 387
2018	Gross	459 585	30 702	1 896	7 730	392	40 720	500 305
	Provisions	0	0	0	7 449	366	7 815	7 815
	Net	459 585	30 702	1 896	281	26	32 905	492 490

Receivables typically mature within one to three months, depending on the customer.

Intercompany Receivables

(CZK thousand)		
Entity	Balance at 31 March 2020	Balance at 31 March 2019
Short-term receivables		
Trade		
<i>In the Toyoda Gosei group</i>		
TGUK	24	6 520
TG Meteor (in the group until 31 December 2019)	0	31 950
TGE	1 645	777
TGHP	3 164	3 481
TGNA	0	60
TGT	372	25
WTG	0	1
<i>In the Toyota Tsusho group</i>		
TTESA CR	9 646	18 405
<i>From companies with controlling influence</i>		
TG	1 220	1 258
Total short-term intercompany receivables and accrued income	16 071	62 477
Other than intercompany receivables	584 656	658 180
Total short-term receivables and accrued income	600 727	720 657

4.5. Deferrals and Accruals

4.5.1. Temporary Assets

	(CZK thousand)	
	Balance at 31 March 2020	Balance at 31 March 2019
Deferred expenses – lease	2 401	7 059
Deferred expenses – insurance premium	1 533	1 525
Accrued income	146 878	220 352
Provision against accrued income	-447	-261
Complex deferred expenses	36 686	45 062
Deferred expenses – other	2 044	2 089
Total temporary assets	189 095	275 826

Accrued income consists of products and goods purchased by entities with which the Company has a self-billing agreement in place. The balance includes items of sale orders that were not invoiced by the customer based on this agreement as of 31 March 2020. The year-on-year decrease resulted from orders from Toyota Motor Europe NV/SA, with supplies to the customer accounting for more than 90% of the whole balance. The reason is that the shipments were suspended as a reaction to the situation regarding COVID-19.

The provision against accrued income represents a provision that was created against unbilled supplies as disclosed in Note 3.4.

4.5.2. Temporary Liabilities and Estimated Payables

	(CZK thousand)	
	Balance at 31 March 2020	Balance at 31 March 2019
Estimated payables – inventory	187 029	107 056
Estimated payables – other	208 484	160 915
Deferred income	18 195	82
Total temporary liabilities	413 708	268 053

The estimated payable for inventory includes amounts of received material and goods for which the Company had not received invoices as of 31 March 2020.

4.6. Equity

4.6.1. Changes in Equity

Share Capital

In 2019, there were no changes in the share capital. The share capital amounts to CZK 970,000 thousand as of 31 March 2020.

Reserve Fund

In 2019, the Company recognised no reserve fund based on the decision of the General Meeting.

The aggregate amount of the reserve fund was CZK 51,438 thousand as of 31 March 2020.

Retained Earnings and Accumulated Losses

The loss for 2018 of CZK 8,541 thousand was approved by the General Meeting in 2019. According to the resolution of the General Meeting, the loss was be transferred to accumulated profits brought forward.

The accounting profit for 2019 will probably be settled as follows: 75% of the profit will paid out as a dividend to controlling entities and the remaining 25% will be transferred to accumulated profits brought forward.

4.7. Reserves

(CZK thousand)					
	Reserve for outstanding vacation days	Reserve for warranty repairs	Reserve for repairs of tangible fixed assets	Other reserves	Total reserves
Balance at 31 March 2019	13 741	9 452	18 273	25 944	67 410
Charge for reserves	12 598	1 162	0	2 476	16 236
Use of reserves	13 741	3 400	4 000	0	21 141
Balance at 31 March 2020	12 598	7 214	14 273	28 420	62 505

4.8. Payables**4.8.1. Aging of Short-Term Trade Payables**

(CZK thousand)									
Year	Category	Before due	Past due				Total past due	Total	
			1 – 90 days	91 – 180 days	181 – 360 days	1 – 2 years and more			
2019	Short-term	134 124	15 429	20	4 786	6 240	0	26 475	160 599
2018	Short-term	381 470	30 109	6 682	659	691	23	38 141	419 634

Payables typically mature within one or two months. The decrease in payables is due to the fact that most payables were reported as estimated payables in the balance sheet; however, in the previous year, the majority of invoices for the delivered material were actually recognised.

As of 31 March 2020, the Company carried due amounts arising from social security, contribution to the governmental employment policy and due amounts arising from the public health insurance which are due in April 2020. Due amounts arising from social security and health insurance and tax payables are before their due dates.

As of the balance sheet date, the Company records no payables with maturities greater than five years.

4.8.2. Intercompany Payables

Entity	(CZK thousand)	
	Balance at 31 March 2020	Balance at 31 March 2019
Short-term payables		
<u>Trade</u>		
<i>In the Toyota Gosei group</i>		
TG Meteor (in the group until 31 December 2019)	0	5 022
TGUK	0	2 285
TGE	0	2 917
<i>In the Toyota Tsusho group</i>		
TTESA CR	15 829	55 665
<i>In associates</i>		
TG	30 239	158 058
<u>From estimated payables</u>		
<i>In the Toyota Gosei group</i>		
TG Meteor (in the group until 31 December 2019)	0	2 061
TGUK	2 635	4 386
TGNA	1 624	441
TGE	5 415	181
TGRT	0	25
TGHP	0	47
<i>In the Toyota Tsusho group</i>		
TTESA CR	39 511	34 529
<i>In associates</i>		
TG	145 851	57 742
Total short-term intercompany payables and estimated payables	241 676	323 359
Other than intercompany payables	314 436	364 246
Total short-term payables	556 112	687 605

4.9. Bank Loans**4.9.1. Short-Term Bank Loans and Financial Borrowings**

As of 31 March 2020, the Company reports three bank loans totalling CZK 786,762 thousand (in 2018: CZK 786,900 thousand).

The bank loan from MUFG Bank (Europe) N.V. of CZK 191,275 thousand is due on 20 April 2020 and is rolled over on a monthly basis; the interest rate has been negotiated to match current market rates.

The bank loan from Sumitomo Mitsui Banking Corporation Europe Limited of CZK 382,550 thousand is due on 20 April 2020 and is rolled over on a monthly basis; the interest rate has been negotiated to match current market rates.

The bank loan from Mizuho Bank Europe N.V. of CZK 204,937 thousand is due on 20 April 2020 and is also rolled over on a monthly basis; the interest rate has been negotiated to match current market rates.

4.10. Income Taxation

The Company recognises a reserve for the current tax payable, because the expected tax liability exceeds the prepayments made in the amount of CZK 5,638 thousand (CZK 31,212 thousand as of 31 January 2019). The reported line „B.II. Income tax reserve“ includes the expected tax charge reduced by income tax prepayments.

4.10.1. Deferred Tax

The deferred tax asset is analysed as follows:

Deferred Tax Arising from

	(CZK thousand)	
	Balance at 31 March 2020	Balance at 31 March 2019
Deferred tax arising from differences in net book values of fixed assets	-35 844	-39 673
Deferred tax arising from reserves for warranties	1 371	1 794
Deferred tax arising from the provision against inventory	4 956	2 103
Deferred tax arising from the provision against receivables	1 194	1 702
Deferred tax arising from the reserve for repairs of tangible fixed assets	2 712	3 472
Deferred tax arising from the reserve for outstanding vacation days	2 394	2 611
Deferred tax arising from the reserve for employee benefits	5 340	4 869
Deferred tax arising from other reserves	2 741	3 259
Total	-15 136	-19 863

As of 31 March 2020, the Company assessed the individual temporary differences which served as a basis for calculating deferred tax, and based on the sum of deferred taxes for the individual differences, the Company recognised a tax liability in the amount of CZK 15,136 thousand (in 2018: CZK 19,863 thousand).

4.11. Details of Income by Principal Activity

	(CZK thousand)					
	Year ended 31 March 2020			Year ended 31 March 2019		
	In- country	Cross- border	Total	In- country	Cross- border	Total
Goods – safety components	22 999	73 124	96 123	68 191	113 761	181 952
Goods – moulds and tools	149 579	17 122	166 701	25 589	9 567	35 156
Goods – functional parts	0	16 815	16 815	0	6 500	6 500
Goods – weatherstrips	0	6 762	6 762	0	9 448	9 448
Goods – optoelectronic parts	470	0	470	3 762	0	3 762
Sales of goods	173 048	113 823	286 871	97 542	139 276	236 818
Sale of products – safety components	715 648	1 836 137	2 551 785	849 025	1 693 205	2 542 230
Sale of products – functional parts	52 749	378 980	431 729	61 874	415 591	477 465
Sale of products – weatherstrips	50 634	1 060 644	1 111 278	59 444	944 352	1 003 796
Sale of products – optoelectronic parts	-6	0	-6	0	0	0
Other services	598	130	728	655	553	1 208
Total sales of products and services	819 623	3 275 891	4 095 514	970 998	3 053 701	4 024 699

4.12. Related Party Transactions**4.12.1. Income Generated with Related Parties**2019

(CZK thousand)						
Entity	Relation to the Company	Goods	Products	Services	Other income	Total
TG	Parent company	0	294	0	1 681	1 975
TG Meteor	Ultimate parent company (until 31 December 2019)	0	110 079	0	2 925	113 004
TGHP	Ultimate parent company	59 670	0	0	0	59 670
TGT	Ultimate parent company	4 568	0	0	0	4 568
TGUK	Ultimate parent company	0	-18	0	463	445
TGE	Ultimate parent company	0	0	0	4 830	4 830
TGNA	Ultimate parent company	0	0	3	0	3
TTESA CR	Ultimate parent company	0	74 772	46	602	75 420
TTESA PL	Ultimate parent company	0	21	0	0	21
Total		64 238	185 148	49	10 501	259 936

2018

(CZK thousand)						
Entity	Relation to the Company	Goods	Products	Services	Other income	Total
TG	Parent company	86	3 135	0	1 514	4 735
TG Meteor	Ultimate parent company	0	88 711	75	13 956	102 742
TGHP	Ultimate parent company	79 323	0	0	0	79 323
TGT	Ultimate parent company	3 282	0	0	0	3 282
TGUK	Ultimate parent company	0	94 083	0	847	94 930
TGE	Ultimate parent company	0	0	0	2 481	2 481
TGNA	Ultimate parent company	0	0	0	64	64
TTESA CR	Ultimate parent company	0	70 339	76	438	70 853
TTESA PL	Ultimate parent company	0	168	0	0	168
Total		81 691	256 436	151	19 300	358 578

4.12.2. Purchases from Related Parties2019

(CZK thousand)						
Entity	Relation to the Company	Goods	Products	Services	Other expenses	Total
TG	Parent company	14 415	397 308	182 443	10 008	604 174
TG Meteor	Ultimate parent company (until 31 December 2019)	0	24 627	357	37	25 021
TGHP	Ultimate parent company	0	0	342	0	342
TJTG	Ultimate parent company	0	3 011	0	0	3 011
TGUK	Ultimate parent company	0	30	-1 215	6	-1 179
TGE	Ultimate parent company	736	12	29 368	0	30 116
TGNA	Ultimate parent company	0	5 954	1 323	2	7 279
TGZS	Ultimate parent company	0	0	0	0	0
TT Praha	Ultimate parent company	0	0	0	0	0
TTESA CR	Ultimate parent company	568	455 815	672	881	457 936
TTESA FR	Ultimate parent company	0	0	2 146	0	2 146
Total		15 719	886 757	215 436	10 934	1 128 846

2018

		(CZK thousand)				
Entity	Relation to the Company	Goods	Products	Services	Other expenses	Total
TG	Parent company	10 380	337 300	196 335	1 479	545 494
TG Meteor	Ultimate parent company	178	26 259	2 518	398	29 353
TGHP	Ultimate parent company	0	0	317	0	317
TJTG	Ultimate parent company	0	2 991	0	14	3 005
TGUK	Ultimate parent company	0	706	14 428	17	15 151
TGE	Ultimate parent company	2 649	0	29 397	0	32 046
TGNA	Ultimate parent company	0	2 542	1 549	5	4 096
TGZS	Ultimate parent company	0	584	0	0	584
TT Praha	Ultimate parent company	0	0	4	0	4
TTESA CR	Ultimate parent company	172	469 199	1 219	863	471 453
TTESA FR	Ultimate parent company	0	0	51	0	51
Total		13 379	839 581	245 818	2 776	1 101 554

4.12.3. Purchases and Sales of Fixed Assets and Financial Assets with Related Parties**Sales**

In 2019, the Company sold no assets to related parties.

In 2018, the Company sold no assets to related parties.

Purchases**2019**

		(CZK thousand)
Entity	Relation to the Company	Intangible and tangible FA
TG Meteor	Ultimate parent company (until 31 December 2019)	1 055
TTESA CR	Ultimate parent company	71 375
TG	Parent company	3 337
Total		75 767

2018

		(CZK thousand)
Entity	Relation to the Company	Intangible and tangible FA
TG Meteor	Ultimate parent company	140
TTESA CR	Ultimate parent company	52 791
TG	Parent company	0
Total		52 931

4.13. Consumed Purchases

		(CZK thousand)
	Year ended 31 March 2020	Year ended 31 March 2019
Consumed material	2 710 283	2 667 996
Consumed energy	62 489	54 670
Costs of goods sold	219 366	164 275
Total consumed purchases	2 992 138	2 886 941

4.14. Services

	(CZK thousand)	
	Year ended 31 March 2020	Year ended 31 March 2019
Repairs and maintenance	17 069	12 167
Travel expenses	4 314	5 461
Representation costs	1 074	608
Telephone, Internet	1 278	1 246
Low value intangible assets put into use	54	303
Rental	22 931	13 708
Leasing	3 930	5 055
Storage fees	6 691	2 211
Marketing support	29 330	29 579
Freight costs except for inventory	23 412	32 754
Royalties (licence fees)	146 896	156 929
International hiring of foreign labour	23 503	32 033
Audit services, legal and tax advisory	3 259	3 588
Training of employees	2 008	2 481
Waste disposal	4 695	4 227
Technical support from TG	1 851	345
Warranty repairs	4 145	1 051
Mediation of workers via agencies	90 784	104 017
IT Support	13 581	13 320
Other services	78 239	83 961
Total	479 044	505 044

Other services primarily include customer services, engineering services, cleaning, security services, translation services, company health care, advertising and others.

4.15. Fee to the Statutory Auditor

	(CZK thousand)	
	Year ended 31 March 2020	Year ended 31 March 2019
Costs of the statutory financial statements audit	1 592	1 665
Total	1 592	1 665

4.16. Change in Reserves and Provisions Relating to Operating Activities and Complex Deferred Expenses

	(CZK thousand)	
	Year ended 31 March 2020	Year ended 31 March 2019
Change in other reserves	-4 903	4 737
Change in provisions	11 985	16 956
Complex deferred expenses	28 175	13 425
Total	35 257	35 118

Provisions predominantly concerned the increased amount of “dead inventory”.

Concerning reserves, a reserve for roof repairs was released, as the repairs were actually recognised in the financial statements during the year.

4.17. Other Operating Income

	(CZK thousand)	
	Year ended 31 March 2020	Year ended 31 March 2019
Grants received to offset costs	269	0
Sundry operating income	73 545	46 062
Total operating income	73 814	46 062

Sundry operating income includes contractual fines. It also includes the sale of waste disposal, compensation from employees and insurance companies, IT support, compensations from customers for customers for transportation, packaging repairs, development and testing.

4.18. Grants

Summary Outline of the Grant Balances

Purpose	Total grant	(CZK thousand)	
		Drawn in the year ended 31 March 2020	Drawn as of 31 March 2019
Employee training	269	269	0
Total	269	269	0

The drawing of the grants is reflected in “Other operating income”.

In 2019, the Company received a grant arising from the “Support of specialised training of employees” provided by the Czech Employment Office

In 2018, the Company received no grants.

4.19. Sundry Operating Expenses

	(CZK thousand)	
	Year ended 31 March 2020	Year ended 31 March 2019
Gifts	113	274
Other penalties and fines	140	62
Insurance	6 244	6 691
Liquidation of old inventory	8 137	6 103
Other	2 574	4 393
Total other operating expenses	17 208	17 523

4.20. Other Financial Income

	(CZK thousand)	
	Year ended 31 March 2020	Year ended 31 March 2019
Foreign exchange rate gains	98 815	43 416
Interest	23	55
Total	98 838	43 471

4.21. Other Financial Expenses

	(CZK thousand)	
	Year ended 31 March 2020	Year ended 31 March 2019
Foreign exchange rate losses	115 858	57 341
Interest	1 248	1 110
Sundry financial expenses	399	520
Total	117 505	58 971

5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES**5.1. Staff Costs and Number of Employees**

In 2019 and 2018, the following tables summarise the average number of the Company's employees and managers:

2019

					(CZK thousand)
	Number of staff	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Staff	1 194	517 614	178 356	21 943	717 913
Total	1194	517 614	178 356	21 943	717 913

2018

					(CZK thousand)
	Number of staff	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Staff	1 368	508 326	175 021	7 946	691 293
Total	1 368	508 326	175 021	7 946	691 293

The number of employees is based on the average recalculated headcount as of the last day of the reporting period.

The current Company's statutory executives work for the Company under the programme for international hiring of labour. The members of the management bodies received no deposits, advance payments, borrowings or loans.

6. OFF BALANCE SHEET COMMITMENTS

Guarantees Received and Provided

As of 31 March 2020, the Company records a due payment bank guarantee in the aggregate amount of CZK 10,000 thousand from MUFG Bank (Europe) NV, organisational branch in the Czech Republic. Based on a letter of guarantee, the Company is liable for the payment of all debt incurred during customs transactions.

Legal Disputes

As of 31 March 2020, the Company was involved in no legal dispute the outcome of which would significantly impact the Company.

Environmental Liabilities

An environmental audit of the Company on the basis of the ISO 14001 certificate was completed as of 31 March 2020. Pursuant to the outcome of the audit, the Company's management believes that the Company is not exposed to any contingent liabilities pertaining to damage caused by prior activities or liabilities related to the prevention of potential future damage.

7. OTHER SIGNIFICANT EVENTS

In late 2019, first news regarding COVID-19 started coming from China. In the first months of 2020, the virus spread around the world, negatively affecting several countries. The Company's management is closely monitoring the situation; it is also looking for ways to minimise the impact of the pandemic on its operations.

One of them is the conclusion of an agreement to provide a contribution from the targeted programme Antivirus, as the company was forced to stop production. The situation is still evolving; however, it is obvious that there will be significant declines in the Company's sales realised in the first quarter of the new fiscal year. The Company is monitoring operation restrictions introduced by its customers and suppliers; it is also in contact with its parent companies, which have promised support in resolving incurred losses and the Company's liquidity; it is also conducting negotiation on increasing credit limits in case of a shortage of funds that might arise in the future.

The Company has considered using the existing accounting and valuation methods in connection with the current situation and states that it does not consider it necessary to make any changes in this area. At present, it does not anticipate potential fines arising from non-compliance with contractual conditions.

The above-mentioned influence was reflected in the calculation of provisions. Special attention was paid to the value of inventory, which is affected by the suspension of production between the end of March and the beginning of May 2020. The Company also assessed the impact of COVID-19 on the value of tangible assets, their economic life and potential sales - it came to the conclusion that it is not necessary to recognise a provision against the assets. Having assessed the recoverability and valuation of receivables, the Company estimates that there is a high probability of their collection; therefore, the current situation has no negative impact in this area.

The management of the Company has considered the potential impacts of the COVID-19 pandemic on its activities and concluded that it has no significant effect on the Company's ability to continue as a going concern. The consolidated financial statements as of 31 March 2020 were therefore prepared in this respect.

Although there is considerable uncertainty regarding future events, the Company's management is constantly monitoring the development of the situation in order to be able to successfully address any financial and non-financial impacts that may arise. However, this uncertainty may have a direct or indirect impact on the future economic situation of the Company and the valuation of assets and liabilities.

8. POST BALANCE SHEET EVENTS

No events occurred subsequent to the balance sheet date that would have a significant impact on the financial statements. The impacts of the global pandemic on the Company are disclosed in Note 7.

4. Audit Report

INDEPENDENT AUDITOR'S REPORT

To the Partners of Toyoda Gosei Czech, s.r.o.

Having its registered office at: Klášterec nad Ohří, Průmyslová 2, District of Chomutov, 43151

Opinion

We have audited the accompanying financial statements of Toyoda Gosei Czech, s.r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 March 2020, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Toyoda Gosei Czech, s.r.o. as of 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation 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 Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic 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.

Emphasis of Matter

We draw attention to Note 7 to the financial statements, which describes the management's assessment regarding the existing and potential impacts of COVID-19 on the Company. Our opinion is not modified in respect of this matter.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Executives are responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory Executives for the Financial Statements

The Statutory Executives are responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Executives determine 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, the Statutory Executives are 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 the Statutory Executives either intend to liquidate the Company or to cease operations, or have 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 above law or regulation, 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 and the reasonableness of accounting estimates and related disclosures made by the Statutory Executives.
- Conclude on the appropriateness of the Statutory Executives' 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 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 the Statutory Executives 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.

In Prague on 22 May 2020

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory Auditor:

Ladislav Šauer
registration no. 2261

