

Unauthorized translation

The Board of Directors and the Managing Director of

Apollo Vredestein Nordic AB

Corporate identity number 556516-7334

hereby submit the

**Annual accounts
turnover.**

for the financial year 1 April 2018 - 31 March 2019

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Operations

The company's main operations consist of sales of Apollo Vredestein's tires in Sweden, Norway, and Denmark. The assortment consists of two brand names, of which one is Vredestin, which include tires for cars, agricultural machines and implement tires. The other brand name is Apollo which includes tires for cars and now also bus and trucks started up in Denmark.

The company is registered and administrated in Gothenburg with a number of travelling salesmen. The inventory is kept in Gothenburg and in Vejle in Denmark.

Owners

The company is a wholly-owned subsidiary to Apollo Vredestein B.V., the Netherlands, which is owned by Apollo Tyres Ltd, registered in India. Apollo is a major actor on the Asian market.

Significant events during the year

The company has been reorganized during 2018 to adapt to the market.

Sales, profit/loss and financial position

(kSEK)	2018/2019 ⁽²⁾	2017/2018 ⁽²⁾	2016/2017 ⁽²⁾	2015/2016 ⁽²⁾	2014/2015 ⁽²⁾
Net sales	124 452	145 930	146 925	147 066	157 009
Result after financial items	1 376	2 978	3 469	-2 548	2 715
Balance sheet total	68 292	82 712	93 198	87 912	93 880
Equity ratio	15,8%	11,4%	7,2%	4,5%	6,5%

⁽¹⁾ Adjusted equity / Equity ratio. Adjusted equity is equity + untaxed reserved deducted by deferred tax liability.

⁽²⁾ From 1 April 2014 the company applies BFNAR 2012:1 Annual accounts and consolidated accounts ("K3"). The comparative year 2013 has been recalculated according to K3. Prior years have not been recalculated. Previously the company applied the Swedish Annual Accounts Act and general guidelines from the Swedish Accounting Standards Board except BFNAR 2008:1 ("K2").

Management believes in a positive development in 2019/2020 for then danish and the swedish markets. For norwegian market management expects to come back to 2017/18 volumes.

Significant events after year-end

No significant events have occurred after year-end.

Information about risks and uncertainties

Except for change in the economy in general and indirectly in the car industry, the company does not expect any specific risks or uncertainties.

Proposal for the appropriation of profits

The board of directors proposes that the profits available for appropriation; SEK 9 677 035 kronor, including profit for the year, 1 376 502 kronor, to be carried forward.

Please refer to the following income statement, balance sheet and cash flow statement and notes to the financial statements regarding the company's profits and financial position in general.

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Income statement

<i>Amount in SEK</i>	<i>Note</i>	<i>2018-04-01</i> <i>- 2019-03-31</i>	<i>2017-04-01</i> <i>- 2018-03-31</i>
Net sales	1	124 452 408	145 390 441
Other operating income	2	3 942	4 958
		<u>124 456 350</u>	<u>145 395 399</u>
Operating expenses			
Goods for resale		-74 484 678	-98 699 369
Other external expenses	3,4	-38 453 219	-32 367 085
Personnel costs	5	-9 131 224	-10 807 255
Amortization of tangible and intangible fixed assets	6	-29 535	-29 535
Operating profit		<u>2 357 694</u>	<u>3 492 155</u>
Result from financial items			
Other interest income and similar profit/loss items		-	6 255
Interest expense and similar profit/loss items	7	-530 512	-520 338
Result after financial items		<u>1 827 182</u>	<u>2 978 072</u>
Result before tax		<u>1 827 182</u>	<u>2 978 072</u>
Tax on profit for the year	8	-450 680	-201 603
Net profit for the year		<u>1 376 502</u>	<u>2 776 469</u>

Balance sheet

<i>Amount in SEK</i>	<i>Not</i>	<i>2019-03-31</i>	<i>2018-03-31</i>
ASSETS			
<i>Intangible fixed assets</i>			
Goodwill	9	—	—
		—	—
<i>Tangible fixed assets</i>			
Equipment	10	29 535	59 069
		29 535	59 069
<i>Financial assets</i>			
Deferred tax asset	11	—	274 467
		—	274 467
Total fixed assets		29 535	333 536
Current assets			
<i>Inventory</i>			
Goods for resale		17 607 695	15 102 176
Advance payment to suppliers		467 000	133 665
		18 074 695	15 235 841
<i>Current receivables</i>			
Accounts receivable		44 205 462	61 400 196
Current tax assets		201 817	378 030
Other receivable		361 424	975 715
Prepaid expenses and accrued income	12	229 091	291 698
		44 997 794	63 045 639
Cash and bank		5 190 152	4 096 600
Total current assets		68 262 641	82 378 080
TOTAL ASSETS		68 292 176	82 711 616

Balance sheet

<i>Amount in SEK</i>	<i>Not</i>	<i>2019-03-31</i>	<i>2018-03-31</i>
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital (9 500 shares quotient value 100)		950 000	950 000
Statutory reserve		190 000	190 000
		<u>1 140 000</u>	<u>1 140 000</u>
<i>Non-restricted equity</i>			
Profit brought forward		8 300 533	5 524 064
Profit for the year		1 376 502	2 776 469
		<u>9 677 035</u>	<u>8 300 533</u>
		10 817 035	9 440 533
Current liabilities			
Accounts payable		1 845 135	1 488 707
Liabilities to group companies		43 850 432	58 054 096
Other liabilities		10 618 885	11 695 783
Accrued expenses and deferred income	13	1 160 689	2 032 497
		<u>57 475 141</u>	<u>73 271 083</u>
TOTAL EQUITY AND LIABILITIES		68 292 176	82 711 616

Memorandum items

<i>Amount in SEK</i>		<i>2019-03-31</i>	<i>2018-03-31</i>
Pledged assets			
<i>For liabilities and provisions</i>			
Liquid funds blocked for customs guarantee		None	None
Contingent liabilities			
		None	None

Cash flow statement

<i>Amounts in SEK</i>	<i>2018-04-01</i> <i>- 2019-03-31</i>	<i>2017-04-01</i> <i>- 2018-03-31</i>
Operating activities		
Result after financial items	1 827 182	2 978 072
Adjustments for items not included in the cash flow	14 71 319	315 487
Tax paid	—	—
Cash flow from operating activities before changes in working capital	1 898 501	3 293 559
<i>Cash flow from changes in working capital</i>		
Decrease(+)/Increase(-) in inventory	-3 838 854	2 334 753
Increase(-)/decrease(+) in accounts receivable	18 047 845	4 242 995
Decrease(-)/Increase(+) in accounts payable	-15 795 942	-13 099 141
Cash flow from operating activities	311 550	-3 227 834
Investing activities		
Acquisition of tangible assets	—	—
Cash flow from investing activities	—	—
Cash flow for the year	311 550	-3 227 834
Cash and cash equivalents at the beginning of the year	4 096 600	7 147 824
Exchange rate differences in cash and cash equivalents	-782 002	-176 610
Cash and cash equivalents at the end of the year	15 5 190 152	4 096 600

Notes to the financial statements

Amount in SEK unless otherwise stated

General information

Vredestein Nordic AB corporate identity number 556516-7334 is a limited company registered in Mölndal, Sweden. The address to the head office is Flöjelbergsgatan 18. The company's operations mainly consist of sales of tires.

The parent company in the group of which Vredestein Nordic AB is a subsidiary is Apollo Tyres Ltd, corporate identity number L25111KL1972PLC002449, registered in India. The smallest parent company in the group of which Vredestein AB is a subsidiary is Apollo Vredestein B.V, corporate identity number 34223268, registered in the Netherlands. The consolidated financial statements of the foreign parent company is available at the parent company's head office; Postbus 27, 7500 AA Enschede, the Netherlands.

Of the total purchase of goods for resale and sales in SEK, 100 % of the purchase and 0 % of the sales refer to other companies in the group of which the company is a part.

Accounting and valuation principles

The company applies the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual accounts and consolidated annual accounts ("K3").

Revenue

Revenue is accounted for at actual value of the payments received or will be received, less VAT, discounts, returns and similar deductions.

Sales

Income from sales of goods is accounted for when the goods are delivered and the ownership is transferred to the customer and all conditions below are fulfilled:

- The company has transferred all significant risks and advantages linked to the ownership of the goods,
- The company has no longer any commitment associated with ownership nor effective control over the goods sold,
- Revenue can be estimated in a reliable way,
- The financial advantages associated with the transaction probably will benefit the company, and
- Expenses occurred or will occur associated with the transaction can be estimated in a reliable way.

Foreign currencies

The company's accounts are in Swedish crowns (SEK)

Translation of items in foreign currencies

Monetary items in foreign currencies are translated to closing day rate at closing date. Non-monetary items, which historically are valued in foreign currencies, are not translated. Exchange rate differences are accounted for in operating profit or as a financial item in the period when they occur, seen from the underlying transaction.

Loan expenses

Loan expenses are accounted for in the income statement in the period when they occur.

Remunerations to employees

Remunerations to employees in form of salaries, bonus, paid vacation, paid sick leave etc, and pensions are accounted for as it is earned. Pensions and other post-employment benefits are classified as defined contribution or defined benefit pension plans. The company has only defined contribution pension plans. There are no other long-term employee benefits.

Defined contribution plans

The company pays fixed contributions for defined contribution plans to a separate independent legal entity and has no obligation to pay additional fees. The company's result is charged with costs as the benefits are earned, which normally is when the premiums are paid.

Income tax

The tax expense is the sum of current and deferred tax.

Current tax

Current tax is calculated on taxable earnings for the period. Taxable profit differs from the reported profit in the income statement since it is adjusted for non-taxable income and non-deductible expenses as well as income and expenses that are taxable or deductible in other periods. Current tax liability is calculated using tax rates applicable at balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the tax bases used in the computation of taxable profit. Deferred tax is recognized using the liability method. Deferred tax liabilities are recognized for almost all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable profit.

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 be utilized, wholly or partly, against the deferred tax asset.

The valuation of deferred tax is based on how the company, at balance sheet date, expects to recover the carrying value of the corresponding asset or settle the carrying amount of the associated liabilities. Deferred tax is calculated based on the tax rates at balance sheet date.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in the income statement, except when the tax relates to items recognized directly in equity. In such cases, the tax is also recognized directly in equity.

Intangible fixed assets

Goodwill

Goodwill is reported at cost less accumulated depreciation and impairment losses. Depreciation is expensed so that the asset's cost is depreciated on a straight-line basis over its estimated useful life determined to 5 years.

Derecognition

An intangible asset is derecognised upon disposal or sale or when no future economic benefits are expected from use or scrapping/disposal. The gain or loss arising when an intangible asset is derecognised is the difference between what is possible to obtain, after deduction for direct selling expenses and the asset's carrying value. This is recognized in the income statement as other operating income or other operating expense.

Tangible fixed assets

Tangible fixed assets are reported at cost less accumulated depreciation and any impairment.

The acquisition cost comprises the purchase price and expenses directly attributable to the acquisition to bring it to location and condition for use. Additional costs are only included in the asset or recognized as a separate asset when it is probable that future economic benefits associated with the item will gain the company and that the cost of the same can be estimated in a reliable way. All other costs for repairs and maintenance, and additional expenses are recognized in the income statement in the period in which they arise.

Depreciation of tangible fixed assets is expensed to cost of the asset, possibly less estimated residual value at the end of useful life and is depreciated over its estimated useful life. If an asset has been divided into various components each component is depreciated separately over its useful life. Depreciation begins when the tangible fixed asset can be put into use.

Derecognition

The carrying amount of property, plant and equipment is derecognised upon disposal or sale, or when no future economic benefits are expected from use or disposal/sale of the asset or component. The gain or loss arising when a tangible asset or a component is derecognised is the difference between what is likely to be obtained, after deduction for direct selling expenses and the carrying value. The capital gain or loss that arises when a tangible asset or component is removed from the balance sheet is reported in the income statement as other operating income or other operating expense.

The following depreciation periods are applied:

Intangible fixed assets

Goodwill

Useful life

5 years

Tangible fixed assets

Equipment

5 years

Estimated useful lives and depreciation methods are reviewed if there are indications that the expected consumption has changed significantly compared to the estimate at the previous balance sheet date. When the company changes the assessment of useful lives the assets' possible residual value is also reviewed. The effect of these changes are recognized prospectively.

Write-down of tangible and intangible fixed assets

The company analyzes the carrying values of tangible assets and intangible assets at each balance sheet date to determine whether there is any indication that those assets have declined in value. If so, the asset's recoverable amount is estimated in order to determine the value of a possible impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount is the higher of fair value less selling costs and value in use. Fair value less selling costs is the price which the company expects to obtain in a sale between knowledgeable, independent parties and who have an interest in the transaction, less the costs that are directly attributable to the sale. When calculating the fair value estimated future cash flows are discounted to present value using a pre-tax rate that reflects current market assessments of the money's time value and the risks associated with the asset. In order to calculate future cash flows, the company used budget and forecasts for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is set at a value lower than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to recoverable amount. An impairment loss is immediately expensed in the income statement.

Financial instruments

A financial asset or financial liability is reported in the balance sheet when the company becomes party to the instrument's contractual conditions. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the company loses control over it. A financial liability, or part of the financial liability is derecognised when the contractual obligation is fulfilled or otherwise ceases.

At the initial reporting current assets and current liabilities are valued at cost.

After the initial reporting assets are valued at the lower of cost and net realizable value at the balance sheet date. Current liabilities are valued at nominal value.

After the initial reporting long-term receivables and long-term liabilities are valued at cost.

Inventory

Inventories are valued at the lower of cost and net realizable value at the balance sheet date. Cost is calculated using the first-in-first-out (FIFO) method. Net realizable value is the sales value less estimated costs that are directly attributable to the sale transaction.

The cost includes purchase, production cost and other costs incurred in bringing the inventories to their present location and condition.

Lease agreements

A finance lease is a contract under which the risks and benefits associated with ownership of an asset are essentially transferred from the lessor to the lessee. Other leases are classified as operating leases. All leases are accounted for as operating leases.

Lessee

Lease payments for operating leases are expensed on a straight-line basis over the lease term unless another systematic approach better reflects the user's benefit over time.

Cash flow statement

The cash flow statement shows the company's changes in cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that involve receipts and disbursements.

Significant estimates and judgments

Key sources of estimation of uncertainty

Listed below are the key assumptions concerning the future and other key sources of estimation of uncertainty at the balance sheet date, which involve a significant risk of material adjustments to the carrying values of assets and liabilities within the next financial year.

1. Bad debts
2. Inventory obsolescence
3. Deferred tax

Important judgments when applying Vredestein Nordic AB's accounting principles

We do not see any significant judgments regarding the application of the accounting policies.

Note 1 Net sales per geographical market

	<i>2018-04-01</i>	<i>2017-04-01</i>
	<i>- 2019-03-31</i>	<i>- 2018-03-31</i>
<i>Net sales per geographical market</i>		
Sweden	36 628 449	38 001 116
Denmark	45 012 673	43 875 610
Finland	11 076 209	9 061 008
Norway	31 360 038	51 605 505
Others	<u>375 039</u>	<u>2 847 202</u>
	124 452 408	146 894 164

Note 2 Other operating income

Exchange gains	-	-
Recovered bad debts	<u>3 942</u>	<u>4 958</u>
	3 942	30 874

Note 3 Auditors' fees

Audit assignments involve audit of the annual accounts and the Board and the managing director's administration of the company, as well as advice or other assistance arising from observations during such review or implementation of such other tasks. Audit activities other than the audit assignment refers to various types of quality assurance services that will result in a report, certificate or similar. Tax services include advice relating to tax, VAT and private taxation. Everything else is other services.

	<i>2018-04-01</i>	<i>2017-04-01</i>
	<i>- 2019-03-31</i>	<i>- 2018-03-31</i>
<i>Trevi Revision</i>		
Audit assignment	<u>75 000</u>	<u>117 500</u>
	75 000	117 500

Note 4 Other external expenses

	<i>2018-04-01</i>	<i>2017-04-01</i>
	<i>- 2019-03-31</i>	<i>- 2018-03-31</i>
<i>Assets held through operating leases</i>		
Leasing fees paid during the financial year	739 371	911 664
<i>Future leasing fees</i>		
Within one year	815 000	544 000
Later than one year but within five years	803 000	109 000
Later than five years	<u>-</u>	<u>-</u>
	1 618 000	653 000

Note 5 Employees, personnel costs and remuneration to the board of directors

	<i>2018-04-01</i> <i>- 2019-03-31</i>	<i>2017-04-01</i> <i>- 2018-03-31</i>
Average number of employees		
Sweden	8	9
<i>Whereof men</i>	75%	67%
Norway	1	2
<i>Whereof men</i>	100%	100%
Denmark	1	1
<i>Whereof men</i>	100%	100%
Finland	-	-
<i>Whereof men</i>	-	-
Total	<u>10</u>	<u>12</u>
<i>Whereof men</i>	80%	75%

Distribution of management as per balance sheet date

Women:		
board members	-	-
other members of management including the managing director	-	-
Men:		
board members	2	2
other members of management including the managing director	1	1
Total	<u>3</u>	<u>3</u>

Salaries, other remunerations and social security charges

The board of directors and the managing director	-	1 243 596
Other employees	6 394 706	6 391 244
Total	<u>6 394 706</u>	<u>7 634 840</u>
Social security charges	2 280 458	2 845 824
<i>(whereof pension costs)</i>	<i>(599 986)</i>	<i>(666 672)</i>

Of the company's total pension cost kSEK 0 tkr (188) relates to the board of directors and the managing director. There are no outstanding pension obligations to them.

Note 6 Depreciation of tangible and intangible fixed assets

	<i>2018-04-01</i> <i>- 2019-03-31</i>	<i>2017-04-01</i> <i>- 2018-03-31</i>
Goodwill	-	-
Equipment	-29 535	-29 535
	<u>-29 535</u>	<u>-29 535</u>

Note 7 Interest expense and similar profit and loss items

	<i>2018-04-01</i> <i>- 2019-03-31</i>	<i>2017-04-01</i> <i>- 2018-03-31</i>
Interest expense, group companies	-530 512	-520 338
	<u>-530 512</u>	<u>-520 338</u>

Note 8 Tax on profit for the year

	<i>2018-04-01</i> <i>- 2019-03-31</i>	<i>2017-04-01</i> <i>- 2018-03-31</i>
Current tax	176 213	–
Deferred tax from previous years	–	
Deferred tax	<u>274 467</u>	<u>-201 603</u>
Tax on profit for the year	450 680	-201 603
Reconciliation of tax for the year		
Profit before tax	1 827 182	2 978 072
Tax calculated with tax rate 22 %	-401 980	-566 470
Tax effect from non-deductible expenses referring to representation	-45 828	-55 289
Tax effect from non-deductible expenses for association fees	-2 872	-2 576
Utilized loss carry-forwards	–	–
Capitalization of previously unrecognized loss carry-forwards	–	–
Not utilized loss carry-forwards	–	–
Net tax income for the year	-450 680	-624 335

Note 9 Goodwill

	<i>2019-03-31</i>	<i>2018-03-31</i>
<i>Accumulated acquisition cost</i>		
Opening balance and closing balance	2 531 654	2 531 654
Acquisitions	<u>–</u>	<u>–</u>
	2 531 654	2 531 654
<i>Accumulated depreciation according to plan</i>		
Opening balance	-2 531 654	-2 025 320
Depreciation for the year according to plan	<u>–</u>	<u>-506 334</u>
	-2 531 654	-2 531 654
Residual value	<u>–</u>	<u>–</u>

Goodwill is related to the acquisition of the Norwegian operations.

Note 10 Equipment

	<i>2019-03-31</i>	<i>2018-03-31</i>
<i>Accumulated acquisition cost</i>		
Opening balance	436 208	436 208
Purchase	–	–
Sales and disposals	<u>–</u>	<u>–</u>
	436 208	436 208
<i>Accumulated depreciation according to plan</i>		
Opening balance	-377 139	-347 604
Sales and disposals	–	–
Depreciation for the year according to plan	<u>-29 535</u>	<u>-29 535</u>
	-406 674	-377 139
Residual value	<u>29 535</u>	<u>59 069</u>

Note 11 Deferred tax asset

	<i>2019-03-31</i>	<i>2018-03-31</i>
Unutilized loss carry-forwards	<u>–</u>	<u>274 467</u>
	–	274 467

Note 12 Prepaid expenses and accrued income

	<i>2019-03-31</i>	<i>2018-03-31</i>
Prepaid rent	96 450	94 336
Prepaid lease fee	28 866	77 821
Other	<u>103 775</u>	<u>119 541</u>
	229 091	291 698

Note 13 Accrued expenses and deferred income

	<i>2019-03-31</i>	<i>2018-03-31</i>
Personnel costs	686 265	928 705
Freight	55 000	409 613
Environmental fee	419 424	594 179
	<u>1 160 689</u>	<u>2 032 497</u>

Note 14 Adjustments for items not included in the cash flow

	<i>2019-03-31</i>	<i>2018-03-31</i>
Depreciation	29 535	29 535
Write-down of receivables	177 836	159 052
Unrealized exchange rate differences	-136 052	126 900
	<u>71 319</u>	<u>315 487</u>

Note 15 Liquid funds in cash flow

	<i>2019-03-31</i>	<i>2018-03-31</i>
Available at banks and other credit institutions	5 190 152	4 096 600
	<u>5 190 152</u>	<u>4 096 600</u>

Note 16 Information about related parties

Transactions between the company and related parties took place on market terms.

Göteborg 2019-04-26

Benoit Rivallant
Chairman of the board

Dimitrios Papadopoulos
Managing director
Member of the board of directors

Our auditors' report was submitted on May 2019-05-22
Trevi Revision KB
Signature on original document

Jonas Jonasson
Authorized public accountant