

**APOLLO TIRES (US) INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**  
**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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**TABLE OF CONTENTS**

|                                   | <u>Page</u> |
|-----------------------------------|-------------|
| Independent Auditor's Report      | 3 - 5       |
| Balance Sheets                    | 6           |
| Statements of Income and Expenses | 7           |
| Statements of Cash Flows          | 8           |
| Notes to the Financial Statements | 9 - 17      |



# TOPEL & SILVER

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS, P.A.

Clifford M. Topel, CPA  
Steven R. Silver, CPA, ABV  
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Donald Goldberg, CPA (1922-2005)

## **Independent Auditor's Report**

To the Board of Directors  
c/o Apollo Tyres Cooperatief U.A.  
P.O. Box 27  
7500 AA Enschede  
The Netherlands

### ***Opinion***

We have audited the accompanying financial statements of Apollo Tires (US) Inc. (a Delaware Corporation), being part of Apollo Tyres Cooperatief U.A., which comprise the balance sheets as of March 31, 2024 and 2023, and the related statements of income and expenses, and cash flows for the years then ended and related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apollo Tires (US) Inc. as of March 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Apollo Tires (US) Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Apollo Tires (US) Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibility***

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Apollo Tires (US) Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Apollo Tires (US) Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Certified Public Accountants

April 26, 2024  
Manalapan, New Jersey

**APOLLO TIRES (US) INC.**  
**BALANCE SHEETS**  
**MARCH 31, 2024 AND 2023**

| USD 000   | Notes | 2024          | 2023          |
|---|-------|---------------|---------------|
| <b>ASSETS</b>   |       |               |               |
| <b>Current assets</b>                                       |       |               |               |
| Cash and cash equivalent                                    | 2     | 750           | 2,847         |
| Inventory   | 3     | 24,371        | 36,947        |
| Trade receivable  | 4     | 10,317        | 8,191         |
| Other current assets  | 5     | 526           | 1,085         |
| <b>Total current assets</b>                                 |       | <b>35,964</b> | <b>49,070</b> |
| <b>Non current assets</b>                                   |       |               |               |
| Property and equipment<br>(net of accumulated depreciation) | 6     | 563           | 44            |
| Right to use-leased assets                                  | 7     | 3,100         | -             |
| Deferred tax asset  | 8     | 4,788         | 3,732         |
| <b>Total non current assets</b>                             |       | <b>8,451</b>  | <b>3,776</b>  |
| <b>TOTAL ASSETS</b>   |       | <b>44,415</b> | <b>52,846</b> |
| <b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>                 |       |               |               |
| <b>Current liabilities</b>                                  |       |               |               |
| Inter company payable                                       | 9     | 10,586        | 11,813        |
| Other current liabilities                                   | 10    | 3,610         | 3,324         |
| Operating lease liability                                   | 11    | 1,297         | -             |
| <b>Total current liabilities</b>                            |       | <b>15,493</b> | <b>15,137</b> |
| <b>Borrowing</b>  |       |               |               |
| <b>Short term debt</b>                                      | 12    | <b>27,000</b> | <b>34,500</b> |
| <b>Non current liabilities</b>                              |       |               |               |
| Operating lease liability                                   | 11    | 1,802         | -             |
| <b>TOTAL LIABILITIES</b>                                    |       | <b>44,295</b> | <b>49,637</b> |
| <b>Stockholder equity</b>                                   |       |               |               |
| Share capital and premium                                   | 13    | 13,250        | 13,250        |
| Retained (Deficit)  |       | (10,041)      | (16,272)      |
| Net Income (Loss)   |       | (3,089)       | 6,231         |
| <b>Total Stockholder equity</b>                             |       | <b>120</b>    | <b>3,209</b>  |
| <b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>           |       | <b>44,415</b> | <b>52,846</b> |

See independent auditor's report and notes to the financial statements.

**APOLLO TIRES (US) INC.**  
**STATEMENTS OF INCOME AND EXPENSES**  
**FOR YEAR ENDED MARCH 31, 2024 AND 2023**

| <b>USD 000</b>  | <b>Notes</b> | <b>2024</b>      | <b>2023</b>      |
|---|--------------|------------------|------------------|
| <b>INCOME</b>   |              |                  |                  |
| Revenue   | 14           | 104,763          | 116,941          |
| Other income  | 15           | 17               | -                |
| <b>Total revenue</b>  |              | <b>104,780</b>   | <b>116,941</b>   |
| <b>EXPENSES</b>   |              |                  |                  |
| Cost of goods sold  | 16           | (75,361)         | (95,796)         |
| Operating expenses  | 17           | (30,737)         | (17,750)         |
| <b>Total expenses</b>   |              | <b>(106,098)</b> | <b>(113,546)</b> |
| <b>INCOME (LOSS) BEFORE INTEREST AND PROVISION FOR INCOME TAXES</b> |              | <b>(1,318)</b>   | <b>3,395</b>     |
| Interest cost   |              | (1,831)          | (881)            |
| <b>PROFIT (LOSS) BEFORE PROVISION FOR INCOME TAXES</b>              |              | <b>(3,149)</b>   | <b>2,514</b>     |
| Income tax expenses ( benefit )                                     | 18           | (60)             | (3,717)          |
| <b>NET INCOME (LOSS)</b>  |              | <b>(3,089)</b>   | <b>6,231</b>     |

See independent auditor's report and notes to the financial statements.

**APOLLO TIRES (US) INC.**  
**STATEMENTS OF CASH FLOW**  
**FOR YEAR ENDED MARCH 31, 2024 AND 2023**

| <b>USD 000</b>  | <b>2024</b>    | <b>2023</b>     |
|---|----------------|-----------------|
| <b>1. Cash flow from operating activities:</b>                                |                |                 |
| <b>Net Income (Loss)</b>  | <b>(3,089)</b> | <b>6,231</b>    |
| Adjustments to reconcile net income to net cash used by operating activities: |                |                 |
| Depreciation  | 105            | 18              |
| Loss on disposal of assets  | 1              |                 |
| Non-cash lease expense  | (1)            | -               |
| Deferred income taxes   | (1,056)        | (3,732)         |
| <b>Cash (used) provided from operating activities</b>                         | <b>(4,040)</b> | <b>2,517</b>    |
| <b>Change in assets and liabilities</b>                                       |                |                 |
| Inventory   | 12,576         | (18,450)        |
| Trade receivable  | (2,126)        | (3,104)         |
| Inter co payable  | (1,227)        | (4,767)         |
| Other current assets and liabilities (net)                                    | 845            | 240             |
|   | <b>10,068</b>  | <b>(26,081)</b> |
| <b>Net cash flow provided (used) by operations</b>                            | <b>6,028</b>   | <b>(23,564)</b> |
| <b>2. Cash flow from Investing Activities :</b>                               |                |                 |
| Purchase of fixed assets  | (625)          | (43)            |
| <b>Net cash flow (used) by investing activities</b>                           | <b>(625)</b>   | <b>(43)</b>     |
| <b>3. Cash flow from Financing Activities</b>                                 |                |                 |
| Proceeds from short term debt   | -              | 24,500          |
| Repayment of short term debt  | (7,500)        | -               |
| <b>Net cash flow (used) provided from financing activities</b>                | <b>(7,500)</b> | <b>24,500</b>   |
| <b>Net (decrease) increase in cash</b>  | <b>(2,097)</b> | <b>893</b>      |
| Cash balance, Beginning of year   | 2,847          | 1,954           |
| <b>Cash balance, End of year</b>  | <b>750</b>     | <b>2,847</b>    |
| Supplemental disclosure of cash flow information:                             |                |                 |
| Cash paid during the period for:  |                |                 |
| Interest  | 1,832          | 846             |
| Income taxes  | 5              | 2               |
| Noncash Activities:   |                |                 |
| Right of use asset acquired through operating leases                          | 3,676          | -               |

See independent auditor's report and notes to the financial statements.

**APOLLO TIRES (US) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Apollo Tires (US) Inc., (a Delaware corporation), formally Apollo Vredestein Tires, Inc., (the "Company") was formed November 19, 2004. The Company is engaged in selling and distribution activities in the United States of America. The company imports tires for passenger, commercial as well as for Off road vehicles. The company imports its products from India and Europe, from related entities. The company's customer base is comprised of independent tire distributors throughout the United States of America as well as in Canada.

The Company's sales office is located in Atlanta, Georgia and its ultimate parent company is Apollo Tyres Ltd. India having register office at 3rd Floor, Areekal Mansion, Panampilly Nagar Kochi Ernakulam KL 682036 India.

**Basis of Accounting**

The Company's policy is to maintain its books and records on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

**Management Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with maturity of three months or less at the date of acquisitions to be cash equivalents.

**Accounts Receivable**

The Company grants credit to customers, substantially all of whom are tire distributors. Appropriate provisions are made for uncollectible accounts based on historical loss experience, portfolio duration, economic conditions and credit risk, considering both expected future losses as well as current incurred losses. The adequacy of the allowances are assessed quarterly.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

**Inventory**

Inventory is stated at the lower of cost or fair market value. The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Intercompany transfer prices (Cost of purchases ), are set by a related company. The Intercompany transfer price to its affiliates is based upon a Cost price plus a markup.

See independent auditor's report and notes to the financial statements.



**APOLLO TIRES (US) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Revenue Recognition**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("ASC 606"), related to revenue recognition which replaces numerous requirements in U.S. GAAP, including industry-specific requirements and provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services in accordance with the five step model outlined in ASC 606: (i) identify the contract(s) with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price (iv) allocated the transaction price to the performance obligations, and (v) recognize revenue when (or as) the performance obligations are satisfied. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting periods presented and the cumulative effect of applying the standard would be recognized at the earliest period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of the initial application.

Effective January 1, 2019, the Company adopted the requirements of ASC 606 using the modified retrospective method. The Company determined key factors from the five-step model to recognize revenue as prescribed by the new standard that may be applicable. The adoption of the new revenue standard had no impact to the Company's opening retained earnings as it did not require a material change in revenue recognition for the Company's contracts with customers. The Company has elected to provide the reduced nonpublic business entity disclosures, which includes not providing a quantitative reconciliation of opening and closing balances and the significant changes during the period for contract assets, liabilities and the methods, inputs and assumptions used to determine the transaction price and to allocate the transaction price.

Under ASC 606, The Company recognized revenue when the customer obtains control of promised services (the performance obligation) in the amount that reflects the consideration the Company expects to receive in exchange for those services (the transaction price). The Company measures revenue by estimating the transaction price based on the consideration specified in the customer contract. Revenue is recognized as the performance obligation is satisfied.

This generally occurs with delivery, depending on the terms of the underlying contract. Revenues are measured as the amount of consideration we expect to receive in exchange for transferring goods. The amount of consideration we receive and revenue we recognize can vary due to changes in sales incentives, rebates, rights of return or other items we offer our customers. Payment terms with customers vary by customer but are generally 30-90 days. Costs to obtain contracts are generally expensed as incurred due to the short-term nature of individual contracts. Incidental items that are immaterial in the context of the contract are recognized as expense as incurred.

**Concentration of Customer and Credit Risk**

Financial instruments, which potentially subject the Company to concentrations of credit risks, consist principally of cash and trade receivables. The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company places its cash investments with high credit quality financial institutions and monitors the financial condition of its customers. At March 31, 2024 and 2023, cash balances exceeded the FDIC insurance limits by \$250 thousand and \$2,597 million, respectively.

**APOLLO TIRES (US) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Concentration of Customer and Credit Risk - continued**

The Company contracts with customers in the retail and wholesale tire distribution industry, primarily regional distributors. Ongoing credit evaluations of customer's financial condition are performed, and the financial conditions of these customers are monitored. The Company insures the majority of its outstanding account receivable. As of March 31, 2024, the Company has two customers that collectively accounted for approximately 60% of revenues and those two customers account for approximately 39% of the outstanding accounts receivable. As of March 31, 2023, the Company has two customers that collectively accounted for approximately 65% of revenues and those two customers account for approximately 70% of the outstanding accounts receivable.

**Advertising Expense**

Advertising costs are expensed as incurred. Advertising expense was approximately \$4,600 million and \$3,160 million for the years ending March 31, 2024 and 2023, respectively.

**Research and Development Costs**

Research and development costs are incurred by a related party and shared amongst all subsidiaries as an intercompany charge. These costs are expensed as incurred and included as a component of operating expenses.

**Foreign Currency Transactions**

Transactions in foreign currencies are translated into US dollars at the exchange rates at the dates of the transactions. Foreign currency differences are generally recognized in other income or loss.

**Income Taxes**

The Company accounts for its income taxes under SFAS No.109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the estimated future tax effects of events that have been recognized in the financial statements or income tax returns. Under this method, deferred tax liabilities and assets are determined based on differences between the financial accounting and income tax basis of assets and liabilities, and the use of loss carry forwards, if any, using enacted tax rates in effect for the years in which the differences and carry forwards are expected to reverse and be utilized. As of March 31, 2024, the Company has a net operating loss carryforward of approximately \$18,264,000 and will expire on various dates from March 31, 2030 through March 31, 2043.

The Company has a deferred tax asset of approximately \$4,787 million, relating to its net operating loss, which has a 15 – 20 year carry forward period. The Company cannot determine if it is more likely than not, that portion of loss carry forward will be fully realized in future years by the generation of future taxable income . As such, the Company has recognized a valuation allowance for \$834 thousand an offset to its deferred tax asset.

**APOLLO TIRES (US) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Income Taxes - continued**

In accordance with accounting principles generally accepted in the United States of America management is required to determine whether a tax position is more likely-than-not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company files an income tax return in the U.S. federal jurisdiction and may file income tax returns in various U.S. states and jurisdictions. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce stockholders' capital. Accounting principles generally accepted in the United States of America provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities. These principles must be applied to all existing tax positions upon adoption which, for the Company, was for the year ended March 31, 2024. Management concluded that it was not necessary to record a liability for any such tax positions as of March 31, 2024.

However, management's conclusions regarding this policy may be subject to review and adjustment later based on factors including, but not limited to, on-going analysis of, and changes to, tax laws, regulations and interpretations thereof. The Company's activities from commencement of operations remain subject to examination by federal, state and local authorities. No interest expense or penalties have been assessed for the year ended March 31, 2023. Management does not believe there are positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within twelve months of the reporting date.

**Reclassification of Prior Year Presentation**

Certain prior year amounts have been reclassified for consistency with the current year presentation.

**APOLLO TIRES (US) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

| <b>USD 000</b>   | <b>Notes</b> | <b>2024</b>   | <b>2023</b>   |
|--|--------------|---------------|---------------|
| <b>2. Cash &amp; Cash Equivalent</b>                   |              |               |               |
| Citi Bank  |              | 285           | -             |
| Mechanics Bank   |              | 465           | 2,847         |
| <b>Total Cash &amp; Cash Equivalent</b>                |              | <b>750</b>    | <b>2,847</b>  |
| <b>3. Inventory</b>                                    |              |               |               |
| The Components of Inventory are as follows:            |              |               |               |
| Finished goods   |              | 25,547        | 37,220        |
| Provision for obsolete inventory                       |              | (1,176)       | (273)         |
| <b>Total Inventory</b>                                 |              | <b>24,371</b> | <b>36,947</b> |
| <b>4. Trade receivable</b>                             |              |               |               |
| The following is a summary of Accounts receivable :    |              |               |               |
| Gross receivables                                      |              | 10,317        | 8,191         |
| Allowance for doubtful debts                           |              | -             | -             |
| <b>Total Accounts receivable - net</b>                 |              | <b>10,317</b> | <b>8,191</b>  |
| <i>Ageing of Gross receivable :</i>                    |              |               |               |
| Trade current  |              | 10,298        | 6,357         |
| Trade 31-60 days                                       |              | 19            | 64            |
| Trade 61-90 days                                       |              | (254)         | 999           |
| Trade over 90 days                                     |              | 254           | 771           |
|  |              | <b>10,317</b> | <b>8,191</b>  |
| <b>5. Other current assets</b>                         |              |               |               |
| The Components of Other current assets are as follows: |              |               |               |
| Inter co-receivable                                    |              | 76            | 186           |
| Prepaid expenses                                       |              | 447           | 896           |
| Deposit-other  |              | 3             | 3             |
| <b>Total Other current assets</b>                      |              | <b>526</b>    | <b>1,085</b>  |
| <b>6. Property plant &amp; equipment</b>               |              |               |               |
| Property and equipment consist of the following :      |              |               |               |
| Computer equipment                                     |              | 96            | 64            |
| Building   |              | 262           | -             |
| Plant & machinery                                      |              | 50            | -             |
| Furniture & fixture                                    |              | 125           | -             |
| Other equipment  |              | 147           | 2             |
| <b>Gross total</b>                                     |              | <b>680</b>    | <b>66</b>     |
| Accumulated depreciation                               |              | (117)         | (22)          |
| <b>Total Property and equipment -net</b>               |              | <b>563</b>    | <b>44</b>     |

Depreciation expense for the years ended March 31, 2024 and 2023 are \$105 thousand and \$18 thousand respectively.

**APOLLO TIRES (US) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

| <b>USD 000</b>                         | <b>Notes</b> | <b>2024</b>   | <b>2023</b>   |
|--|--------------|---------------|---------------|
| <b>7. Right to Use - Leased assets</b> |              |               |               |
| Office building                        |              | 821           | -             |
| Warehouse                              |              | 2,279         | -             |
| <b>Total</b>                           |              | <b>3,100</b>  | <b>-</b>      |
| <b>8. Deferred tax assets</b>          |              |               |               |
| Opening                                |              | 3,732         | -             |
| Initial recognition                    |              | -             | 5,216         |
| Reversal for current year              |              | 1,890         | (649)         |
| <b>Gross total</b>                     |              | <b>5,622</b>  | <b>4,567</b>  |
| Valuation allowance                    |              | (834)         | (834)         |
| <b>Net total</b>                       |              | <b>4,788</b>  | <b>3,732</b>  |
| <b>9. Inter company Payable</b>        |              |               |               |
| Inter company payable                  |              |               |               |
| Apollo Tyres Ltd                       |              | 3,409         | 5,959         |
| Apollo Tyres (EU) B.V.                 |              | 4,468         | -             |
| Apollo Tyres (NL) B.V.                 |              | 226           | 4,666         |
| Apollo Tyres Global R&D                |              | 2,174         | 1,094         |
| Apollo Tyres AG                        |              | 131           | -             |
| Saturn F1                              |              | 19            | -             |
| Apollo Tyres COE Ltd                   |              | 3             | -             |
| Apollo Tyres UK Ltd                    |              | 156           | 94            |
| <b>Total Inter company payable</b>     |              | <b>10,586</b> | <b>11,813</b> |
| <b>10. Other current liabilities</b>   |              |               |               |
| Trade payable                          |              | 782           | 1,542         |
| Accrued customer discount              |              | 683           | 1,119         |
| Accrued expenses & other payable       |              | 2,145         | 663           |
| <b>Total other current liabilities</b> |              | <b>3,610</b>  | <b>3,324</b>  |
| <b>11. Operating lease liability</b>   |              |               |               |
| Long term lease liability              |              | 1,802         | -             |
| Short term lease liability             |              | 1,297         | -             |
| <b>Total operating lease liability</b> |              | <b>3,099</b>  | <b>-</b>      |
| <b>12. Borrowing</b>                   |              |               |               |
| Short term Loan                        |              | 27,000        | 34,500        |
|  |              | <b>27,000</b> | <b>34,500</b> |

The Company obtained a revolving credit line with Citibank for \$35 Million to better meet the liquidity needs of the Company. Interest accrues at the SOFR Rate plus margin.

**APOLLO TIRES (US) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

| <b>USD 000</b>  | <b>Notes</b> | <b>2024</b>    | <b>2023</b>    |
|---|--------------|----------------|----------------|
| <b>13. Stockholder equity</b>   |              |                |                |
| <i>Common Stock, 100 shares issued and outstanding,<br/>par value .01</i> |              |                |                |
|   |              | 50             | 50             |
| Additional paid in capital  |              | 13,200         | 13,200         |
| Retained (Deficit)  |              | (10,041)       | (16,272)       |
| Net Income ( Loss)  |              | (3,089)        | 6,231          |
| <b>Total Stockholder equity ( deficit )</b>                               |              | <b>120</b>     | <b>3,209</b>   |
| <b>14. Revenue</b>  |              |                |                |
| The following is an analysis of the Company's net revenues :              |              |                |                |
| Gross Turnover  |              | 112,496        | 122,526        |
| Sales Discount  |              | (7,733)        | (5,585)        |
| <b>Total Net Revenues</b>   |              | <b>104,763</b> | <b>116,941</b> |
| <b>15. Other income</b>   |              |                |                |
| Misc. receipt   |              | 17             | -              |
| <b>Total</b>  |              | <b>17</b>      | <b>-</b>       |
| <b>16. Cost of goods sold</b>   |              |                |                |
| Opening inventory   |              | 36,947         | 18,497         |
| Cost of Purchase  |              | 54,468         | 90,609         |
| Freight and duties  |              | 8,317          | 23,637         |
| Cost of goods available for sale  |              | 99,732         | 132,743        |
| Closing inventory   |              | 24,371         | 36,947         |
| <b>Total cost of goods sold</b>   |              | <b>75,361</b>  | <b>95,796</b>  |
| <b>17. Other operating expenses</b>                                       |              |                |                |
| Advertising and Promotion   |              | 4,600          | 3,160          |
| Freight and logistic  |              | 4,572          | 3,105          |
| Salary  |              | 5,481          | 3,579          |
| Staff welfare   |              | 299            | 157            |
| Inter company- Research & development                                     |              | 6,864          | 4,994          |
| Inter company- Other  |              | 1,907          | 808            |
| Travel & entertainment  |              | 1,143          | 715            |
| Rent  |              | 1,913          | 149            |
| Royalty   |              | 1,338          | -              |
| Depreciation  |              | 105            | 18             |
| Misc. expenses  |              | 2,515          | 1,065          |
| <b>Total</b>  |              | <b>30,737</b>  | <b>17,750</b>  |
| <b>18. Taxation</b>   |              |                |                |
| The Components of Income tax expense are as follows:                      |              |                |                |
| Current tax   |              | 13             | 15             |
| State tax   |              | 982            | -              |
| Deferred tax  |              | (1,055)        | (3,732)        |
| <b>Total</b>  |              | <b>(60)</b>    | <b>(3,717)</b> |

See independent auditor's report and notes to the financial statements.

**APOLLO TIRES (US) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

**NOTE 19 – Leases**

Effective April 1, 2023, the Company adapted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842).

The Company leases warehouse space in three locations across the country, Fulton, KY, Houston, TX and Savannah, GA. The Company closed the Savannah location during the year. Rental is payable based on actual usage of space (not of tires held as inventory), commitment is based on budgeted value for FY 2023-24. There is no long term commitment beyond March 2024. These costs are included in freight and logistics.

During the year, the Company entered into a long-term non-cancelable lease agreement for warehouse space in Houston, TX. The lease has a start date of June 23, 2023 and an end date of June 23, 2026.

During the year, the Company has entered into a long-term office lease agreement in Atlanta, GA with a commencement date of August 1, 2023. The lease expires in 2029.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of March 31, 2024:

|              |                     |
|--------------|---------------------|
| 3/31/2025    | 1,297               |
| 3/31/2026    | 1,302               |
| 3/31/2027    | 375                 |
| 3/31/2028    | 195                 |
| 3/31/2029    | 200                 |
| Thereafter   | 68                  |
| <b>Total</b> | <b><u>3,437</u></b> |

The following table presents the components by lease type, of total lease cost, recognized in the Income Statement as of March 31, 2024:

|                           |            |
|---------------------------|------------|
| <b><u>Lease Cost:</u></b> |            |
| Operating lease cost      | <u>783</u> |

The following table presents supplemental cash flow information related to leases as of March 31, 2024:

|   |            |
|---|------------|
| <b><u>Cash paid for amounts in lease liabilities:</u></b> |            |
| Operating cash flows from operating leases                | <u>769</u> |

The following table presents supplemental information related to leases as of March 31, 2024:

|   |              |
|---|--------------|
| <b><u>Supplemental lease information:</u></b>                       |              |
| ROU assets obtained in exchange for new operating lease liabilities | <u>3,738</u> |
| Weighted-Avg remaining lease term – operating leases                | 3.03 yrs     |
| Weighted-Avg discount rate – operating leases                       | 6.86%        |

**APOLLO TIRES (US) INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

| <b>USD 000</b> | <b>2024</b> | <b>2023</b> |
|----------------|-------------|-------------|
|----------------|-------------|-------------|

**20. RELATED PARTY TRANSACTIONS**

This note is related to intercompany balances between Apollo Tires (US) Inc. and companies that are ultimately controlled by Apollo Tyres Ltd (ultimate parent). Related party transactions were made on terms equivalent to transactions with third parties.

**20.1 Payable to**

|                         |               |               |
|-------------------------|---------------|---------------|
| Apollo Tyres Ltd        | 3,409         | 5,959         |
| Apollo Tyres (EU) B.V.  | 4,468         | -             |
| Apollo Tyres (NL) B.V.  | 226           | 4,666         |
| Apollo Tyres Global R&D | 2,174         | 1,094         |
| Apollo Tyres AG         | 131           | -             |
| Saturn F1               | 19            | -             |
| Apollo Tyres COE Ltd    | 3             | -             |
| Apollo Tyres UK Ltd     | 156           | 94            |
| <b>Total</b>            | <b>10,586</b> | <b>11,813</b> |

**20.2 Receivable from**

|                         |           |           |
|-------------------------|-----------|-----------|
| Apollo Tyres Ltd. India | 76        | 57        |
| <b>Total</b>            | <b>76</b> | <b>57</b> |

**20.3 Related party transactions -Purchase\***

|                         |               |                |
|-------------------------|---------------|----------------|
| Apollo Tyres Ltd        | 25,402        | 62,322         |
| Apollo Tyres (EU) B.V.  | 30,934        | -              |
| Apollo Tyres (NL) B.V.  | 840           | 34,263         |
| Apollo Tyres Global R&D | 5,753         | 3,791          |
| Apollo Tyres AG         | 498           | 795            |
| Saturn F1               | 197           | -              |
| Apollo Tyres COE Ltd    | 13            | -              |
| Apollo Tyres UK Ltd     | 1,640         | -              |
|                         | <b>65,277</b> | <b>101,171</b> |

*\*Purchases including the expenses cross charged*

**NOTE 21 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through April 26, 2024, there have been no events after the balance sheet date that would require a normal disclosure.