Apollo Vredestein B.V.
Annual Accounts 2019-20

Supervisory Board Report

The Supervisory Board of Apollo Vredestein B.V. presents its report for the year ended March 31, 2020

Introduction

The Europe economy has slowed further in 2019 amid economic slowdown, falling demand, persistent global trade tensions and uncertainties over Brexit etc. Germany & Italy have been hit hardest by these slowdowns reflecting the strong dependence on manufacturing, compounded in case of Germany by greater dependence on Exports. Economies more reliant on domestic demand (such as France) have shown better resistance towards slowdown.

The worldwide outbreak of Covid-19 was unprecedented and its impact is looming over economies worldwide. After start in China at end of 2019, the virus outbreak started at Europe during March when most countries went into the lockdown which impacted demand and consumption. Italy and Spain were the initial countries in Europe where the outbreak occurred have been hit hardest but France, UK & Germany have also been hit hard

As per the Economic & Market Report by European Automobile Manufacturer Associations, new-car registrations in 2019 increased by 1.2% across the European Union, reaching more than 15.3 million units in total and marking the sixth consecutive year of growth.
The effect of the Covid-19 has grave consequences for the automobile industry with most automobile manufacturers having announced temporary closures of plants due to collapsing demand, supply shortages and government measures

According to the European Tyre and Rubber Manufacturers' Association (ETRMA) overall, for the whole European Market, the performance of the industry for 2019 was weak. Passenger car tyre replacement market declined 3% but it remained mostly stable for the truck tyre replacement market and moto tyres registering a small increase. Agricultural tyre sales performed poorly and declined for the sixth year in a row.

The imports of passenger car tyres from outside Europe are still growing and continue to gain market share. The share of UHP and winter tyres in imports is increasing.

Severe impact of Covid-19 was felt in March 2020 with European replacement passenger vehicle tyres sales declining by 30% (as reported by European Tyre & Rubber Manufacturers Association (ETRMA). This decline was 15% for Agricultural & 20% for Commercial Vehicle Tyres respectively

During FY20, Company's Passenger Car Tyre volume marginally decreased (<1%) over the last year, with a gain of market share as Europool market declined by more than 6% at the same time. The PCT volume gain was particularly strong in the UHP and UUHP segments, in all categories (All Season, Summer & Winter). There was good progress achieved in other product categories like agricultural tyres & TBR tyres.

Changes in the Board
There have been following changes in the composition of the Supervisory Board.

Mr. Onkar Singh Kanwar has resigned with effect from 16th December 2019. Prof. Dr. Ir. Fred J.A.M van Houten has resigned with effect from 11th June 2020.
The full composition of the Supervisory Board is as under.

Mr Neeraj Kanwar
Mr Akshay Chudasama

Meetings of Supervisory Board
The Supervisory Board met 5 times during the financial year on the following dates:

May 2, 2019
July 25, 2019
November 4, 2019
January 30, 2020
February 27, 2020

Role of Supervisory Board
The role of Supervisory Board is to supervise policies and business activities of the company and to provide advice in best interest of the company, its shareholders and employees.

Supervisory Board Remuneration
During the financial year ended March 31, 2020, EUR 20.000 was paid as remuneration to Works Council Nominee Director for his services

Amsterdam, The Netherlands, June 23, 2020

On behalf of the Supervisory Board

Neeraj Kanwar

Akshay Chudasama

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Report by the Board of Directors

The board of directors of Apollo Vredestein B.V. put on record the company's annual accounts for the year ended March 31, 2020

The company

Apollo Vredestein B.V. is a 100% subsidiary of Apollo Tyres B.V. and ultimately held by Apollo Tyres Ltd, India, a listed multinational organisation and a global tyre manufacturer. The company, and its subsidiaries have been referred to as the group in the sections below.

The group focuses on developing, manufacturing, sourcing, marketing, sales and distribution of tyres across various categories including passenger car, Truck & Bus, agriculture, industrial vehicles and two wheelers. The group sells passenger vehicle tyres under two brands, Vredestein and Apollo. The groups European headquarters is based at Amsterdam, Netherlands and production facilities are based in Enschede, Netherlands. Sales operations are managed by various subsidiary companies across Europe. The group's distribution network covers Europe, its products are also exported to various other countries. The group is well known for its distinctive designs created in collaboration with the Italian industrial design bureau, Giugiaro Design Company.

Financial information

(in millions of euros)	**2019-20**	**2018-19**
Revenue	520.6	505.0
Profit before Interest & Taxes	(22.6)	1.9
Net Financing expenses	0.7	0.6
Taxes	(3.0)	(5.3)
Net result	(20.3)	6.6

Economy & Market Overview

The Europe economy has slowed further in 2019 amid economic slowdown, falling demand, persistent global trade tensions and uncertainties over Brexit etc. Germany & Italy have been hit hardest by these slowdowns reflecting the strong dependence on manufacturing, compounded in case of Germany by greater dependence on Exports. Economies more reliant on domestic demand (such as France) have shown better resistance towards slowdown.

This year, The UK, formally left the EU on 31 January 2020. UK has agreed the terms of its EU departure, however both sides will be deciding on the future relationship during a transition period upto 31 December 2020

The 'Phase One' trade deal between the US and China has helped to reduce downside risks to some extent, but the high degree of uncertainty surrounding US trade policy remains a barrier to a more widespread recovery in business sentiment. Falling oil prices have also resulted in risk of bankruptcy for many oil companies which may disrupt supply

All these have impacted the performance and forced for new growth estimates & forecasts. Labour market did show robust trend in reduction in unemployment resulting in purchasing power gains. However private consumption declined indicating higher household savings amid uncertainties. GDP growth remained subdued, at 1,2% in 2019

The worldwide outbreak of Covid-19 was unprecedented and its impact is looming over economies worldwide. After start in China at end of 2019, the virus outbreak started at Europe during March when most countries went into the lockdown which impacted demand and consumption. Italy and Spain were the initial countries in Europe where the outbreak occurred have been hit hardest but France, UK & Germany have also been hit hard

Industry Structure & Development

As per the Economic & Market Report by European Automobile Manufacturer Associations, new-car registrations in 2019 increased by 1.2% across the European Union, reaching more than 15.3 million units in total and marking the sixth consecutive year of growth. The year started on weak footing due to the lasting impact of the introduction of the WLTP test in September 2018. Yet, the final quarter of 2019, and December in particular, pushed the full-year performance of the EU market into positive territory. Looking at the five major EU markets, Germany (+5.0%) recorded the largest increase last year, followed by France (+1.9%) and Italy (+0.3%). By contrast, both Spain (-4.8%) and the United Kingdom (-2.4%) saw demand fall in 2019. EU maintained its position as the world’s second largest producer of passenger cars, increasing its share of global car production from 20.5% in 2018 to 21.9% on 2019

The effect of the Covid-19 has grave consequences for the automobile industry with most automobile manufacturers having announced temporary closures of plants due to collapsing demand, supply shortages and government measures

According to the European Tyre and Rubber Manufacturers’ Association (ETRMA) overall, for the whole European Market, the performance of the industry for 2019 was weak. Passanger car tyre replacement market declined 3% but it remained mostly stable for the truck tyre replacement market and moto tyres registering a small increase. Agricultural tyre sales performed poorly and declined for the sixth year in a row. The market pull back was mostly due to extreme drought and consequently poor harvest and financial results for farmers. Expectation of stricter regulations for the farming industry in relation to climate change policies and uncertainties about it dampened consumer sentiments for investment into new equipment & tyres.

The new Eco label proposal with the European Commission is under final rounds of approval and will be effective from May 2021. The change will see a new visual layout including a QR code, Ice grip, among others and will bring the creation of a European database where all tyres will need to be registered before they go on sales. The next date for review of values on the label is set to 2025.

The imports of passanger car tyres from outside Europe are still growing and continue to gain market share. The share of UHP and winter tyres in imports is increasing.

Severe impact of Covid-19 was felt in March 2020 with European replacement passenger vehicle tyres sales declining by 30% (as reported by European Tyre & Rubber Manufacturers Association (ETRMA). This decline was 15% for both Agricultural & 20% for Commercial Vehicle Tyres respectively

Performance by market

During FY20, Company’s Passenger Car Tyre volume marginally decreased (<1%) over the last year, with a gain of market share as Europool market declined by more than 6% at the same time. The PCT volume gain was particularly strong in the UHP and UUHP segments, in all categories (All Season, Summer & Winter). Major progress was achieved in additional nominations from premium European OEM’s.

In agricultural segment, our sales slightly increased in volume in a market which declined by about 10%. We have gained market share in all key segments. We increased our presence in the OE market, working with major Key players (John Deere, CNH, Claas among others)

We registered strong gains in TBR closing the year with 74% growth over FY19 with good development in most of the countries across Europe. The company was able to improve our price position in the market and also launched additional sizes to expand the product range and enhancing the market coverage

In bicycle tyres, we have reorganized our supply and are now ready to develop our sales, focusing on premium product, particularly on the E-bike. In moto, we have announced the launch of our new premium "centauro" range, in sport touring segment. Many customers across Europe have already signed partnership to represent our brand.

The company's turnover remained overall flat and grew just about 3 during the financial year. The company continues to be dominantly a replacement market player and its revenue share from that market slightly increased to 80% in FY2019-20 versus 78% last year. Total revenue during the year constituted 79% from Passenger car tyre, 14% from Agriculture tyres & 5% from Commercial vehicle tyres and balance 2% from other categories

Manufacturing capacity in Company's Enschede plant during the year was fully utilized for Agriculture tyres & Spacemaster tyres. Production of Passenger car tyres was again lower this year as compared to last year in accordance with the market demand.

Brand promotion initiatives and new product introductions

As strategic brand enhancement initiatives for our Vredestein Brand, The Company continued its participation as main sponsor of Mille Miglia, one of the most prestigious classic car rallies in the world

During the year, Company introduced phase 2 of its prestigious new product lines in the Passenger Ultra High Performance segment, viz Wintrac Pro being Winter UHP and Quatrac Pro, being All Season UHP. The enhancement of product range in Quatrac Pro segment allows Vredestein to take a leading position in the all-season segment, with the most number of sizes available on the European market. To focus on the Young timer Classic Cars segment, The Company launched additional sizes in the Sprint+ pattern and on the Van tyre segment launched the Comtrac 2, its new generation of light truck summer tyres.

Test Results: During the year the company performed very well on the product quality and won podium positions and accolades on All Season and Winter segment in leading industry magazines/test reports in Europe. The company's products were six times test winners and seven times podium finishes as awards from leading tyre testing magazines in Europe. For passenger cars tyres segment, Vredestein was elected as brand of the year in All Season and 2nd in Summer tyres by German automobile magazine, AutoBild

The Company is leveraging its continuing sponsorship with Manchester United football club to further promote our Apollo Brand. During the course of the year we have further strengthened our recognition in all our major markets through customized trade market initiatives which are well received by our partners in the trade. The company also renewed its existing partnership with the Hungarian sports club and football team - Diósgyőr Sport Club (DVTK).

In the Agricultural tyre segment, The company participated at the prestigious Agritechnica show in Hannover, the world's largest Agriculture show and successfully introduced its following new products:

- Vredestein Traxion 65 tractor tyre range which replaces the Traxion+ 65 series. The new product offers increased traction and operator comfort as well as longer tyre life.

- Vredestein Flotation Trac XL in few sizes specifically for application on heavy slurry tankers. The 900/65R38 size has a world-beating diameter of 2.15 meters, setting new standards in terms of rolling ability and soil preservation.
- Additional sizes in the Vredestein Traxion Optimall tyre range of VF – Very High Flexion tyres

The company also presented results of the test performed by the independent German institute DLG. The results prove that the Traxion XXL has a 50% longer lifespan than tyres from competition. This has been very well received by the market. This product range is at the same time attracting the interest of premium tractor manufacturers. The Company produced a brand movie titled 'Live the Land' to honour the farming life and to promote its agricultural product portfolio. This movie also won the gold award at the Autovision Media Awards at the international motor show (IAA) in Frankfurt during the year

In the Truck & bus (TBR) tyre segment, The Company collaborated with TOR truck racing UK and conducted a pilot test by participating in FIA British Truck racing championship. The responses from Truck industry & truck enthusiasts has been incredible allowing us to take a decision to participate in FIA European truck racing championship in upcoming year for a full season.

The company registered its entry into moto tyre segment and successfully launched its Centauro range of sport touring radial tyres in November 2019. The range includes the Centauro ST, Centauro Road and Staccata scooter tyres. In the bicycle tyre segment, The Company sponsored AG2R La Mondiale, one of the world tour teams, building awareness of Vredestein brand in Europe and worldwide. The company also participated at the Eurobike 2019, where the Fortezza Flower Power bicycle tyre, produced through a new technique using rubber extracted from dandelion roots, was awarded a coveted Eurobike award.

During the year, company further enhanced its focus on digital marketing campaigns on social media platforms e.g. facebook, instagram & linkedin and released its All-season campaigns in Germany and Netherlands

Research & Development

R&D center in Netherlands has been developing products and technology to cater mainly for European market and focuses on the development of Passenger Car tyres. Engineering professionals with very diverse backgrounds form the backbone of our R&D. The development process is strongly linked to Manufacturing, Marketing and Sales. The organization structure is flat to facilitate and enhance cross-functional approaches and drive innovation. Development initiatives are focused on following four main pillars:

Product:
- ❖ Development of new advanced product generation of for PCR, Agri radial and TBR.
- ❖ Development new product lines to support the expansion to new Markets and Geographies.
- ❖ Development and launch of a new product for Motorcycle Radial, a brand new business category in Apollo Europe

Technology:
- ❖ Development of Ultra Low Rolling Resistance, Wet Grip Increase and Noise Reduction (Silent Tyre) to be ready for future tyre performance requirements
- ❖ Research on Vehicle dynamics and Virtual Testing by FEA-Simulations in collaboration with different Universities
- ❖ Development and implementation of Tyre Sensor Technology

Materials:
- ❖ Development and implementation of Innovative Raw Materials in the area of polymers, fillers and resins and on renewable Materials partnering with premium Universities and Suppliers
- ❖ Development of Innovative Compounds and Reinforcement including new generations of polymers, fillers and resins

Design to cost:
- ❖ Optimization of Materials to reduce product costs
- ❖ Optimization of Processes to increase Productivity

During the year, company has spent Euro 24.3 Million on R&D activities.

Company Policy

The company has implemented its strategic policy, which defines its vision, mission and way of doing business as mentioned below:

Vision
The Company is a flexible and market-oriented company that focuses on continuous innovation and the best possible deployment of competencies, aimed at improving business performance and developing talent as a foundation for successful policy.

Mission
The Company is a healthy, profitable business with a steady stream of new and innovative products of the highest quality, created by a challenging and entrepreneurial culture that encourages employees to develop and enjoy their work.

The Apollo Way
Defining values specific to the group means we can attract the right employees, customers and suppliers. It also makes for a more targeted decision-making process, which ensures that we can always act in a dedicated manner. In addition, our actions and methods become more reliable, enhancing trust and creating relationships that are longer lasting. We expect all employees to express these values in their behaviour.

Environmental Issues

There are no environmental issues outstanding.

Risk Management

The group's activities expose it to a variety of risks including market risk, price risk, interest risk, credit risk, currency risk, raw material risk, environmental & regulatory risk, product liability, and liquidity risk etc. The company's overall risk management seeks to minimise potential adverse effects on the company's financial performance.

Foreign Currency Risk: The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises because future commercial transactions are denominated in a foreign currency (not EUR). Forward foreign exchange contracts are executed with the specific intention of minimizing the impact of foreign currency fluctuations on income. The exchange rate risk primary arising on the export of tyres to the United Kingdom, Hungary, Norway, Sweden, Poland, Switzerland and the United States. Companies risk management policy requires up to 50 per cent of net currency exposure anticipated for a period of 6 to 12 months in advanced to be hedged. Derivative counter parties are limited to high-credit-quality financial institutions. Management continually monitors the entity's exposures to foreign currency risks as well as its use of derivative instruments. As of balance sheet date, there are is a limited number of derivatives or forward contracts.

The company has a management team that continually monitors its exposures to interest rate risks and uses variable rate debt to finance its operations.

Credit risk: Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Company has adopted a policy of only dealing with creditworthy counterparties and does not transact with entities with a below standard credit history. Company's account receivables are largely secured with credit insurance coverage to limit the credit risk. To the extent of uninsured portion, company uses information supplied by credit rating agencies, publicly available financial information and its own trading records to rate its exposure. A credit management team continuously monitors the exposure and the credit ratings of its counterparties.

Liquidity / Cash flow Risk: Board of directors has established an appropriate liquidity risk management framework for the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and banking facility, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities. At balance sheet date the company has a €25 Mill headroom under the working capital facility, and is well within the agreed covenants as defined in the agreement.

Price Risk: The Company's sales and purchase is exposed to inflation and general demand/supply situation. Major raw material is natural rubber and various other petroleum based chemicals. The company is normally able to pass on the impact of inflation to its customers in normal course of business. Management keeps track of price developments in the market based on various industry indices to ensure its competitiveness is not compromised.

Insurance coverage: Bigger risks in respect of property, loss of profits and liability have been brought under a worldwide insurance policy. Risks in the case of claims and legal action are monitored closely and where necessary provisions are made.

Risk management framework: The Company has an established enterprise risk management framework up to the last level of management. A Risk Management Steering Committee, headed by the President of the company, with representations from all functional heads, embraces the identification, assessment, mitigation, monitoring and reporting of material risks faced by the company.
Each business risk is measured on a scale of 1 to 3 for two key parameters likelihood and impact. Combined score of these two criterions is considered to decide the overall risk rating of low, medium or high as under:

Likelihood criterion: How likely in the near future will the event take place

- Within 6 months: High score of 3
- 6 to 12 months: Medium score of 2
- Above 1 year: Low score of 1

Impact criterion: Financial impact on profitability

- More than Euro 1 Million: High score of 3
- Euro 400k to Euro 1 Million: Medium score of 2
- Below Euro 400k: Low score of 1

Overall risk rating (combined score)

- ❖ High: Risk score from 7 to 9
- ❖ Medium: Risk score from 3 to 6
- ❖ Low: Risk score up to 2

The objective of the Committee is to assist the Board of Directors in maintaining high standards of business conduct and good risk management practices to protect the company's assets, achieve sustainable business growth, avoid major surprises and ensure compliance with applicable legal and regulatory requirements. As at 31st March 2020, committee has reported following key risks and mitigation plans to the board:

Risk No.	Category	Function	Risk identified	Likelihood/ Impact	Mitigating controls of management
1.	Strategic	Sales	COVID-19 related uncertainties	High	Revise budget management, adapting new ways of business steering & adjusting cost and production volume as per market demand
2.	Strategic	Sales	High customer concentration	High	Data based enhancement of distribution footprint & Brand strategy to generate pull effect
3.	Operational	Supply Chain Management	Maintain right customer service levels	High	Identify and implement tools & systems in coordination with Sales and Manufacturing
4.	Operational	Supply Chain Management	Sourcing delays from India (Project McFly)	High	Efficient project management and prioritization of resources
5.	Strategic	Manufacturing	Delayed implementation of Enschede specialization project	Medium	Active engagement with works council towards consultation process and timely project implementation

Development in Human Resources & Industrial Relations

Labour market and employment issues

The European labour market was increasingly tight during 2019 with low level of unemployment. A mitigating action plan is put in place across functions & locations as it's challenging to find appropriate candidates with experience in the tyre industry. The company decided to search for employees with the appropriate education and skills to be developed on the job. Also, the company continued on its dual education initiatives which result in a good way to attract, develop and retain capable workforce. These initiatives resulted in quite low iteration levels during the year in a very challenging labor market.

Enschede plant specialization

The company announced on 5th March, 2020 its intention to specialize its Enschede plant in the Netherlands. The company intends to specialize the production in Enschede to a level where only high-performance tyres will be produced at a profitable level. Within the current operating environment certain tyre sizes can no longer continue being produced in Enschede at a sustainable and competitive level. The company therefore intends to specialise the plant towards agriculture tyres and high-value niche segment passenger car tyres with a short production run and to secure a sustainable future in the Netherlands. Aligning the plant to the intended specialization and sustainable production level, will unfortunately result in AVBV having to reduce its workforce in the Netherlands by approximately 750 full-time employees, over a period of 24 months.

As the group continues on growth path, human resources are a key factor for success. The company seeks to create a mutually beneficial nurturing environment where employees experience personal and professional growth even as they work towards organisational goals. The average number of employees decreased from 1710 as on March-19 to 1595 as on March-20.

Training & Development initiatives

Company's performance management system 'HORIZON' continues to enable the business to survey the training and development needs. HR function continued to collate and facilitate various training & development needs to create the future organisation. To improve the HR processes, a companywide Apollo Grading System was launched to ensure internal and external compensation equity and job comparability.

The company has successfully deployed its digital learning tools "Apollo Virtual Academy" to enhance personal development of the staff across various areas of work. This programme has particularly proven very successful during the COVID-19 situation where company can continue on the track of training & development despite lockdowns

The Enschede plant focused mainly on first line leadership training and companywide safety programmes during the year. Also, various internal trainings of operators related to rebalancing of production volume were executed successfully

Safety, Health, Wellbeing & Environment

Working in a safe and healthy environment with a maximum focus on wellbeing will continue to be a precondition for the success of our company. We will also continue with the theme of vitality and employability.

Social responsibility and/or corporate philanthropy

The company continued to support the WEP initiative in the Netherlands and this is now part of the social responsibility policy and CLA agreements. It offers unemployed people the opportunity to gain work experience at the company and increase their chances of sustainable employment. The initiative focused on people with a disadvantage on the labour market. On an annual basis we offer working experience to 10 un-employed people within our company

In the wake of covid-19, our Enschede factory in Netherlands donated thousands of face masks

Industrial relations

The company has three Employees' Unions and the Management holds regular meetings with Union representatives to brief them about operational performance of the company and future plans. The company has a Works council, which is involved in the operations and plans. Team HR has worked hand in hand with Unions & Works Councils and the relationship continues to be strong and will go a long way to develop the organisation in line with our strategic ambition.

The company has a diverse composition of employees in nationality, age, gender, education and work background. Currently the Company does not have any female members in the Board. The Company shall be making efforts to appoint female members to its Board.

COVID-19

The COVID-19 pandemic is impacting auto & tyre industry like most of other industries around the world. After start in China at end of 2019, the virus outbreak started at Europe during March when most countries went into the lockdown at some point during the month

In context of the automotive industry, these has been significant reduction in the vehicle mileage during March & April on the roads and consequently resulted in lower sales of vehicles. However, level of impact is estimated to be different for tyre industry as compared to overall auto industry. Within the tyre industry also, level of impact is estimated to be different for OE market vs replacement market and also for various product lines e.g Passenger Vehicle (PV), Agriculture or Commercial Vehicle (CV)

Drop in sales demand was the main concern within European tyre manufacturers. From early March to end of April, most European tyre manufacturers have announced temporary closure of their manufacturing facilities. Lockdowns have further impacted R&D activities, outdoor testing & homologation activities, and partially sales & retail networks.

Our company had also partially stopped manufacturing of Passenger Car tyres at Enschede plant for about 2 weeks, while production for other product lines has been continued. With customer demands beginning to rise again, the company decided to resume the production to ensure adequate supply to our customers. No disruption for raw material or other supplies have been reported in our plants

<u>Employees Safety:</u> On regular basis, the company is issuing guidelines to the employees to follow local regulations and government advisories in respective countries. Detailed guidelines have been issued about procedures on safe work environments across all work locations.

<u>Government support:</u> Government in The Netherlands and various other European countries have announced various measures to support companies affected by the crisis. Management is regularly reviewing these subsidies or payment deferment possibilities to ensure timely application are processed

<u>Financial impacts / initiatives:</u> Management is continuously reviewing financial situation of the company and has taken necessary measures to maintain the sufficient liquidity in the business.

<u>Outlook</u>

<u>Economic Outlook:</u>
COVID19 pandemic is a public health challenge of unprecedented dimensions and has profoundly affected public life around the globe. Under these benign assumptions, EU commission has forecast EU GDP to contract by about 7.5% this year, far deeper than during the Global Financial crisis in 2009. While, economic activity is expected to pick up again with the just-initiated gradual easing of containment measures, the recovery is expected to be gradual ("U-shaped"). EU GDP is forecast to rebound and grow again by 6% in 2021. The euro area unemployment rate is expected to increase from 7.5% last year, its lowest level in more than a decade, to about 9.5% this year and to decrease next year while remaining well above its pre-pandemic level in 2021.

As reported by European Tyre & Rubber Manufacturers Association (ETRMA), European replacement PV tyres sales declined 30% in March. This decline was 15% for both Agriculture & Commercial Vehicle Tyres. As most European countries lockdowns started at different times in March, impact during April is expected to be even higher. LMC Tyre & Rubber Ltd. (LMC) estimates the sale of tyres to be back at normal levels by end of September 2020. . The company is positioned well to further gain the market share backed by launch of new products and strong distribution network.

Sustainability related information

Having due regard to the Company's current financial position together with its forecast results, cash flow and financial position in the coming year, the directors confirm that the company has the resources to continue in operational existence for the foreseeable future. Our aim is to meet the needs of our stakeholders in ways that are economically, environmentally and socially responsible.

Developments after March 31, 2020

Regarding the Enschede specialization intended decision of the management as referred earlier in the report, the company is currently in the consultation process with the works council

The Board would like to thank all employees, business partners, bankers, customers and other associates for their commitment and efforts in the past year.

Amsterdam, The Netherlands, June 23,2020

On behalf of the Board of Directors

Benoit Rivallant

Sunam Sarkar

Vishal Kumar Mittal

Rakesh Dewan

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Consolidated financial statements

Consolidated financial statements

Consolidated statement of financial position

Before profit appropriation

(Euro x1,000)	Notes	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	3	139.761	146.156
Right-of-use assets	4	18.416	-
Intangible assets	5	63.540	59.068
Deferred tax assets	6	2.381	2.294
Other non-current assets	7	194	172
Total non-current assets		**224.292**	**207.690**
Current assets			
Inventories	8	98.458	110.006
Trade receivables	9	70.357	87.891
Cash and bank balances	10	32.283	18.130
Other current assets	11	4.452	4.011
Derivative financial assets	14	1.118	4.586
Corporate Advance tax paid	12	37	7.251
Total current assets		**206.705**	**231.876**
Total assets		**430.997**	**439.566**

(Euro x1,000)	Notes	As at 31 March 2020	As at 31 March 2019
Equity and liabilities			
Total group equity	13	**229.185**	**251.090**
Non-current liabilities			
Lease liabilities	4	14.066	-
Deferred tax liability	6	23.659	27.404
Pension liabilities	15	10.817	9.456
Provisions	16	1.971	2.189
Total non-current liabilities		**50.513**	**39.049**
Current liabilities			
Trade and other payables	17	144.743	144.306
Lease liabilities	4	4.646	-
Derivative financial liabilities	14	1.132	4.625
Corporate Income Tax Payable	12	778	495
Total current liabilities		**151.299**	**149.427**
Total equity and liabilities		**430.997**	**439.566**

Consolidated statement of income

(Euro x1,000)	Notes	Period ended 31 March 2020	Period ended 31 March 2019
Revenue	20	519.922	505.038
Other Income	21	656	496
Total Income		**520.578**	**505.534**
Changes in inventories of finished goods and work in progress	22	8.783	-16.571
Raw materials and Purchase of Finished goods	23	288.155	268.216
Employee expenses	24	127.036	130.599
Depreciation and amortisation expenses	25	29.681	23.275
Other expenses	25	89.561	98.118
Total expenses		**543.216**	**503.636**
Result before interest and taxes		**-22.637**	**1.898**
Interest expense	26	-787	-587
Interest income	26	129	14
Result before taxes		**-23.295**	**1.325**
Income tax expense	27	2.982	5.353
Result for the year		**-20.313**	**6.678**

Consolidated statement of comprehensive income

(Euro x1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Result for the year	**-20.313**	**6.678**
Items that will never be reclassified to profit and loss		
Actuarial gains or losses on pension plans gross	-1.973	-255
Tax effect on actuarial gains and losses	493	74
Items that are or may be reclassified to profit and loss		
Translation differences on foreign operations	-112	121
Other		-
	-1.592	**-60**
Total comprehensive income for the year	**-21.905**	**6.618**

The total comprehensive income is attributable to the owner of the parent company.

Consolidated statement of changes in equity

(Euro x 1,000)	Issued Capital	Share premium reserves	Translation of foreign operations	Legal Reserves	Actuarial gains or losses on pension plans	Retained earnings	Profit for the period	Total Equity
Total as at 31 March 2018	**43**	**20.226**	**451**	**36.414**	**-1.426**	**193.547**	**21.163**	**270.418**
Opening balance adjustment						-3.045		-3.045
Profit for the period							6.678	6.678
Other comprehensive income, net of income tax			121		-181			-60
Dividends						-22.900		-22.900
Transfers to and from reserves				6.060	-	15.103	-21.163	-
Total as at 31 March 2019	**43**	**20.226**	**572**	**42.474**	**-1.607**	**182.705**	**6.678**	**251.090**
Profit for the period							-20.313	-20.313
Other comprehensive income, net of income tax			-112		-1.480			-1.592
Dividends						-		-
Transfers to and from reserves				6.288	-	390	-6.678	-
Total as at 31 March 2020	**43**	**20.226**	**460**	**48.762**	**-3.087**	**183.095**	**-20.313**	**229.185**

The Legal reserves of the company (Translation of Foreign Operations, Legal Reserves (Development) & Actuarial gain/loss on Pension) are non-distributable.

Consolidated statement of cash flows

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Profit before tax for the year	-23.295	1.325
Depreciation and amortisation	29.681	23.275
Interest	658	573
Non-Cash Items	212	-68
Cash flows from operating activities	**7.256**	**25.105**
Movements in working capital		
Decrease /(increase) in inventories	11.549	-18.409
Decrease /(increase) in Trade receivables	17.540	33.889
Decrease /(increase) in other non-current assets	-109	1.368
Decrease /(increase) in other current assets	6.773	-4.251
(Decrease)/increase in current liabilities	-3.547	23.316
(Decrease)/increase in non-current liabilities	-2.602	-3.779
Cash increase due to working capital	**29.604**	**32.134**
Cash generated from operations	**36.859**	**57.240**
Net tax paid	**7.234**	**-4.195**
Net cash generated by operating activities	**44.102**	**53.044**
Cash flows from investing activities		
Payments for property, plant and equipment	-9.495	-10.774
Capitalization intangibles	-12.286	-11.491
Proceeds from disposal of property, plant and equipment	137	50
Net cash (used in) /generated by investing activities	**-21.644**	**-22.215**
Cash flows from financing activities		
Dividend paid	-	-22.900
Payment of lease liabilities *)	-6.062	-
Interest received	129	14
Interest paid	-787	-432
Net cash used in financing activities	**-6.720**	**-23.318**
Other comprehensive income	-1.586	-60
Adjustment opening balance Retained earnings	-	-3.045
Net decrease/increase in cash and cash equivalents	14.153	4.406
Cash and cash equivalents at the beginning of the financial year	18.130	13.725
Cash and cash equivalents at the end of the financial year including bank overdraft	**32.283**	**18.130**

* See note 2. The Group initially applied IFRS 16 at 1 April 2019.

Notes to the consolidated annual accounts for 2019-20

1. General information

Apollo Vredestein B.V. is a private company with limited liability, incorporated in Enschede, the Netherlands. The registered office address of Apollo Vredestein B.V. is IR E L C Schiffstraat 370, 7547 RD Enschede, The Netherlands. Apollo Vredestein B.V. is registered in the Dutch trade register under number 34223268. As at reporting date, Apollo Tyres B.V. owns 100% of the shares in Apollo Vredestein B.V. The ultimate parent of Apollo Vredestein B.V. is Apollo Tyres Ltd., India. Apollo Tyres Ltd. files its annual report with Bombay Stock Exchange (India). Apollo Vredestein B.V. concentrates on manufacturing, marketing, sales and distribution of tyres and supplies tyres for passenger cars, commercial vehicles, agricultural and industrial vehicles and bicycles. The company's distribution network extends through Europe. The company's products are also sold in North America. The 2019-2020 financial statements are prepared by the Board of Directors and authorized by the Supervisory Board on May 15, 2020 and will be submitted for adoption to the general meeting of shareholders.

2. Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards published by the International Accounting Standards Board (IASB) as adopted by the European Union and Title 9 BW 2 of Dutch civil code. The consolidated financial statements have been prepared at historical cost, unless indicated otherwise. The accounting policies outlined below were applied consistently for all the periods presented in these consolidated financial statements. The financial data of subsidiaries are incorporated in the consolidated financial statements. Therefore, an abbreviated income statement is presented for the company under article 2:402 of the Dutch Civil Code. Comparative figures have been adjusted retrospectively.
The financial statements have been prepared under the assumption that the Group operates on a going concern basis.

2.1 Application of new and revised International Financial Reporting Standards(IFRS)

New Standards and interpretations

The Group initially applied IFRS 16 from 1 April 2019. A number of other new standards are also effective from 1 April 2019, but they do not have a material effect on the Group's financial statements.

IFRS 16

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

I. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3 Significant accounting policies. On transition to IFRS 16, the Group elected to apply the practical expedient for the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

II. As a lessee

As a lessee, the Group leases many assets including property, machines and equipment and vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of machines and equipment and vehicles, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. low value machines and equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

III. Impact on financial statements

*Impact on transition**

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

X € 1,000	BALANCE SHEET AT 1.4.2019
Right-of-use assets	20.377
Lease liabilities	20.377
Retained earnings	-

* For the impact of IFRS 16 on profit or loss for the period, see Note4. For the details of accounting policies under IFRS 16 and IAS 17, see Note 2.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied is 1.25%.

X € 1,000	BALANCE SHEET AT 1.4.2019
Operating lease commitments at 31 March 2019 as disclosed under IAS 17 in the Group's consolidated financial statements	18.962
Impact short-term, low-value, extension / termination options, other adjustments	2.466
Gross lease commitment under IFRS 16	21.428
Discounted using the incremental borrowing rate as at 1 April 2019	20.377
Lease liabilities recognised at 1 April 2019	**20.377**

Standards and interpretations effective and not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to References to the Conceptual Framework in IFRS Standards, effective 1 January 2020
- Amendments to IFRS 3 Business Combinations – Definition of a Business, effective 1 January 2020
- Amendments to IFRS 9 Financial, IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and measurement- Interest Rate Benchmark Reform, effective 1 January 2020
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material, effective 1 January 2020

2.2. Basis for Consolidation

The consolidated financial statements include the financial statements of Apollo Vredestein B.V. and its subsidiaries, being the entities controlled by Apollo Vredestein B.V. Control is achieved where Apollo Vredestein B.V. has the power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's return.

The financial data of subsidiaries acquired during the year under review are consolidated as of the moment that Apollo Vredestein B.V. obtains control. The financial data of subsidiaries disposed of during the year under review are included in the consolidation until the moment that Apollo Vredestein B.V. loses control. Apollo Vredestein B.V. did not lose control of any subsidiary during the reporting period. There are no significant restrictions on the ability of group to access or use the assets and settle the liabilities of the group. There are no contractual arrangements that require the parent or its subsidiaries to provide financial support to a consolidated entity. If necessary, the figures for the subsidiaries' financial statements are adjusted to bring the statements in line with the accounting standards applied by Apollo Vredestein B.V. The financial data of the consolidated subsidiaries are fully included in the consolidated financial statements after elimination of all intercompany balances and transactions. Unrealized profits and losses on intercompany transactions are eliminated from the consolidated financial statements. Proportion of ownership interest and voting power held by the group, directly or indirectly are:

	As at 31 March 2020	As at 31 March 2019
Vredestein Consulting B.V., Enschede - The Netherlands	100%	100%
Finlo B.V., Enschede - The Netherlands	100%	100%
Vredestein marketing B.V., Enschede - The Netherlands	100%	100%
Apollo Vredestein Belux SA, Brussels – Belgium	100%	100%
Apollo Vredestein GmbH, Vallendar - Germany	100%	100%
Apollo Vredestein Limited, Kettering – United Kingdom	100%	100%
Apollo Vredestein France SAS, Paris – France	100%	100%
Apollo Vredestein Gesellschaft GmbH, Vienna – Austria	100%	100%
Apollo Vredestein Iberica SA, Cornellà de Llobregat – Spain	100%	100%
Vredestein Nordic AB, Hisings Backa - Sweden	100%	100%
Apollo Vredestein Schweiz AG, Baden –Switzerland	100%	100%
Apollo Vredestein Kft, Budapest - Hungary	100%	100%
Apollo Vredestein Opony Polska, Warsaw - Poland	100%	100%
S.C. Vredestein RO S.R.L. Romania *)	-	100%

*) This company was liquidated on 11 November 2019.

Apollo Vredestein B.V. is part of the Apollo Tyres Ltd group, based in Gurgaon, India. All transactions with related parties within the Apollo group are based on regular business activities, following arms' length principle.

2.3 Foreign currency
The balance sheet and income statement are stated in euros, which is the functional currency of Apollo Vredestein B.V. and the presentation currency for the consolidated financial statements. Receivables, debts and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. Assets and liabilities of foreign subsidiaries are translated using the exchange rates at the date of the balance sheet. The income statements of foreign subsidiaries are converted at the average exchange rates applying for the periods involved. These exchange rates approximate the exchange rates at the dates of the transactions. Exchange rate differences arising from interests in foreign subsidiaries have been recorded under the other comprehensive income as a separate item.

2.4 Estimates
Apollo Vredestein B.V. makes certain estimates and assumptions when preparing the consolidated financial statements. These estimates and assumptions have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period under review. Important estimates and assumptions relate largely to provisions, pensions, intangible fixed assets, deferred tax assets and liabilities. Actual results may differ from these estimates and assumptions. All assumptions, expectations and forecasts that are used as a basis for estimates in the consolidated financial statements represent as accurately an outlook as possible for Apollo Vredestein B.V. These estimates only represent Apollo Vredestein B.V.'s interpretation as of the dates on which they were prepared.

2.5 Net sales / Revenue recognition

Net sales represent the income from the supply of goods, after deduction of discounts, credit notes and the like, taxes levied on revenue, and elimination of intra-group sales.

Revenue arises mainly from the sale of tyres to business customers. To determine whether to recognize revenue, the company follows a 5-step process according to IFRS 15:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time, when the company satisfies performance obligations by transferring the promised goods or services to its customers. When the company acts as a principal revenue is recognised in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. When the company acts an agent with a performance obligation to arrange for the provision of the specified good or service by another party, then revenue is recognised in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

2.6 Taxation

Income tax includes current and deferred tax. Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity. Current tax is the expected income tax payable or receivable in respect of taxable profit or loss for the year, taking into account tax concessions and non- deductible costs.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The most significant temporary differences arise from the depreciation differences of property, plant and equipment, measuring the net assets at Cost. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

2.7 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 April 2019
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.
This policy is applied to contracts entered into, on or after 1 April 2019.

At commencement or on modification of a contract that contains a lease component, the

Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of machines and equipment and vehicles, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

- Lease payments included in the measurement of the lease liability comprise the following:
    - fixed payments, including in-substance fixed payments;
    - variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
    - amounts expected to be payable under a residual value guarantee; and
    - the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

In the comparative period, as a lessee, the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's consolidated balance sheet. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

2.8 Property, plant and equipment

Property, plant and equipment include all expenditure of a capital nature and are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated according to the straight-line method, with the rate depending on the expected useful life of the asset concerned. No allowance is made for residual values. The expected useful lives are reviewed at each reporting date, and if they differ materially from previous estimates, the depreciation schedules are changed accordingly.

Assets held for sale are valued at the lower of book value and market value, less sales costs. The term of depreciation is generally:

- Accommodations: 25 years
- Buildings: 30 years
- Moulds and formers: 4 years
- Furniture and fixture: 4-10 years
- Plant and machinery: 10-25 years

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.9 Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Capitalised costs are written-down over estimated useful lives, which is 6 years. The depreciation takes place on the straight-line basis.

Software is valued at historical cost. It mainly consists of customised software, which is depreciated according to the straight-line method, with the rate depending on the expected useful life of the asset concerned (5 years).

Brand name rights have no foreseeable limit to the period over which they are expected to generate net cash inflows for the entity.

For intangible assets with indefinite lives, no indications for impairment are applicable, but instead every year an impairment test calculation is made.

The residual value, useful life and amortization /depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

2.10 Impairment or disposal of tangible and intangible fixed assets

On each balance sheet date, Apollo Vredestein B.V. tests whether there are indications that an individual non-current asset may be subject to impairment. If there are such indications, the recoverable amount of the asset involved is estimated in order to determine the extent to which impairment may apply. If it is not possible to determine the recoverable amount of the individual asset, then Apollo Vredestein B.V. determines the recoverable amount of the cash-generating unit to which the asset belongs. Impairment applies if the carrying value of an asset exceeds its recoverable amount. The recoverable amount is equal to the proceeds or value to the business, whichever is the greater, the business value being the present value of the expected future cash flows from the use of the asset and its ultimate disposal. Impairment is charged to the income statement in the period in which it occurs, unless it relates to a revalued asset at acquisition date due to an acquisition of an entity or a group of entities. Impairment testing for brand names results in more than significant head room. In that case, the impairment is accounted for as a reduction of revaluation.

2.11 Inventories

Raw materials and consumables are valued at the lower of purchase price and net realizable value. The purchase price is calculated according to the "first in first out" method. The net realizable value is the estimated sales price less the estimated selling expenses. Finished products and goods in progress are valued at the lower of cost and net selling price. General costs not relating to production, sales and financing costs are not taken into account.

Standard cost is applied to finished goods and includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity.

Finished goods inventory is valued at the lower of Cost and Net realisable value. Net realisable value is the higher of net selling price and the value in use.

2.12 Financial instruments

I. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Classification and subsequent measurement

Financial assets – Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 14). On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 April 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 April 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

III. Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

IV. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

V. Derivative financial instruments and hedge accounting

The company holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value. Fair value of the derivatives is equal to inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (level 2). Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss. The company does not apply hedging accounting.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account.

VI. Impairment

Non-derivative financial assets: Policy applicable from 1 April 2018

Financial instruments and contract assets

The company recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost; and
- contract assets.

The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off
The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company’s procedures for recovery of amounts due.

2.13 Pension liabilities

Defined contribution plan Apollo Vredestein B.V
At reporting date, employees of Apollo Vredestein B.V. participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the Insurance company. Apollo Vredestein B.V. has no legal or constructive obligation to pay further contributions and the insurance service provider is responsible to hold sufficient assets to pay all employee benefits relating to employee service. Contributions that will not be settled within 12 months are discounted and recognized as liability.

Defined benefit plan Apollo Vredestein GmbH
At reporting date, employees of Apollo Vredestein GmbH participated in defined benefit pension plan. This plan augments the pension provided by the state and provides additional support for the employees in the case of early disability or for surviving relatives in case of the death of an employee. Employees are entitled to this pension plan after 5 years of employment. The benefits of the defined benefit pension plan in Germany are based primarily on years of service and employees’ compensation. The mortality level was assessed in accordance with the German Mortality table 2005 G Heubeck. Independent actuary carries out valuation of the obligation under the pension plan. Actuarial gains or losses are recognised in the other comprehensive income. The present value of the DBO was measured using the projected unit credit method

2.14 Provisions
Provisions are set aside to cover present legal or constructive obligations, arising from events on or before the balance sheet date, where it is likely that the company will have to meet these obligations and to the extent that the obligations can be estimated reliably. The level of the provisions reflects the best estimate of Apollo Vredestein B.V. on the balance sheet date, regarding expected expenditures. If material, the liabilities are discounted to their present value. Provisions are recognized when a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reliably estimated. Provisions are recognized when it is probable that an outflow of economic resources will be required and amounts can be estimated reliably. Timing or

amount of the outflow may still be uncertain.

2.15 Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.16 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Other components of equity include the following:

- *Actuarial gains or losses on pension plans* – comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.
- *Translation reserve* – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into EURO.
- *Retained earnings* include all current and prior period retained profits and share-based employee remuneration.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs

2.18 Cash Flow Statement

The cash flow statement is prepared using the indirect method. The cash balance in the cash flow statement consists solely of immediately available cash. Cash flows in foreign currencies are translated using the exchange rate on the transaction date. Cash dividends are included in the cash flow from financing activities. The costs of acquisitions and other investments, as long as paid in cash, are included in cash from investing activities. Currency translation effects on foreign operations are presented in the cash flow statement in order to achieve reconciliation between the cash and cash equivalents at the beginning and the end of the period.

2.19 Information by segment

IFRS 8 requires Apollo Vredenstein B.V. to identify operational segments separately based on internal reports that are regularly reviewed by the management in order to allocate resources to the segments and to assess their performance. Apollo Vredenstein B.V. identifies only one operational cash generating unit: Europe. Sales and activities outside Europe are marginal.

2.16 Subsequent events

In view of the current macro economic environment and in order to improve financial performance of the Company, the management has prepared a plan ("the Plan") to change the product mix & sourcing mix and its resultant impact on the current work force of the Company. The management has approached the Works Council for advice on the Plan and this consultation process is currently is in progress. Accordingly, no adjustments to these financial statements are considered necessary at this stage.

3. Property, plant and equipment

(Euro x 1,000)	Land & accommo dations	Building	Moulds & formers	Assets under con-traction	Furniture & Fixture	Plant & Machinery	Total
GROSS BLOCK							
Balance as at 31 March 2018	**19.018**	**52.131**	**94.571**	**6.070**	**9.173**	**414.998**	**595.962**
Reclassifications Investments		553				-553	-
Foreign currency translation difference		-17			11	-3	-9
Additions			4.934	2.149	82	3.609	10.774
Disposals			-12.552		-99	-2.985	-15.635
Balance as at 31 March 2019	**19.018**	**52.667**	**86.954**	**8.219**	**9.168**	**415.067**	**591.092**
Transfer		1	2.279	-11.768	287	8.969	-163
Foreign currency translation difference		-2			1	-15	-16
Additions		32		9.192	340		9.495
Disposals			-1.106		-41	-88	-1.235
Balance as at 31 March 2020	**19.018**	**52.698**	**88.126**	**5.643**	**9.754**	**423.934**	**599.174**
Accumulated depreciation							
Balance as at 31 March 2018	**2.169**	**31.106**	**86.728**		**6.334**	**318.226**	**444.602**
Depreciation for financial year	160	938	4.072		594	10.164	15.928
Disposals			-12.520		-94	-2.985	-15.928
Foreign currency translation difference					6	-2	4
Balance as at 31 March 2019	2.329	32.043	78.280		6.840	325.443	444.936
Depreciation for financial year	160	805	4.206		571	9.842	15.585
Disposals			-987		-41	-70	-1.098
Foreign currency translation difference		-1			1	-9	-10
Balance as at 31 March 2020	2.489	32.847	81.498		7.372	335.207	459.413
Balance NET BLOCK as at 31 March 2020	**16.529**	**19.851**	**6.628**	**5.643**	**2.383**	**88.727**	**139.761**
Balance NET BLOCK as at 31 March 2019	**16.689**	**20.623**	**8.674**	**8.219**	**2.328**	**89.623**	**146.156**

Property, plant and equipment are primarily valued at cost. The tangible fixed assets have an assessed value of EUR 430 million for insurance purposes as at 31 March 2020.

4. Leases

The Group distinguishes three types of leases:

- Premises: warehouses and offices. Contracts typical run for multiple year periods and have extension options.
- Machines and equipment: comprise different types of operational and warehousing machines and equipment
- Lease cars.

Information about leases for which the Group is a lessee is presented below. For accounting policy see Note 2.

Right-of-use assets

(Euro x 1,000)	Premises	Vehicles	Machine and equipment	Total
Carrying amount at 1 April 2019	**-**	**-**	**-**	**-**
Recognition of right-of-use assets on initial application of IFRS 16	16.562	2.677	1.138	20.377
Adjusted balance at 1 April 2019	**16.562**	**2.677**	**1.138**	**20.377**
Investments	584	1.491	2.084	4.159
Depreciation	-3.777	-1.493	-850	-6.120
Carrying amount at 31 March 2020	**13.369**	**2.675**	**2.372**	**18.416**

Lease liabilities

(Euro x 1,000)	Premises	Vehicles	Machine and equipment	Total
Balance at 1 April 2019	**-**	**-**	**-**	**-**
Recognition of lease liabilities on initial application of IFRS 16	16.562	2.677	1.138	20.377
Adjusted balance at 1 April 2019	**16.562**	**2.677**	**1.138**	**20.377**
Additions	584	1.491	2.084	4.159
Repayments	-3.689	-1.505	-868	-6.062
Interest charged to the income statement	189	30	18	237
Balance at 31 March 2020	**13.646**	**2.693**	**2.373**	**18.712**

Amounts recognised in profit or loss

(Euro x 1,000)	Premises	Lease cars	Machine and equipment	Total
Depreciation of right-of-use assets	3.777	1.493	850	6.120
Interest on lease liabilities	189	30	18	237
Total	**3.966**	**1.523**	**868**	**6.357**

Ageing of lease liabilities

(Euro x 1,000)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2020				
Lease liabilities	4.645	4.032	6.604	3.431

EXTENSION OPTIONS
Some leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

LEASE EXPENSES IN OUR OPERATING EXPENSES
The total amount in our operating expenses related to short-term leases, low value assets and expenses related to variable lease payments not included in the measurement of lease liabilities is € 0.5 million

5. Intangible Assets

(Euro x 1,000)	Develop-ment	Brand names	Software	Total
As at 31 March 2018				
Cost	70.101	12.900	23.997	106.998
Depreciation	-33.687	-	-18.388	-52.075
Book value	**36.414**	**12.900**	**5.609**	**54.923**
Changes in book value				
Investments	11.460	-	31	11.491
Divestments				
- Acquisition value			-25	25-
- Depreciation			25	25
Depreciation for financial year	-5.401	-	-1.946	-7.347
Balance	**6.059**	**-**	**-1.915**	**4.144**
As at 31 March 2019				
Cost	81.561	12.900	24.003	118.465
Depreciation	-39.088	-	-20.309	-59.397
Book value	**42.474**	**12.900**	**3.694**	**59.068**
Changes in book value				
Reclassification Investments			163	163
Investments	12.285	-	1	12.286
Foreign currency translation difference	-	-	-	-
Depreciation for financial year	-5.997	-	-1.979	-7.976
Balance	**6.288**	**-**	**-1.815**	**4.473**
As at 31 March 2020				
Cost	93.846	12.900	24.165	130.911
Depreciation	-45.085	-	-22.287	-67.371
Book value	**48.762**	**12.900**	**1.878**	**63.540**

An impairment test on the Brand names was carried out as at Mar 31, 2020, details of the test are outlined in table below. Based on the present value calculation, no impairment deemed necessary

Test method	"Relief from Royalty method" I
Discount Rate	8.2%
Growth Rate	0% - 2.0%
No. of years for which cash flows where considered to calculate DCF	5 years
Book Value (Eur'000)	12.900
Test Result	No Impairment Loss

Management is not currently aware of any other reasonably possible changes to key assumptions that would cause a unit's carrying amount to exceed its recoverable amount.

6. Deferred tax

(Euro x 1,000)	**As at 31 March 2020**	**As at 31 March 2019**
Deferred tax asset movement		
At beginning of the year as previously reported	2.294	2.299
Current year charge	87	-5
At end of the year	**2.381**	**2.294**

(Euro x 1,000)	**As at 31 March 2020**	**As at 31 March 2019**
Deferred tax liability movement		
At beginning of the year as previously reported	27.404	30.925
Current year charge	-3.745	-3.521
At end of the year	**23.659**	**27.404**

Deferred tax	**Period ended 31 March 2020**	**Period ended 31 March 2019**
Deferred tax assets:		
Tax losses carried forward	6.467	343
Pension benefit plans and jubilee provision	2.065	1.436
	2	
Property Plant & Equipment	4.116	
Lease Liability	250	
Profit Elimination on Unsold stock	80	
Others		515
Gross Deferred Tax Asset	12.980	2.294
Net Off Deferred Tax Liability	(10.599)	-
Total deferred tax asset	**2.381**	**2.294**

Deferred tax liability		
Property, plant and equipment	31.051	26.696
Brand names	2.832	707
Intangible Assets	375	
Others	1	1
Gross Deferred Tax Liability	**34.258**	**27.404**
Net off Deferred Tax Asset	**(10.599)**	**-**
Total deferred tax liability	**23.659**	**27.404**
Net deferred tax liability	**21.278**	**25.110**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The most significant temporary differences arise from the depreciation differences of property, plant and equipment, pension liability and taxable losses carried forward. Brand names have no fiscal value.

7. Other non-current assets

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Rent deposits	**194**	**172**

The amortized cost approximates fair value.

8. Inventories

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019*)
Raw materials	6.603	8.959
Work in progress	2.483	7.395
Finished & Traded goods in stock	74.499	77.764
Finished & Traded goods in transit	6.528	7.135
Consumable stores	8.345	8.753
Total	**98.458**	**110.006**

*) reclassified for comparison purposes

Part of inventories have been ceeded as security for liabilities of the company. The cost of inventories recognized as an expense during the year in respect of continuous operations was EUR 279 million. Inventories include an allowance for slow moving/obsolete stock of EUR 0.8 million (2019:1.1 million).

9. Trade receivables

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Trade receivables	75.446	92.554
Allowance for doubtful debts	-5.089	-4.663
Total	**70.357**	**87.891**

All trade receivables shorter than a year are valued at nominal value, which is a reasonable approximation of fair value of the receivables. The credit period generally ranges from 14 days to 90 days and customer loses the incentive if not paid in time. Apollo Vredestein B.V. has no significant concentrations on credit risks. It has a policy which prevent sales to customers with a below standard credit history. Apollo Vredestein B.V. has also a good credit management team, which is responsible for overdue receivables. Credit limit is granted after assessing the credit worthiness of customer. Credit report from independent credit rating agency like D&B or equivalent is used. Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which no allowance for doubtful debts has been recognized because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Receivable balances that are held to collect are subsequently measured at amortized cost and are subject to impairment as explained in the impairment section of this note. The company derecognizes receivables on entering into factoring transactions if the company has transferred substantially all risks and rewards or if the company does not retain control over those receivables.

The Net Receivable position as at 31 Mar 2020 includes an amount of EUR 31.9 million received under the Non Recourse Purchase of Eligible Receivables agreement.

Ageing of past due but not impaired receivables

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
0 - 60 days	7.624	11.023
61 - 180 days	2.528	1.674
more than 180 days	575	169
Total	**10.727**	**12.866**

The total not past due for FY 2019-2020 amounts to EUR 59.6 million. This amount includes an amount of EUR 11.9 million due from Apollo Group companies.

Movement in the allowance for doubtful debts

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	-4.663	-4.808
Movement to allowance recognized in statement of income	-683	-257
Amounts written off during the year as uncollectible	257	402
Balance at end of year	**-5.089**	**-4.663**

10. Cash and bank balances

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Cash at bank	**32.283**	**18.130**

Cash is at free disposal of the company. Negative balances are included as debt (note 18).

11. Other current assets

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Prepayments	2.062	2.801
VAT recoverable	1.468	1.187
Other receivables	922	23
Total	**4.452**	**4.011**

12. Corporate tax (receivable/payable)

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Corporate Advance Tax Paid	37	7.251
Provision for tax	-778	-495
Net corporate tax position	-742	6.755

The corporate income tax position are netted by country and jurisdiction.

13. Total group equity

Reference is made to the note on shareholders' equity in the company financial statements for a detailed note on the share of the legal entity in the group equity.

14. Derivative financial assets and liabilities

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Current assets relating to derivative financial instruments	1.118	4.586
Current liabilities relating to derivative financial instruments	1.132	4.625
Total net position	**-14**	**-39**

All derivatives relate to forward foreign currency contracts The carrying amounts of the various derivatives at 31 March 2020 were equal to their fair values.

Forward exchange contracts hedge the risk of volatility of future trade activities in foreign currencies. The amount disclosed relates mainly to positions in EUR-GBP.

See note 30 for more information on risk management and financial instruments. We do not apply hedge accounting for derivative financial instruments.

15. Pension Liabilities

The pension liability as recorded in the balance sheet relates to the defined benefit plan of Apollo Vredestein GmbH in Germany and defined contribution plan of Apollo Vredestein B.V. in the Netherlands. For the defined benefit plan an actuary of a certified actuarial firm performed plan of Apollo Vredestein GmbH an actuarial calculation.

At reporting date, employees of Apollo Vredestein B.V. participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the Insurance Company. Apollo Vredestein B.V. has no legal or constructive obligation to pay further contributions and the insurance service provider is responsible to hold sufficient assets to pay all employee benefits relating to employee service. Contributions that will not be settled within 12 months are discounted and recognized as liability.
The pension liability Apollo Vredestein GmbH is valued using the German Law on Modernisation of Accounting Regulations (BilMoG). The entity has no specific (governance) responsibilities with regards to the plan. As the plan is state operated, no entity specific / plan specific risk are applicable other than described above. The valuation method applied is based on the project unit credit method. The 2018 G Standard Tables of Prof. Dr. Heubeck are used as biometric basis. The service period is limited to 40 years resulting in a maximum yearly entitlement (for the first 5 years of credited service) of 0.60% of Average Pay up to the final average social security contribution ceiling (SSCC) and 15% of Average pay exceeding the final average SSCC. For each year of credited service exceeding 5 years there is an entitlement of 0.40% of Average Pay up to the final average SSCC and 1% of Average pay exceeding the final average SSCC. For each year of credited service there is an entitlement of 0.40% of Average Pay up to the final average SSCC and 1.20% of Average pay exceeding the final average SSCC.

(Euro x 1,000)	**As at 31 March 2020**	**As at 31 March 2019**
Pension liabilities		
Defined benefit plan	10.817	8.652
Defined contribution plan	-	804
At end of the year	**10.817**	**9.456**

Extracts of defined benefit plan are as follows:

Assumptions Apollo Vredestein GmbH	**Period ended 31 March 2020**	**Period ended 31 March 2019**
Inflation	1.75%	1.75%
Indexation non-active members	1.75%	1.75%
Mortality table	Heubeck 2018G	Heubeck 2005G
Individual salary increase (dependent on age)	3%	3%
Discount rate	0.6%	1.80%

Defined benefit pension plan (Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation		
Balance at beginning of the year	-8.652	-8.286
Service costs	-203	-222
Interest expense	-153	-155
Benefits paid	275	265
Remeasurements due to experience	98	-6
Remeasurements due to demographic assumptions	-	-96
Remeasurements due to change in financial assumptions	-2.182	-152
Balance at end of year	**-10.817**	**-8.652**

Net balance pensions liability		
Defined benefit obligation		
Plan assets		
Unfunded status	**-10.817**	**-8.652**
Net balance pensions liability	**-10.817**	**-8.652**

Movement of net liability		
Balance at beginning of the year	**-8.652**	**-8.286**
Service cost		
Past service cost		
Current service cost	-204	-222
Interest expense	-153	-155
Defined benefit cost recognized in profit and loss	-357	-377
Defined benefit cost recognized in OCI	-2.083	-181
Benefits paid / contributions paid	275	265
Other adjustments	-	-73
Balance at end of the year	**-10.817**	**-8.652**

The defined benefit cost recorded in profit and loss is recognized in the income statement. The key assumptions regarding the calculation of the defined benefit obligation are included below. These summarize the effects on the defined benefit obligation if there would be a change in the assumption mentioned.

Sensitivity analysis	Change in assumption	Change in defined benefit obligation
Discount rate	Increase by 1.00%	-17.27%
Salary increase	Increase by 0.50%	+1.69%
Inflation	Increase by 0.25%	+3.46%

Maturity profile
(Euro x 1,000)

Expected payments during fiscal year ending 31/03/2021	281
Expected payments during fiscal year ending 31/03/2022	284
Expected payments during fiscal year ending 31/03/2023	283
Expected payments during fiscal year ending 31/03/2024	289
Expected payments during fiscal year ending 31/03/2025	296
Expected payments during fiscal year ending 31/03/2026 through 31/3/2030	1.667

Analyses of Defined Benefit Obligation by Participant Category
(Euro x 1,000)

Active participants	4.015
Deferred participants	1.860
Pensioners	4.943

Expected Contributions for the period ending 31/03/2020

Employer	0
Plan participants	0

Weighted average Duration of Defined Benefit Obligations: 19.17 years

Asset information	**Allocation percentage 31/03/2020 Quoted**	**Allocation percentage 31/03/2020 Unquoted**	**Allocation percentagee 31/03/2020 Total**
Equity and debt securities			
Cahs and cash equivalents			
Derivatives			
Other		**100%**	**100%**
Total		**100%**	**100%**

16. Provisions

(Euro x 1,000)	**As at 31 March 2020**	**As at 31 March 2019**
Jubilee benefits	1.971	2.189
Total Provisions	**1.971**	**2.189**

Movement in the Jubilee provision

(Euro x 1,000)	**As at 31 March 2020**	**As at 31 March 2019**
Opening balance	2.189	2.124
Movements in Jubilee benefits	-218	65
Closing balance	**1.971**	**2.189**

Jubilee Benefits

There is a jubilee scheme in place for all employees of Apollo Vredestein B.V. on Dutch payroll. For 12.5, 25 and 40 years of service, benefits are paid to the personnel.

For the provision as at Mar 31, 2020, following was considered: Salary Increase: 2.5%, Discount Rate 1.5%, Retirement Age: 65 years and Retention rate: 6.4%

Risks in the case of claims and legal action are monitored closely and where necessary provisions are made.

17. Trade and other payables

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Trade payables	33.196	39.520
Payable to related parties	64.715	58.360
Sales deductions	10.163	9.958
Interest accrued but not due	24	30
Tax & social premiums	8.062	5.127
Other employees payable	2.337	2.322
13th month	1.274	1.291
Leave pay	2.695	2.661
Holiday allowance	3.008	3.045
Other payables and accruals	19.268	21.992
Total trade and other payables	**144.743**	**144.306**

The credit period on purchases generally ranges from 15 days to 60 days. Apollo Vredestein B.V. has financial risk management policies put in place to ensure that all payables are paid within the pre-agreed credit terms.
No interest is calculated with respect to the payables to related parties given the short term character and periodic settling of balances. No pledges and or securities are applicable.

18. Borrowings

During the year, the Company's parent Company (Apollo Tyres B.V.) and sister Company (Apollo Tyres (Hungary) Kft. repaid in full the facility loan which was taken previously from a consortium of banks (ABN AMRO Bank N.V., Magyar Export Import Bank Zrt, Raiffeisen Bank Zrt, Standard Chartered Bank and Unicredit Bank Zrt).
During the year, the Company's parent Company (Apollo Tyres B.V.) has signed a new financing agreement for the long term loan (EUR 175 Million) with Standard Chartered Bank, the proceeds for which were utilized for repayment of the previous facility loan. The Company has provided guarantee for the loan which is secured by a pledge on its movable tangible assets (other than stock in trade, raw materials and trade receivables) and a mortgage of Real Estate being the Land and Buildings located in the Netherlands.

The interest rate is based on EURIBOR plus a margin.

19. Gearing Ratio

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Net debt	-32.283	-18.130
Equity	229.185	251.090
Net debt to equity ratio	0%	0%

Net debt is defined as the sum of the borrowings and cash and bank balances (see note 10). As per 31 March 2020 the company had no borrowing.

20. Revenue

IFRS 8 requires Apollo Tyres B.V. to identify operational segments separately based on internal reports that are regularly reviewed by the management in order to allocate resources to the segments and to assess their performance. Apollo Tyres B.V. identifies only one operational cash generating unit: Europe. Sales and activities outside Europe are marginal.

21. Other Income

(Euro x 1,000)	**Period ended 31 March 2020**	**Period ended 31 March 2019**
Royalty Income	33	31
Others	623	465
Total	**656**	**496**

22. Changes in inventories of finished goods and work in progress

(Euro x 1,000)	**Period ended 31 March 2020**	**Period ended 31 March 2019**
Opening Stock		
Work in progress	7.394	3.903
Stock-in-trade	20.983	22.053
Finished goods	63.916	49.766
	92.293	**75.722**
Closing Stock		
Work in progress	2.483	7.394
Stock-in-trade	6.528	20.983
Finished goods	74.499	63.916
	83.510	**92.293**
Changes in work in progress and finished goods	**8.783**	**-16.571**

23. Raw materials and consumables used

(Euro x 1,000)	**Period ended 31 March 2020**	**Period ended 31 March 2019**
Raw materials consumed	78.862	93.249
Purchase of finished goods	209.293	174.967
Total	**288.155**	**268.216**

24. Employee expenses

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Wages, salaries and welfare	103.401	105.584
Pension & social contribution	23.635	25.015
Total employees cost	**127.036**	**130.599**

Pension & social contribution include company pension expenses (see note 15).

25. Depreciation, amortisation and other expenses

Depreciation and amortisation expenses

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Amortisation of intangible assets	7.976	7.347
Depreciation right-of-use assets	6.120	-
Depreciation of property, plant and equipment	15.585	15.928
Total costs	**29.681**	**23.275**

Other expenses

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Stores and spares consumed	4.372	5.577
Power and fuel	4.371	4.906
Repairs and maintenance :-		
- Machinery	5.281	5.477
- Others	2.621	2.824
Travelling, conveyance and vehicle expenses	2.959	2.796
Freight and forwarding	26.236	25.160
Advertisement and publicity	15.968	14.539
Research and development	12.683	13.234
Operating lease rent - property, plant & equipment	2.010	8.712
Legal and professional expenses	1.256	2.379
Corporate charges	2.396	3.807
Other cost	9.407	8.706
Total other operating expenses	**89.561**	**98.118**

26. Interest

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Interest expenses	787	587
Interest income	-129	-14
Total	**658**	**573**

27. Income tax expense

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Current taxation	254	-807
Deferred taxation	-3.236	-4.546
Total	**-2.982**	**-5.353**

Apollo Vredestein B.V. forms part of the fiscal unity with Apollo Coöperatief U.A. , head of the fiscal unity. Apollo Vredestein B.V. is therefore jointly and severally liable for the liabilities of the fiscal unity. The corporate income tax is calculated as if the company was separately liable for tax. The taxation according the profit and loss account is calculated at applicable rates taking into account permanent and temporary differences.

A reconciliation of income tax expense to the tax based on the Dutch statutory rate is as follows:

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Income before taxes	-23.294	1.325
Tax based on Dutch tax rate	-5.824	331
Reduction in tax rate	2.245	-5.614
Higher statutory rate of foreign countries	145	-51
Non-deductible expenses	326	311
Temporary differences	289	-
Dutch R&D tax incentive(innovation box)	-112	-37
Recognition of tax effect on previously unrecognised tax losses	-37	-279
Other	-14	-14
Total	**-2.982**	**-5.353**

The tax effects related to components of other comprehensive income is:

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Actuarial gains and losses on pension plans	74	74

Below is the detail for the current year deferred taxation:

(Euro x 1,000)	Period ended 31 March 2020
Tax effect of items constituting deferred tax liabilities:	
Deviating valuation property, plant and equipment	1.456
Deviating valuation intangible assets	-
Tax effect of items constituting deferred tax assets:	
Carried forward tax loss	-6.130
Deviation valuation employee benefits	-25

Lease liability	1.281
Other	182
	-3.236

28. Financial assets by category

As at 31 March 2020 (Euro x1,000)	Amortised costs	FVTPL	FVTOCI	Total
Cash and cash equivalents	32.283			**32.283**
Trade receivables	70.351			**70.351**
Derivative financial assets		1.118		**1.118**
Other current assets	4.452		-	**4.452**
	107.096	**1.118**	**-**	**108.204**

As at 31 March 2019 (Euro x1,000)	Amortised costs	FVTPL	FVTOCI	Total
Cash and cash equivalents	18.130			**18.130**
Trade receivables	87.891			**87.891**
Derivative financial assets		4.586		**4.586**
Other current assets	4.011		-	**4.011**
	110.032	**4.586**	**-**	**114.619**

29. Financial liabilities by category

As at March 2020 (Euro x1,000)	FVTOCI	Amortised costs	FVTPL	Total
Pension liabilities	10.817			**10.817**
Trade and other payables	-	144.737		**144.737**
Derivative financial liabilities			1.132	**1.132**
	10.817	**144.737**	**1.132**	**157.753**

As at March 2019 (Euro x1,000)	FVTOCI	Amortised costs	FVTPL	Total
Pension liabilities	9.456			**9.456**
Trade and other payables	-	144.306		**144.306**
Derivative financial liabilities			4.625	**4.625**
	9.456	**144.306**	**4.625**	**158.387**

30. Risk management

General

As a strategy, we target long-term growth in net sales and EBITDA. In addition, we set financial targets for return on average capital employed (based on the operating result). An enabling condition in our policy is a healthy financing structure that maintains a balance between adequate solvency, the leverage of loan capital and sufficient available funding. Our cash flows are strong.
As a result of its activities, Apollo Vredenstein B.V. is exposed to various financial risks. We apply a group-wide treasury policy for adequate management of our cash flows and financing flows and the financial risks relating to them, including (re)financing risks, currency risks and interest rate risks.
A summary is provided below of the main financial risks relating to our objectives, categorised as liquidity risks, currency risks, interest rate risks and credit risks. We also state how we manage these risks.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Apollo Vredestein B.V. has adopted a policy of only dealing with creditworthy counterparties. The entity does not transact with entities with a below standard credit history. Apollo Vredestein B.V. uses information supplied by credit rating agencies, publicly available financial information and its own trading records to rate its major counterparties. A credit management team continuously monitors the exposure of Apollo Vredestein B.V. and the credit ratings of its counterparties. A Risk Management Steering Committee, headed by the CEO of the company, with representations from all functional heads, embraces the assessment, mitigation and monitoring of credit risks faced by the company. The management steering committee also uses credit insurance in various countries to limit the credit risk.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. It has a policy which prevent sales to customers with a below standard credit history. Credit limit is granted after assessing the credit worthiness of customer. Credit report from independent credit rating agency like D&B or equivalent is used. The credit risk on liquid funds and derivatives is limited because the counterparties are banks with high credit rating assigned by international credit rating agencies.

The company does not require collateral in respect of trade and other receivables. The company does not have trade receivable for which no loss allowance is recognised because of collateral.

The company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different geographic regions and customer segments.

Loss rates are based on actual credit loss experience over past periods, adjusted for current conditions and the company’s view of economic conditions over the expected lives of the receivables.

The maximum credit risk is equal to the carrying amount of each financial instrument on the balance sheet and relates to the following items :

(Euro x 1,000)	**As at 31 March 2020**	**As at 31 March 2019**
Cash and cash equivalents	32.283	18.130

Derivative financial assets	1.118	4.586
Trade receivables	70.351	87.891
Other current assets	4.452	4.011
Total costs	**108.204**	**114.619**

Impairment losses on financial assets recognised in profit or loss only relate to trade receivables and were EUR 0.7 million as per March 31, 2020 (2019: 0.3 million).

Liquidity risk management
Ultimate responsible for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the company's short, medium and long-term funding and liquidity management requirements. Apollo Vredestein B.V. manages liquidity risk by maintaining adequate reserves and banking facility, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities. Note 18 set out the details of the borrowing agreements with the banks.

We had no borrowings as at 31 March 2020. The company therefore has credit facilities that are sufficient for the existing and expected credit requirements of the group.

The extent of the risk that the ratios agreed with lenders are exceeded is regularly determined. With the present (positive) net cash position of EUR 32.3 million, the leverage ratio is zero.

Table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Euro x 1,000)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
As at 31 March 2020				
Pension liabilities	1.330	284	868	8.335
Derivative financial liabilities	1.132			
Trade and other payables	144.737			
As at 31 March 2019				
Pension liabilities	1.085	282	857	7.232
Derivative financial liabilities	4.625			
Trade and other payables	144.306			

Exchange rate risk
Foreign exchange risk arises because future commercial transactions are denominated in a foreign currency (not EUR). The management monitors continually the entity's exposures to foreign currency risks.

In addition to the above mentioned transaction related currency risk, the company is also subject to translation related currency risk as a result of consolidation of business units with different functional currencies. The translation related currency risks are not hedged by means of derivatives.

The sensitivity of the operating result of 2019-20 in respect of the currency risk of our positions outside the euro area to a 10% change in the exchange rate of the euro is positive EUR 1.1 million.

Within the operating result, the negative impact of appreciated foreign currencies on cost of goods sold (transaction impact) are offset by the positive impact of appreciated foreign currencies in translating the operating result of non-EUR business (translation impact).
Gains or losses on forward currency contracts (reported in operating result) offset the currency risk from purchasing contracts in foreign currencies from a cash and net profit perspective

Interest rate risk
The company has a management team that continually monitors its exposures to interest rate risks and uses variable rate debt to finance its operations.

31. Fair value information

Financial instruments by category
The table in note 28 sets out the carrying amount of the various financial instruments by category as at the balance sheet date

Method for fair value measurement of financial instruments
We use a three-level fair value hierarchy:

Level 1

The financial asset at fair value through profit or loss is measured by reference to quoted prices in an active market. As per 31 March, 2020 the company had no assets in this category.

Level 2

As there are no external market prices on which to base the value of receivables, and borrowings, their fair value is determined from generally accepted valuation models. The value determined in this way is equal to the price at which the derivative can be sold in a transparent market. We set the values regularly in consultation with accepted external market parties.
For the valuation of forward currency contracts, the future cash flows in the contract currency are discounted at a rate based on the term and contract currency. The present value at the balance sheet date in the contract currency is translated at the closing exchange rate ruling on the same day.

Level 3

Financial instruments carried at fair value determined by reference to input that is not based on observable market data only apply to the pension liabilities in relation to the defined benefit plans in Germany.
The other receivables, borrowings and commitments are carried at amortised cost. The fair values of the other items do not differ materially from their carrying amount.

The following table summarizes the assets and liabilities categorized by this hierarchy. The table summarizes only the fair value measurement that has not been previously disclosed. The valuation technique used to describe level 3 measurements has been disclosed in note 14.

At 31 March 2020				**(Euro x 1,000)**
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative financial liabilities		1.132		1.132
Derivative financial assets		1.118		1.118
Pension liability			10.817	10.817

32. Auditor's remuneration

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Audit fee	445	443
Other auditing services	-	12
Total auditor's remuneration	**445**	**454**

The auditor's remuneration is charged to the financial year for which the audit was performed.

33. Board of directors and all key personnel's' remuneration

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Board of directors' remuneration	866	840
Post-employment benefits	27	32
Other benefits	-	-
Termination benefits	-	-
Share-based payment benefits	-	-
Total Board of directors remuneration	**893**	**872**
Key management compensation	2.040	1.311
Total board and key personnel remuneration	**2.933**	**2.183**

The supervisory directors received a total remuneration of EUR 20,000 for the current financial year. No loans, advances or guarantees have been issued in favour of members of the board or supervisory board.

34. Related party

34.1 Related party indebtedness

This note is related to intercompany balances between Apollo Vredestein B.V. and companies that are ultimately controlled by Apollo Tyres Ltd (ultimate parent). Intercompany balances between Apollo Vredestein B.V. and its subsidiaries (other related transactions) have been eliminated. Related party transactions were made on terms equivalent to transactions with third parties.

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Receivable from:		
Apollo Tyres (Germany) GmbH	-	23
Reifencom GmbH	5.456	6.698
Apollo Tyres AG, Switzerland	-	7
Apollo Tyres Global R&D	2.649	4.041
Apollo Tyres Thailand	2	-
Apollo Tyres Middle-East	-	13
Apollo Tyres Malaysia	-	-

Apollo Tyres Limited, India (ultimate parent)	1.252	155
Apollo Tyres Hungary	-	93
Apollo Tyres South Africa	569	452
Vredestein Tyres North America Inc.	2.035	3.507
Total Receivables	**11.963**	**14.990**
Payable to:		
Apollo Tyres (Germany) GmbH	54	181
Saturn F1	45	140
Reifencom GmbH	348	-
Apollo Tyres Coop	1.116	1.019
Apollo Tyres Brasil	301	301
Apollo Tyres Global R&D	12.669	14.555
Apollo Tyres UK	665	684
Apollo Tyres B.V. (parent)	6.752	7.025
Apollo Tyres Limited, India (ultimate parent)	4.647	10.970
Apollo Tyres Singapore	4.346	6.265
Apollo Tyres Hungary	33.585	16.849
Apollo Tyres AG, Switzerland	181	372
Apollo Tyres Middle-East	5	
Apollo Tyres Malaysia	1	
Total Payables	**64.715**	**58.360**

Management has assessed the collectability of receivables from related parties. No interest is calculated with respect to the payables to related parties given the short term character and periodic settling of balances. No pledges and or securities are applicable.

34.2 Related party transactions – Income

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Apollo Tyres South Africa (sister)	299	542
Apollo Tyres Middle-East (sister)	410	379
Apollo Tyres Thailand (sister)	79	4
Apollo Tyres Limited, India (ultimate parent)	1.495	1.915
Reifencom GmbH	17.494	14.195
Apollo Tyres Malysia	22	-
Vredestein Tyres North America Inc.	11.313	11.572
Total	**31.112**	**28.607**

34.3 Related party transactions – Expenses

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Apollo Tyres Global R&D (sister)	24.371	24.716
Apollo Tyres UK (sister)	3.168	5.143
Apollo Tyres Limited, India (ultimate parent)	26.859	32.946
Apollo Tyres AG, Swiserland (sister)	957	1.342

Apollo Tyres Singapore	18.080	20.286
Apollo Tyres GmbH	774	895
Apollo Tyres Hungary	145.010	94.102
Saturn F1	92	268
Reifencom GmbH	155	494
Total	**219.466**	**180.192**

35. Average number of employees

	Period ended 31 March 2020	Period ended 31 March 2019
Direct departments (production)	1.227	1.282
Non-direct departments	199	260
Total in the Netherlands	**1.426**	**1.541**
Other countries	169	169
Total average number of employees	**1.595**	**1.710**

36. Capital commitment

36.1 Capital commitment

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Capital commitment	**1.653**	**4.338**

36.2 Other commitments not shown in the balance sheet

The Group initially applied IFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated (see Note 2). In 2019, Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of its leases, i.e. these leases are on-balance sheet. As of 31 March 2019, under IAS 17, the contractual obligation under the leases contracts were included in the commitments not shown in the balance sheet as presented in the table below.

The Group used a practical expedient when applying IFRS 16 for low value and short-term leases. Commitments on low value leases and short term leases are therefore still included in the commitments not shown in the balance sheet as at 31 March 2020.

Furthermore the commitments not shown in the balance sheet comprise of other operating commitments, committed capital expenditure and other financial commitments. The commitments not shown in the balance sheet amounted to almost zero at 31 March 2019.:

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Due in year one	623	5.363
Due between years two and five	627	10.062
Due after five years	-	3.537

Total	**1.250**	**18.962**

37. Contingent liabilities

The company had no contingent liabilities as per end of March 2020 (March 2019:0). The company provided securities for the rent of buildings (995k) in the form of bank guarantees.

Company financial statements

Company financial statements

Company statement of financial position

Before profit appropriation

(Euro x 1,000)	Notes	Period ended 31 March 2020	Period ended 31 March 2019
Assets			
Non-current assets			
Intangible assets	1	63.540	59.068
Property, plant and equipment	2	138.972	145.663
Right-of-use assets	3	15.593	-
Deferred tax assets		-	57
Receivables from participating interests		50	40
Investment in subsidiaries	4	50.803	50.433
Total non-current assets		**268.958**	**255.261**
Current assets			
Inventories	5	89.148	101.089
Trade receivables	6	16.777	18.738
Receivables from group companies	7	34.090	28.244
Derivative financial assets		1.118	4.586
Other current assets	8	2.119	7.760
Cash and bank balances		19.504	2.283
Total current assets		**162.757**	**162.700**
Total assets		**431.715**	**417.961**

(Euro x 1,000)	Notes	Period ended 31 March 2020	Period ended 31 March 2019
Equity and liabilities			
Equity			
Issued capital		43	43
Share premium reserves		20.226	20.226
Legal reserves		36.414	36.414
Translation of foreign operations		567	580
Actuarial gains / losses on pension plans		-3.087	-1.607
Retained earnings and other reserves		196.711	191.861
Profit for the year		-20.467	4.948
Total equity	9	**230.406**	**252.465**
Provisions		**1.931**	**2.128**
Non-current liabilities			
Deferred tax liability	10	23.659	27.403
Lease liabilities	4	12.334	761
Total non-current liabilities		**35.993**	**28.164**
Current liabilities			
Trade and other payables	11	62.137	65.433
Debt to group companies	12	96.563	65.146
Lease liabilities	4	3.553	-
Derivative financial liabilities		1.132-	4.625
Total current liabilities		**163.385**	**135.204**
Total equity and liabilities		**431.715**	**417.961**

Company statement of income

(Euro x 1,000)	Notes	Period ended 31 March 2020	Period ended 31 March 2019
Profit from investment in subsidiaries	14	3.177	4.148
Other profit after Tax		-23.644	800
Profit of the year		**-20.467**	**4.948**

Notes to the separate annual accounts for 2019-20

Valuation principles and accounting policies relating to the determination of the result

The company financial statements of the company are prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. We utilise the option afforded by Section 362(8) of Book 2 of the Dutch Civil Code to apply the accounting policies used for the consolidated financial statements to the holding company financial statements, with exception of the valuation for investments in subsidiaries, see Note 4. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). The policies include those covering the presentation of financial instruments as equity or loan capital. The financial data of Apollo Tyres B.V. are incorporated in the consolidated financial statements. Therefore, an abbreviated income statement is presented for the company under article 2:402 of the Dutch Civil Code.

1. Intangible Assets

(Euro x 1,000)	Develop-ment	Brand names	Software	Total
As at 31 March 2019				
Cost	81.561	12.900	23.933	118.394
Depreciation	-39.088	-	-20.240	-59.328
Book value	**42.474**	**12.900**	**3.694**	**59.068**
Changes in book value				
Reclassification Investments			163	163
Investments	12.285	-	1	12.286
Divestments	-	-	-	-
Foreign currency translation difference	-	-	2	2
Depreciation for financial year	-5.997	-	-1.979	-7.976
Balance	**6.288**	**-**	**-1.978**	**4.310**
As at 31 March 2020				
Cost	93.846	12.900	24.099	130.845
Depreciation	-45.085	-	-22.220	-67.305
Book value	**48.762**	**12.900**	**1.878**	**63.540**

2. Property, plant and equipment

(Euro x 1,000)	Land & accommo dations	Building	Moulds & formers	Assets under con-traction	Furniture & Fixture	Plant & Machinery	Total
GROSS BLOCK							
Balance as at 31 March 2019	**19.018**	**52.431**	**86.954**	**8.204**	**7.877**	**414.531**	**589.015**
Additions		1	2.323	9.251	287	8.777	20.639
Transfer				-11.812			-11.812
Disposals			-1.106	-		-54	-1.160
Balance as at 31 March 2020	**19.018**	**52.432**	**88.171**	**5.643**	**8.164**	**423.253**	**596.682**
Accumulated depreciation							
Balance as at 31 March 2019	**2.329**	**31.896**	**78.280**		**5.777**	**325.069**	**443.351**
Depreciation for financial year	160	783	4.205		482	9.751	15.381
Disposals			-987			-37	-1.024
Balance as at 31 March 2020	**2.489**	**679**	**81.498**		**6.260**	**334.783**	**457.708**
Balance as at 31 March 2020- Net	**16.529**	**19.753**	**8.674**	**5.643**	**1.904**	**88.732**	**138.972**
Balance as at 31 March 2019	16.689	20.629	6.672	8.204	2.100	89.368	145.663

3. Leases

The Group distinguishes three types of leases:

- Premises: warehouses, offices, retail shops. Contracts typical run for multiple year periods and have extension options. The contracts for the Dutch distribution center and the Dutch headquarter office are the most significant leases.
- Machines and equipment: comprise different types of operational and warehousing machines and equipment and medical devices. The Group leased certain machines and equipment under a number of leases, which were classified as finance leases under IAS 17 (see note 4).
- Vehicles.

Information about leases for which the Group is a lessee is presented below. For accounting policy see Note 2.1.

Right-of-use assets

(Euro x 1,000)	Premises	Vehicles	Machine and equipment	Total
Carrying amount at 1 April 2019	**-**	**-**	**-**	**-**
Recognition of right-of-use assets on initial application of IFRS 16	15.346	1.294	1.072	17.712
Adjusted balance at 1 April 2019	**15.346**	**1.294**	**1.072**	**17.712**
Investments	-	653	2.063	2.716
Depreciation	-3.372	-640	-824	-4.836
Carrying amount at 31 March 2020	**11.974**	**1.307**	**2.311**	**15.592**

Lease liabilities

(Euro x 1,000)	Premises	Vehicles	Machine and equipment	Total
Balance at 1 April 2019	**-**	**-**	**-**	**-**
Recognition of lease liabilities on initial application of IFRS 16	15.346	1.294	1.072	17.712
Adjusted balance at 1 April 2019	**15.346**	**1.294**	**1.072**	**17.712**
Additions	-	653	2.063	2.716
Repayments	-3.261	-645	-837	-4.743
Interest charged to the income statement	170	15	17	202
Balance at 31 March 2020	**12.255**	**1.317**	**2.315**	**15.887**

Amounts recognised in profit or loss

(Euro x 1,000)	Premises	Vehicles	Machine and equipment	Total
Depreciation of right-of-use assets	3.372	640	824	4.836
Interest on lease liabilities	170	15	17	202
Total	**3.542**	**655**	**841**	**5.038**

Ageing of lease liabilities

(Euro x 1,000)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2020				
Lease liabilities	3.553	3.320	5.966	3.034

EXTENSION OPTIONS

Some property leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

LEASE EXPENSES IN OUR OPERATING EXPENSES

The total amount in our operating expenses related to short-term leases, low value assets and expenses related to variable lease payments not included in the measurement of lease liabilities is € 23 thousand.

4. Investments in subsidiaries

Subsidiaries

In accordance with article 2:362 (8) of the Dutch Civil Code, subsidiaries that are included in the consolidation are stated at net asset value, but not lower than nil.
Subsidiaries with negative equity value are valued at nil. When the company partially or in whole is liable for the debts of such subsidiary, or has the factual obligation to facilitate that subsidiary for (the companies part in) payments of its debts, a provision is formed. This provision is calculated taking into account any bad debt provisions already formed for receivables on such subsidiary. The equity and results of the subsidiaries have been determined in accordance with the accounting policies of Apollo Vredestein B.V.

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Net Position at beginning of year	49.726	45.396
Investments:		
Opening FCTR on Investment	-	1.367
Dividends	-1.327	-2.002
Capital contribution	-	9
Repayment of capital	-	-677
Accumulated OCI	-1.480	-58
Foreign exchange result	-13	
Result Participations	3.509	5.687
Net position	**50.334**	**49.726**
Negative participations	469	707
Position at end of year	**50.803**	**50.433**

5. Inventories

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Raw materials	6.603	8.959
Work in progress	2.482	7.393
Finished goods	51.147	57.819
Stock-In-Trade	20.254	17.865
Consumable stores	8.662	9.053
Total	**89.148**	**101.089**

6. Trade receivables

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Trade receivables	19.224	20.843
Allowance for doubtful debts	-2.447	-2.105
Total	**16.777**	**18.738**

All trade receivables shorter than a year are valued at nominal value which is a reasonable approximation of fair value of the receivables. The credit period generally ranges from 14 days to 90 days and customer loses the incentive if not paid in time. Apollo Vredestein B.V. has no significant concentrations on credit risks. It has a policy which prevent sales to customers with a below standard credit history. Apollo Vredestein B.V. has also a good credit management team, which is responsible for overdue receivables. Credit limit is granted after assessing the credit worthiness of customer. Credit report from independent credit rating agency like D&B or equivalent is used. Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which no allowance for doubtful debts has been recognized because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired receivables

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
0 - 60 days	3.801	5.376
61 - 180 days	2.255	624
more than 180 days	66	302
Total	**6.122**	**6.302**

The total not past due for FY 2019-2020 amounts 28.9 million euro. This includes EUR 0.6 million from Apollo Group companies.

Movement in the allowance for doubtful debts

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	-2.105	-2.026
Movement to allowance recognized in statement of income	-342	-79
Amounts written off during the year as uncollectible	-	-
Balance at end of year	**-2.447**	**-2.105**

7. Receivables from group companies

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Receivable from Apollo Vredestein BeLux SA	2.534	3.284
Receivable from Apollo Vredestein France SAS	4.674	5.371
Receivable from Apollo Vredestein UK Limited	1.688	4.787
Receivable from Apollo Finlo B.V.	209	209
Receivable from Apollo Vredestein Austria Gesellschaft GmbH	8.300	10.079
Receivable from Vredestein Nordic AB	3.666	4.263
Receivable from Apollo Vredestein Kft.	4.231	4.012
Receivable from Apollo Vredestein Opony Polska	6.185	5.295
Non Recourse Purchase of Eligible Receivables *)	-	-10.869
Offset balances bank - Subsidiaries	-	-2.402
Receivable from Apollo Tyres Tyres SA	569	452
Receivable from Apollo Tyres Middle East	-	13
Receivable from Apollo Tyres kft	-	93
Receivable from Apollo Tyres India	-	150
Receivable from Apollo Tyres Inc.	2.035	3.507
Total	**34.090**	**28.244**

*) Balance of €11 million in balance sheet per 31 March 2020 classified as liability.

No interest is calculated with respect to the payables to related parties given the short term character and periodic settling of balances. No pledges and or securities are applicable

8. Other current assets

Other current assets consist mainly of a VAT recoverable amount per 31 March, 2020 (EUR 1.5 million) and prepayments.

9. Equity

Ordinary shares

Authorised
Ordinary shares: 200,000 ordinary shares of EUR 1,00 each.

Issued
Ordinary shares: 42,491 ordinary shares of EUR 1,00 each.
All shares issued are fully paid and registered.

There were no changes in the share capital.

(Euro x 1,000)	Issued Capital	Share premium reserves	Translation of foreign operations	Legal Reserves	Actuarial gains or losses on pension plans	Other Reserves	Retained earnings	Profit for the period	Total Equity
Total as at 31 March 2018	**43**	**20.226**	**452**	**36.414**	**-1.426**	**21.042**	**172.498**	**22.173**	**271.422**
Profit for the period								4.948	4.948
Opening balance adjustment							-952		-952
Other comprehensive income, net of income tax			128		-181				-53
Dividends							-22.900		-22.900
Transfers to and from reserves							22.173	-22.173	-
Total as at 31 March 2019	**43**	**20.226**	**580**	**36.414**	**-1.607**	**21.042**	**170.819**	**4.948**	**252.465**
Profit for the period								-20.467	20.467
Opening balance adjustment							-99		-99
Other comprehensive income, net of income tax			-13		-1.480				-1.493
Transfers to and from reserves							4.948	-4.948	-
Total as at 31 March 2020	**43**	**20.226**	**567**	**36.414**	**-3.087**	**21.042**	**175.668**	**-20.467**	**230.406**

The company’s legal reserve amounts to EUR 36.4 million (2019: EUR 36.4). The legal reserves consist of investments in development activities. The legal reserves are non-distributable.

Reconciliation consolidated equity and results to company only equity and results:

(Euro x 1,000)	Result period ended 31 March 2020	Equity per 31 March 2020
Consolidated	**(20.313)**	**229.185**
Consolidation adjustments:		
Negative participations	-238	469
Mark-up on IC profits on unsold stock	111	1.002
Deferred tax on consolidation adjustments	-28	-250
Company only	**(20.467)**	**230.406**

Adjustment 1 is taken in company towards the negative equity value in Apollo Vredestein Austria Gesellschaft GmbH and Finlo B.V.

Proposal for result appropriation

The Board of directors did not propose a dividend payout for the current year.

Appropriation of profit for the Financial year 2018-19

The annual report for FY 2018-19 is determined in the general meeting of the shareholders held in July 2019

10. Deferred tax liability

For the deferred tax liability in the separate annual accounts of the company reference is made to note 6 of the consolidated Financial Statements of the company as the deferred tax liability is mainly on the balance sheet of Apollo Vredestein B.V.

11. Trade and other payables

Trade and other payables as of March 31st 2020 mainly consists of (Euro x 1,000):

-	Trade payables	31.058
-	Employees payable	8.046
-	Other payables	23.033
	Total	**62.137**

12. Payable to Group companies

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
IC Payable ATGRD	10.199	10.715
IC Payable ATBV	6.752	7.025
IC Payable AT Coop	1.116	1.019
IC Payable AT UK	731	796
IC Payable ATL India	4.647	10.969
IC Payable ATAG	181	371
IC Payable AT Brazil	300	301
IC Payable AT Singapore	4.345	6.295
IC Payable AT Hungary Kft	33.436	17.070

IC Payable AT Germany Gmbh	54	181
IC Payable Saturn F1	45	140
IC Payable Vredestein Consulting	2.898	2.899
IC Payable AV Gmbh	16.297	3.962
IC Payable AV Mktg BV	58	25
IC Payable AV Schweiz	617	1.140
IC Payable AV Iberica	2.958	2.257
A/R Factoring Control account - SUBS	10.955	0
IC Payable AT Middle East	5	-
IC Payable AT Malaysia	1	-
Translation Differences –IC Payable	968	-21
Total	**96.563**	**65.146**

13. Borrowings

During the year, the Company's parent Company (Apollo Tyres B.V.) has signed a new financing agreement for the long term loan (EUR 175 Million) with Standard Chartered Bank, the proceeds for which were utilized for repayment of the previous facility loan.

The Company has provided guarantee for the loan which is secured by a pledge on its movable tangible assets (other than stock in trade, raw materials and trade receivables) and a mortgage of Real Estate being the Land and Buildings located in the Netherlands.

14. Profit from investments in subsidiaries

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Apollo Vredestein GmbH	1.626	1.839
Apollo Vredestein BeLux SA	155	255
Apollo Vredestein France SAS	185	251
Apollo Vredestein Limited	314	489
Apollo Vredestein Austria Gesellschaft GmbH	238	378
Apollo Vredestein Srl	-	137
Vredestein Nordic AB	152	133
Apollo Vredestein Kft.	74	62
Apollo Vredestein Opony Polska	84	101
Vredestein Norge AS	-	-
Apollo Vredestein Schweiz AG	152	247
Apollo Vredestein Iberica SA	106	194
Vredestein Marketing B.V.	33	-
Vredestein Consulting B.V.	58	61
Total	**3.176**	**4.147**

15. Board of directors' remuneration

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Board of directors' remuneration	**872**	**872**

The supervisory directors received a remuneration of EUR 20,000 for the current financial year. No loans, advances or guarantees have been issued in favour of members of the board or supervisory board.

Contingent liabilities

The company had no contingent liabilities as per end of March 2020 (March 2019:0). The company provided securities for the rent of buildings (995k) in the form of bank guarantees (March 2019: 997k).

Post balance sheet events

In view of the current macro economic environment and in order to improve financial performance of the Company, the management has prepared a plan ("the Plan") to change the product mix & sourcing mix and its resultant impact on the current work force of the Company. The management has approached the Works Council for advice on the Plan and this consultation process is currently is in progress. An estimate of financial impact of the same cannot be made at this stage.

Signing the financial statements

Enschede, The Netherlands, June 23, 2020

<u>The Board of directors:</u>

Benoit Rivallant

Sunam Sarkar

Vishal Kumar Mittal

Rakesh Dewan

<u>The Supervisory Board:</u>

Neeraj Kanwar

Neeraj Kanwar

Chudasama

Akshay Chudasama

Other information

Other information

Provisions of the articles of association concerning profit appropriation

Article 32: profit and distribution of profits

1. The profits shall be at the disposal of the shareholders meeting, subject to the following provisions:
   a. the company may only make distributions of profits to shareholders to the extent that the shareholders' equity exceeds the paid and called up part of its capital plus the reserves, which are required to be maintained by law;
   b. distribution of profits may only be made after adoption of the annual accounts showing that the distribution is permissible.
2. The company may make interim distributions provided that the requirements of paragraph I sub a have been met.
3. The shares that the company holds in its own capital shall not be included for the purpose of calculating the profit distribution, unless a right of usufruct has been established on those shares in favour of persons other than the company or if depositary receipts were issued for those shares.
4. As of one month after the declaration, the dividend shall be at the disposal of the shareholders, unless the shareholders meeting determines another term.
   After five years have passed, the claims shall expire.
   Dividends that are not disposed of within five years after their becoming available for payment shall revert to the company.
5. A loss may only be offset against the reserves which are prescribed by law to the extent that it is permitted by law.

Independent auditors report

The independent auditors report is stated on the following pages.

To: the shareholders and board of directors of Apollo Vredestein B.V.

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INDEPENDENT AUDITOR'S REPORT

A. Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements for the year ended March 31, 2020 of Apollo Vredestein B.V., as set out on pages 5 to 67. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Apollo Vredestein B.V. as at March 31, 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Apollo Vredestein B.V. as at March 31, 2020, and of its result in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at March 31, 2020;

2 the following statements for the year ended March 31, 2020:
the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as at March 31, 2020;

2 the company profit and loss account for the year ended March 31, 2020; and

3 the notes comprising a summary of the accounting policies and other explanatory information.

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Basis for Our Opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Apollo Vredestein B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern due to Coronavirus

The outbreak of Covid-19 has an impact on Apollo Vredestein B.V. We draw attention to page 13 of the financial statements, where management has disclosed the impact the virus already had on Apollo Vredestein B.V. and what further impact it expects to have on the company. Management indicates that there is a material uncertainty to continue as a going concern. It also discloses the measures which management has already taken and the measures it intends to take, as well as the facilities made available by the government which it expects to use. The explanatory notes show that sit is not reasonably certain to estimate the impact of Covid-19 and significant uncertainties still exist.

We have audited the disclosure on the situation and the related uncertainties and believe that the disclosure is adequate given the situation. There is uncertainty about the ultimate economic impact the Covid-19 will have, due to this there is also a lot of uncertainty from this disclosure. Based on the procedures performed by us and the audit evidence obtained, we believe that taking into account the uncertainties that exist at the time of issuing this auditor's report, the company appropriately discloses the situation in its financial statements and properly reports its financial statements based on the ability to continue as a going concern. Considering this situation, we have issued an unqualified opinion on the financial statements in this auditor's report, in accordance with the audit standards.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information, that consists of:

- the management board's report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Grant Thornton

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements . The supervisory board is responsible for overseeing the financial reporting process of the company.

Our Responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;

- Obtaining 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;

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, June 23,2020

Grant Thornton Accountants en Adviseurs B.V.

N.H.B. Jonker
Registeraccountant