

APOLLO VREDESTEIN IBÉRICA, S.A.U.

Financial Statements for the year ended March 31st 2020 and Director's Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 1 and 18). In the event of a discrepancy, the Spanish-language version prevails.



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Memory of the annual accounts of the exercise finished on the 31st of March 2020 (Expressed in Euros)

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APOLLO VREDESTEIN IBÉRICA, S.A.U.



BALANCE FOR YEAR ENDED MARCH 31st, 2020 and 2019			
ASSETS	Notes to the report	2020	2019
A) NON-CURRENT ASSETS		137,814	110,495
I. Intangible Fixed Assets		0	0
1. Development			
2. Concessions			
3. Patents, licenses, trademarks & other intangible fixed assets			
4. Goodwill			
5. Computer applications			
6. Re-search			
7. Intellectual property			
8. Greenhouse gas emission allowance trading.			
9. Other intangible fixed assets.			
II. Tangible Fixed Assets	6	125,121	100,256
1. Properties and constructions			
2. Technical installations & other tangible fixed assets		125,121	100,256
3. Fixed assets under construction and advances			
III. Real estate investments.		0	0
1. Properties			
2. Constructions			
IV. Long-Term Investments in Group and Associated Companies		0	0
1. Financial investments			
2. Company loans			
3. Securities representing debt			
4. Derivatives			
5. Other financial assets			
6. Other investments			
V. Long-Term Financial Investments	7.1	12,693	10,239
1. Financial investments			
2. Third party loans			
3. Securities representing debt			
4. Derivatives			
5. Other financial assets		12,693	10,239
6. Other investments			
VI. Deferred Tax Assets			
VII. Non-current trade payables.			
B) CURRENT ASSETS		6,267,445	7,314,859
I. Non-Current Assets Maintained for Sale			
II. Stock	8	883,798	685,246
1. Trade		883,798	685,246
2. Raw materials and other supplies			
3. Products in progress			
4. Finished products			
5. By-products, waste & recovered materials			
6. Advances to suppliers		0	0
III. Trade Debtors and Other Accounts Receivable	7.2	1,231,087	2,976,892
1. Customers, sales and services rendered		1,218,221	2,966,556
2. Customers, group and associated companies		2,921	791
3. Sundry debtors		9,923	9,545
4. Personnel.			
5. Assets through current taxes			
6. Other Public Administration Credits	12.b	22	0
7. Stakeholders (partners) through forced disbursement			
IV. Short-Term Investments in Group and Associated Companies	7.3	3,498,610	3,262,445
1. Financial investments			
2. Company loans		3,498,610	3,262,445
3. Securities representing debt			
4. Derivatives			
5. Other financial assets			
6. Other investments			
V. Short-Term Investments in Group and Associated Companies		0	0
1. Financial investments			
2. Company loans			
3. Securities representing debt			
4. Derivatives			
5. Other financial assets			
6. Other investments			
VI. Short-Term Installments			0
VII. Cash and other equivalent liquid assets		653,950	390,276
1. Cash		653,950	390,276
2. Cash equivalent			
TOTAL ASSETS (A+B)		6,405,259	7,425,354

Memory of the annual accounts of the exercise finished on the 31st of March 2020 (Expressed in Euros)

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EQUITY & LIABILITIES	Notes to the report	2020	2019
A) EQUITY		5,163,619	5,057,323
A-1) Total Equity		5,163,619	5,057,323
I. Capital.	9	3,101,245	3,101,245
1. Stated capital		3,101,245	3,101,245
2. (Non-due capital).			
II. Share premium			
III. Reserves	9	1,956,079	1,761,766
1. Legal and statutory		355,850	336,418
2. Other reserves		1,600,229	1,425,348
IV. (Own equity shares).			
V. Year End P&L		0	0
1. Balance carried forward		0	0
2. (Negative Year End P&L)		0	0
VI. Other contributions by partners			
VII. Year End P&L		106,295	194,312
VIII. (Interim dividend)			
IX. Other financial investments			
A-2) Value Change Adjustments		0	0
I. Financial assets available for sale			
II. For operation hedges			
III. Non-current liabilities linked assets held for sale.			
VI. Non-current trade payables.			
V. Other			
A-3) Received subsidies, donations and legacies			
B) NON-CURRENT LIABILITIES		0	0
I. Long-Term Provisions		0	0
1. Long-term personnel obligations			
2. Environmental activities			
3. Restructuring provisions			
4. Other provisions.			
II Long-term Debts		0	0
1. Liabilities & other negotiable instruments			
2. Bank loans			
3. Financial leasing creditors			
4. Derivatives			
5. Other financial liabilities			
III. Long-Term Group & Associated Company Debts			
IV. Deferred Tax Liabilities			
V. Long-term installments			
VI. Non-current trade payables.			
VII. Debt Long-term special features.			
C) CURRENT LIABILITIES		1,241,640	2,368,031
I. Liabilities linked to non-current assets maintained for sale			
II. Short-Term Provisions			
1. Provisions for allowances of greenhouse gases.			
2. Other provisions.			
III. Short-Term Debts		0	0
1. Liabilities and other negotiable instruments			
2. Bank loans			
3. Financial leasing creditors			
4. Derivatives.			
5. Other financial liabilities			
IV. Short-term debts with group and associated companies			
V. Trade Creditors and Other Accounts Payable	10	1,241,640	2,368,031
1. Suppliers			
2. Suppliers, group and associated companies		540,801	1,005,664
3. Sundry creditors		327,538	508,273
4. Personnel (outstanding remunerations).		108,837	116,806
5. Current tax liabilities	12.b	143,180	192,696
6. Other Public Administration debts	12.b	120,632	542,272
7. Customer advances		652	2,320
VI. Short-Term installments			
VII. Debts with special features short term.			
TOTAL NET WORTH & LIABILITIES (A+B+C)		6,405,259	7,425,354

Memory of the annual accounts of the exercise finished on the 31st of March 2020 (Expressed in Euros)

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PROFIT AND LOSS ACCOUNT FOR YEAR ENDED MARCH 31st, 2020 and 2019			
	Notes	(Debit) Credit	
		2020	2019
A) ONGOING OPERATING ACTIVITIES			
1. Net turnover	13.a	18,033,336	18,052,467
a) Sales		18,033,336	18,052,467
b) Services rendered		0	0
c) Income from financial nature of the Holding companies.			
2. Variation in stocks of finished goods & products in progress			
3. Work performed for company's assets			
4. Supplies.	13.b	-12,810,517	-12,823,468
a) Consumption of commodities		-12,810,517	-12,823,468
b) Consumption of raw materials and other consumables			
c) Contracted services			
d) Depreciation of commodities, raw materials and other supplies		0	0
5. Other operating income		434,028	434,982
a) Non-core and other operating income		434,028	434,982
b) Operating subsidies included in the year's P&L		0	0
6. Personnel costs	13.c	-1,021,443	-1,000,976
a) Wages, salaries and similar costs		-831,237	-815,762
b) Social security contributions		-190,207	-185,214
c) Provisions			
7. Other operating expenses	13.d	-4,403,159	-4,327,571
a) External services		-4,402,809	-4,325,521
b) Taxes		0	-2,639
c) Losses, depreciation and variation in provisions for commercial operations		-349	589
d) Other current operating expenses			
e) Expenses emission of greenhouse gases.			
8. Fixed Asset Amortization	6	-22,593	-17,334
9. Allocation of Non-Financial & Other Fixed Asset Subsidies			
10. Excess Provisions			
11. Depreciation and Fixed Asset Disposal Results		0	0
a) Depreciation & losses			
b) Disposal and other results			
c) Depreciation and Fixed Asset Disposal Results of the Holding companies.			
12. Negative goodwill on business combinations			
13. Other Operating Results		0	8
A.1) OPERATING RESULT (1+2+3+4+5+6+7+8+9+10+11+12+13)		209,652	318,108
14. Financial income	14.a	39,823	68,900
a) From shares in financial investments			
a ₁) Group and associated companies			
a ₂) Third parties			
b) From marketable securities and other financial instruments		39,823	68,900
b ₁) Group and associated companies		39,823	68,900
b ₂) Third parties			
c) Received subsidies, donations and legacies			
15. Financing costs		0	0
a) For group and associated company debts			
b) For third party debts			
c) For revaluation of provisions			
16. Reasonable value variation of financial instruments		0	0
a) Negotiation portfolio and other			
b) Allocation to P&L of financial assets available for sale			
17. Exchange Rate Differences			
18. Depreciation and results from the sale of financial instruments		0	0
a) Depreciation and losses			
b) Sales results and other results			
19. Other finance income and costs			
a) Addition to assets of financial expenses.			
b) Income from financial arrangements with creditors..			
c) Other income and expenses.			
A.2) INTEREST P&L (14+15+16+17+18+19)		39,823	68,900
A.3) PRE-TAX P&L (A.1+A.2)		249,475	387,008
20. Income Tax	12.c	-143,180	-192,696
A.4) YEAR-END P&L FROM ONGOING OPERATIONS (A.3+20)		106,295	194,312
B) DISCONTINUED OPERATIONS			
21. P&L attributed to net discontinued operations			
A.5) YEAR-END P&L (A.4+21)		106,295	194,312

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CASH FLOWS FOR YEAR ENDED MARCH 31st, 2020 and 2019			
	Notes	2020	2019
A) CASH FLOWS FROM OPERATING ACTIVITIES		313,587	200,682
1. PRE-TAX P&L		249,475	387,008
2. P&L Adjustments		-16,881	-52,155
a) Fixed asset amortization (+).		22,593	17,334
b) Value corrections due to depreciation (+/-).		349	-589
c) Changes in provisions (+/-).			
d) Allocation of subsidies (-).			
e) Removal or sale of fixed assets (+/-).		0	0
f) Cancellation or sale of financial investments (+/-).			
g) Income (-).		-39,823	-68,900
h) Expenses (+).			
i) Exchange rate differences (+/-).			
j) Reasonable value changes in financial instruments (+/-).			
k) Other income and expenses (-/+).			
3. Changes in working capital		184,350	-10,375
a) Stocks (+/-).		-198,552	-115,868
b) Creditors and other accounts receivable (+/-).		1,745,458	-777,498
c) Other current assets (+/-).		-236,165	-655,953
d) Creditors and other accounts payable (+/-).		-1,126,391	1,538,944
e) Other current liabilities (+/-).			
f) Other non-current assets and liabilities (+/-)			
4. Other operating cash flows		-103,357	-123,796
a) Interest payments (-).			
b) Accrued dividends (+).			
c) Accrued interest (+).		39,823	68,900
d) Accrued (paid) income tax (+/-).		-143,180	-192,696
e) Other payables (receivables) (-/+)		0	0
5. Cash flows from operating activities (+/--1+/-2+/-3+/-4)		313,587	200,682
B) CASH FLOWS FROM INVESTMENTS		-49,913	-30,792
6. Investment payments (-).		-49,913	-30,792
a) Group and associated companies			
b) Intangible fixed assets			
c) Tangible fixed assets		-47,459	-28,942
d) Real estate investments			
e) Other financial assets		-2,454	-1,850
f) Non-current assets for sale			
g) Business unit			
h) Other assets			
7. Accrued disinvestments (+).		0	0
a) Group and associated companies			
b) Intangible fixed assets			
c) Tangible fixed assets			
d) Real estate investments			
e) Other financial assets			
f) Non-current assets for sale			
g) Business unit			
h) Other assets			
8. Cash flows from investments (7-6)		-49,913	-30,792
C) CASH FLOWS FROM FINANCING ACTIVITIES		0	0
9. Financial instrument receivables and payables		0	0
a) Issue of financial investments (+).			
b) Depreciation of financial investments (-).			
c) Purchase of own equity investments (-).			
d) Sale of own equity investments (+).			
e) Subsidies, donations and legacies		0	0
10. Financial instrument receivables and payables			
a) Issue			
1. Liabilities and other negotiable instruments (+).			
2. Bank loans (+).			
3. Group and associated companies debts (+).			
4. Special debts (+).			
5. Other debts (+).			
b) Return and amortization of		0	0
1. Liabilities and other negotiable instruments (-).			
2. Bank loans (-).			
3. Group and associated companies debts (-).			
4. Special debts (-).			
5. Other debts (-).			
11. Other financial instrument receivables and payables			
a) Dividends (-).			
b) Remuneration of other financial instruments (-).			
12. Cash flows from financing activities (+/-9+/-10-11)		0	0
D) Effect of differences in exchange rate			
E) NET CASH INCREASE/DECREASE OR EQUIVALENT (+/-5+/-8+/-12+/-D)		263,674	169,890
Cash or equivalent at start of fiscal year		390,276	220,386
Cash or equivalent at end of fiscal year		653,950	390,276

Memory of the annual accounts of the exercise finished on the 31st of March 2020 (Expressed in Euros)

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A) STATEMENT OF RECORDED INCOME AND EXPENSES FOR THE YEAR ENDED MARCH 31st, 2020 and 2019

	Notes to the report	2020	2019
A) Profit & Loss Account		106,295	194,312
Income & expenditure charged directly to net worth			
I. For valuation of financial instruments.			
1. Financial assets available for sale			
2. Other income/expenses			
II. For cash flow hedges			
III. Received subsidies, donations and legacies			
IV. For actuarial profits & losses and other adjustments			
V. Non-current liabilities linked assets held for sale.			
VI. Translation differences			
VII. Tax effect			
B) Total income and expenditure charged directly to net worth (I+II+III+IV+V+VI+VII)			
Transfers to the P&L account			
VIII. For financial instruments valuation			
1. Financial assets available for sale.			
2. Other income/expenses			
IX. For cash flow hedges			
X. Received subsidies, donations and legacies.			
XI. Non-current liabilities linked assets held for sale.			
XII. Translation differences.			
XIII. Tax effect.			
C) Total transfers to the P&L Account (VI+VII+VIII+IX+X+XI+XII+XIII)			
TOTAL RECORDED INCOME AND EXPENDITURE (A+B+C)		106,295	194,312

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B) TOTAL CHANGES IN NET WORTH FOR YEAR ENDED MARCH 31st, 2020 and 2019													
	Capital		Issue premium	Reserves	(Own shares in net worth)	Previous year P&L	Other partner contributions	Year End P&L	(Interim dividend)	Other net worth instruments	Value change adjustments	Subsidiaries, donations and legacies received	TOTAL
	Stated	Not due											
A. BALANCE FOR YEAR ENDED MARCH 31st, 2018	3,101,245	0	0	1,672,794	0	0	0	88,972	0	0	0	0	4,863,011
I. Adjustments due to changes of 2018 and prior criteria													
II. Adjustments due to 2018 and prior errors													
B. ADJUSTED BALANCE AS OF ABRIL 1st, 2018	3,101,245	0	0	1,672,794	0	0	0	88,972	0	0	0	0	4,863,011
I. Total recorded income and expenditure								88,972					88,972
II. Operations with partners or owners	0	0	0	0	0	0	0	0	0	0	0	0	0
1. Capital increases													0
2. (-) Capital reductions													
3. Conversion of financial liabilities into net worth (conversion of obligations, writing off of debts)													
4. (-) Distribution of dividends													
5. Operations with own shares (net)													
6. Net worth increase (reduction) resulting from the combination of businesses													0
7. Other operations with partners or owners													0
III. Other variations in net worth				88,972		0		-88,972					0
1. Movement of the revaluation reserve													
2. Other changes				88,972		0		-88,972					
C. BALANCE FOR YEAR ENDED MARCH 31st, 2019	3,101,245	0	0	1,761,766	0	0	0	194,312	0	0	0	0	5,057,323
I. Adjustments due to change of criteria 2019													
II. Adjustments due to errors 2019													
D. ADJUSTED BALANCE AS OF APRIL 1st, 2019	3,101,245	0	0	1,761,766	0	0	0	194,312	0	0	0	0	5,057,323
I. Total recorded income and expenditure								106,295					106,295
II. Operations with partners or owners	0	0	0	0	0	0	0	0	0	0	0	0	0
1. Capital increases													0
2. (-) Capital reductions													
3. Conversion of financial liabilities into net worth (conversion of obligations, writing off of debts)													
4. (-) Distribution of dividends													0
5. Operations with own shares (net)													
6. Net worth increase (reduction) resulting from the combination of businesses													
7. Other operations with partners or owners													0
III. Other variations in net worth				194,312		0		-194,312			0		0
1. Movement of the revaluation reserve				194,312									
2. Other changes				0				-194,312					-194,312
E. BALANCE FOR YEAR ENDED MARCH 31st, 2020	3,101,245	0	0	1,956,079	0	0	0	106,295	0	0	0	0	5,163,619

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1 COMPANY'S ACTIVITY

Apollo Vredestein Ibérica, S.A.U. (hereinafter the Company) was incorporated as a public limited company in Spain on December 1st, 1987 under the name Vredestein Ibérica, S.A., for an indefinite period of time. As of December 31st, 2012 it was modified for Apollo Vredestein Ibérica, S.A. On January 30th, 2019, the Extraordinary and Universal General Shareholders Meeting approved the decision of single-shareholder, modifying its name by Apollo Vredestein Ibérica, S.A.U.

On October 23th, 2017, the Company meeting at the Extraordinary General Shareholders' Meeting approved the change of registered office until the date established in Carretera de l'Hospitalet, Cityparc Edificio Bruselas, 147. Cornellà de Llobregat (Barcelona) to Carretera de Trasierra n^o29, local 51 (Urbanization Sagrada Família) of Córdoba.

Its fiscal domicile continues in Carretera de l'Hospitalet, Cityparc, Edificio Bruselas, 147 in Cornellà de Llobregat (Barcelona).

Its corporate object and core business is purchasing, importing and selling all types of industrial products made from rubber, resins and active materials, as well as all types of products made from these materials that are complementary to the trade sector and the industry, and to the goods it manufactures.

The Company belongs to the Vredestein Group through its only shareholder: Apollo Vredestein, B.V. (see note 9), Group's dominant company. Both companies have their corporate address in The Netherlands.

As of March 31st, 2020 and 2019, Apollo Vredestein Ibérica, S.A.U does not form a decision body with other companies located in Spain, in compliance with Rule 13 of the Rules of Preparation of Annual Accounts.

Unless otherwise stated, the amounts in the accounting forms attached hereto (balance, P&L account, changes in net worth, cash flows and notes to the report) are expressed in euros.

2 BASIS FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

1) **True and fair reflection**

The annual accounts are based on the company's accounting records and comply with the commercial law in force and the General Accounting Plan defined in Royal Decree of November 16th, 1514/2007 and the modifications made by the Royal Decree of September 17th 1159/2010, and the Royal Decree of December 2nd 602/2016. The objective of these annual accounts is to show a true and fair reflection of the Company's equity, financial situation, bottom line and cash flows incorporate to the Chas-flow statement.

The annual accounts prepared by the Sole Administrator shall be approved by the Shareholders' Meeting. The annual accounts are expected to be approved without any amendments.

There are no significant accounting principles or generally accepted assessment criteria in Spain that have not been applied to these annual accounts.



2) Comparison of information

In accordance with article 35.6 of the Commercial Code and in compliance with the principle of uniformity and the comparability requirements, these annual accounts ended on March 31st, 2020 are compared to the figures of the previous year.

3) Critical Issues of Valuation and Estimation of Uncertainty

The Company has prepared its annual accounts based on its current business operations. There are no key assumptions entailing major risks or involving significant changes in the value of the Company's assets and liabilities for the following tax year.

The annual accounts include occasional estimations made by the Board of Directors to quantify some recorded assets, liabilities, income, expenses and breakdowns. These estimations and hypotheses are based on the Company's experience and other reasonable facts and circumstances used to assess the accounting value of assets and liabilities which can not be immediately determined in any other way.

Although all estimations are based on the best data available at the time of preparation of the annual accounts, any future changes to these estimations shall be applied prospectively as from that moment and will have an effect on the P&L account of the relevant year.

The main estimations and criteria applied in the preparation of the annual accounts are:

- Life of tangible fixed assets (see note 4.1).
- Reasonable value of financial instruments (see note 4.3).
- Value corrections due to stock depreciation (see note 4.4).
- Provisions (see note 4.9).

4) Consolidated entries

These annual accounts do not consolidate any entries in the balance, in the P&L account or in the statement of changes in net worth.

5) Elements reflected in several entries

There are no net worth elements presented in two or more items in the balance.

6) Changes in accounting criteria

No adjustments have been made during the 2020 P&L accounts owing to changes in accounting criteria.

7) Correction of errors

The 2020 annual accounts do not include any adjustments resulting from the errors detected during the tax year.



3 PROPOSED DISTRIBUTION OF INCOME

The Sole Administrator will submit to the Shareholders' Meeting for their approval the distribution of income for the fiscal year is as follows:

	2020	2019
Legal Reserves	10,630	19,431
Voluntary reserves	95,665	174,881
Year End P&L	106,295	194,312

The Company is obliged to devote 10% of the tax year profits to a legal reserve until it reaches at least 20% of the corporate capital. This reserve must exceed 20% of the corporate capital before it can be distributed among the shareholders (see note 9 of Total Equity).

After all legal provisions or by-laws are met, dividends can only be distributed and charged to profits or free disposition reserves if:

- The relevant legal provisions or by-laws have been met.
- The net worth is not –or will not be after the distribution– lower than the corporate capital. In this regard, profit allocated directly to net worth can't be distributed, neither directly nor indirectly. If any losses from previous years reduce the corporate net worth value below the corporate capital, profit will be used to offset these losses.

4 RECORDING AND VALUATION RULES

The main recording and valuation rules applied by the Company for the preparation of the annual accounts are:

4.1 **Tangible fixed assets**

Tangible fixed assets are shown at acquisition price less depreciation and the accumulated amount of any potential loss of value.

The cost of extending, modernizing or improving the fixed tangible assets is added to the assets as an increased value if it entails increasing their capacity, productivity or life, and provided that it is possible to know or estimate the book value of the items replaced in the inventory.

The financial costs directly attributable to the purchase or construction of tangible fixed assets that require over a year to be used, are added to expenses until they are available for operation.

The cost of major repairs is appraised and depreciated over their estimated life, while repeated maintenance costs are allocated to the P&L account in the year they occur.

With the exception of land, which is not depreciated, tangible fixed assets are systematically subject to a linear amortization according to their estimated life, less their effective depreciation due to their operation and use. The estimated lives of the tangible fixed assets are:



	Estimated life (years)
Technical installations and machinery	10 - 16.5
Other installations, tools and furniture	10
Other tangible fixed assets	4 - 7

In the case of leased properties, the relevant endowment criterion is applied so that the tangible fixed assets are completely written-off at the end of the contract. Likewise, the residual value and life of the assets is revised and adjusted on the date of the balance.

If the accounting value of an asset is higher than the estimated recoverable amount, its value is immediately reduced to its recoverable amount.

The profit and loss resulting from the sale of tangible fixed assets is calculated comparing the income obtained from the sale at the accounting value which is recorded in the P&L account.

At the end of each balance, the Company determines whether there are any signs of depreciation of any assets. Should there be any sign of depreciation, the Company shall estimate the recoverable amount of the asset as the highest value between its reasonable value less its sale cost and its value in use.

In order to determine the value in use of an asset, its estimated future cash flow is deducted from its current value by applying a discount rate that reflects the current value of money in the long term and the specific risks associated with the asset.

If the analyzed asset does not produce a cash flow by itself regardless of other assets, the reasonable value or the value in use of the item producing the cash flow (smallest group of identifiable assets that produce a cash flow and are separately identifiable from other assets or asset groups) in which the asset is included. Should there be losses due to depreciation in an asset producing cash flow, its value in the books will be reduced proportionally to the value of all other related assets.

Losses due to depreciation (excessive value in the books versus the recoverable value) are stated in the P&L account.

If the Company has experienced losses due to depreciation in previous years, it shall assess at the end of each fiscal year whether the losses have disappeared or decreased. In any case, the recoverable value of the depreciated asset is considered.

Any losses due to depreciation stated in previous years may only be reverted through a change in the estimations used to determine the recoverable amount of the asset since identifying the last loss due to depreciation. In this case, the value of the asset in the books will be increased to its recoverable value and it shall not exceed the value recorded in the books, less amortization, unless the loss due to depreciation from previous years is identified. This reversion will be duly recorded in the P&L account.



4.2 Leases

a) If the Company is the lessee – Financial lease

The Company leases some tangible fixed assets. A financial lease is the lease of tangible fixed assets where the Company bears most of the risk and profit resulting from the property. Financial leases are capitalized at the start of the lease at the reasonable value of the leased property or at the current value of the minimum payments agreed for the lease, whichever is the lowest. The current value is calculated at the interest rate implicit in the agreement and, if it can not be determined, at the interest rate applied by the Company in similar operations.

Every lease payment is distributed between assets and financial charges. The total financial charges are distributed throughout the lease period and allocated to the P&L account of the year with the applicable interest rate. Contingencies are allocated as expense in the year they occur. The relevant lease obligations, less financial charges, are included in “Creditors for financial leases”. Fixed assets acquired through financial leases are depreciated through their life or duration of the contract, whichever is shortest.

b) If the Company is the lessee – Operating lease

Lease contracts where the lessor preserves a substantial part of all risks and profit attached to the ownership of assets are classified as operating leases. The operating lease payments (less incentives received from the lessor) are charged to the P&L account and are linearly recorded during the term of the lease.

c) If the Company is the lessor

The Company has not engaged in any operations as lessor.

4.3 Financial assets

The Company classifies its financial assets at the moment they are recognized and reviews them at each year closing based on the decisions made by the Management Board. The classification depends on the purpose for which the investments are made.

In the balance, financial assets expiring in a year or less are considered current assets, whilst those expiring in over a year are non-current assets.

The Company cancels all financial assets that expire or whose cash flow contractual rights have been transferred, in which case, the risk and profit attached to their ownership should be substantially transferred. In the case of receivables, this occurs if the risk of insolvency and bad debts has been transferred.

Financial assets are classified as follows:

a) Loans and accounts receivable

Financial assets with fixed or foreseeable payments that are not listed in an active market. They are included within current assets, except when their maturity is more than 12 months as of the balance date, in which case they are considered non-current assets. In the balance, loans and accounts receivable are included in “Loans to companies” and in “Trade debtors and other accounts receivable”.

These financial assets are initially appraised at their reasonable value, including direct transaction costs and, subsequently, at the depreciated cost recognizing the interest received at the relevant interest rate, which is the updated interest rate that equals its value in the books to all the cash flows expected until its expiry. Notwithstanding the above, trade loans that expire in a maximum period of one year are appraised initially and subsequently at their nominal value, provided that not updating the cash flow does not have a significant effect.

At the end of the year the necessary corrections are made due to value depreciation, provided that there is objective evidence that the pending amounts will not be paid in.

The loss due to depreciation is the difference between the asset's book value and the current value of the estimated future cash flows, deducted at the relevant interest rate. Any value corrections, as well as their reversion, are included in the P&L account.

4.4 Stock

Stock is appraised at its cost value or net realizable value, whichever is lowest. When the net realizable value is lower than its cost, it will be amended accordingly and included as cost in the P&L account. If the circumstances causing the value correction cease to exist, the corrected amount will be reversed and included as income in the P&L account.

The cost is determined by the weighted average cost. The net realizable value is the sale price estimated in the normal course of business, less the estimated costs that would apply if the sale was carried out.

4.5 Total Equity

The share capital is represented by ordinary shares.

The cost of issuing new shares or options is set against the net worth as minor reserves.

4.6 Financial liabilities

The Company classifies its liabilities at the moment they are recognized and reviews them at each year closing based on the decisions made by the Management Board. The classification depends on the purpose of the liabilities.

In the balance, liabilities due in a year or less are considered current assets, whilst those due in over a year are non-current assets.

A liability is removed when its associated obligation expires.

Liabilities are included in the debit and payables category and refer both to commercial and non-commercial transactions. These resources are classified as current liabilities, except if the Company has the unconditional right to defer their payment at least 12 months after the balance.

These debts are recognized initially at their reasonable value and are adjusted according to the direct transaction costs. The amortized cost is subsequently recorded in accordance with the effective interest rate method. The effective interest rate is an updated rate that levels the book value with the expected payments until the expiry date.

Notwithstanding the above, debits due to commercial transactions that expire in a maximum period of one year and have no contractual interest rate, are appraised initially and subsequently at their nominal value, provided that not updating the cash flow does not have a significant effect.

In the event that the existing debts are renegotiated, no significant changes will be deemed to take effect if the new lender is the same entity that granted the first loan and the current value of the cash flows, including net commissions, is not more than 10% of the current value of the outstanding cash flows to be paid from the original liabilities calculated with the same method.

4.7 Income tax

The expenditure (income) resulting from income tax is accrued during the year and includes both current and deferred tax.

Both the current and deferred tax expenditure (income) are recorded in the loss account. However, the net worth includes taxes related to items that are directly recorded in the net worth.

Current tax assets and liabilities are valued according to the amounts expected to be paid to or recovered from the tax authorities, in compliance with the law in force or a law that has been passed and is pending publication at the closing of the year.

Deferred taxes are calculated with the liability method and are based on the temporary differences emerging between the asset and liability tax base and their book value. However, if deferred taxes arise from the initial identification of an asset or liability in a transaction different from a business combination, and they do not affect the accounting result or the tax base, then the deferred taxes are not recognized. Deferred taxes are based on the applicable regulations and on the approved tax rates –or to be approved on the date of the balance- and they are applied when the relevant asset for deferred taxes is received or the liability paid.

Assets resulting from deferred taxes are recognized if it is expected that future tax profits will offset the temporary differences.

Deferred taxes are recognized on the temporary differences arising from investments in dependent, associated or combined business, except when the Company can control the reversion moment of the temporary differences and no reversion is expected in a foreseeable future.

4.8 Income recognition

Income is recorded at the reasonable value of the compensation to be received and refers to the income to be received in exchange for the goods and services rendered when performing the Company's activities, less returns, discounts, rebates and VAT.

The Company recognizes income when its amount can be reliably established when future profits will have an impact on the Company and when the specific conditions described below for each activity are met. Income amounts can not be established in a reliable manner until the sale contingencies are solved. The Company makes its estimations on the basis of historical results taking into account the type of client and transaction, as well as the terms and conditions of every agreement.



a) Sales

Income from the sale of goods or services is recognized at the reasonable value of the compensation to be received in exchange. Advance payment discounts, large volume rebates or other discounts, as well as the interest payable on credits, are deducted from the income.

Notwithstanding the above, the Company includes the interest rate applicable to commercial credits that expire in a maximum period of one year and have no contractual interest rate, provided that not updating the cash flow does not have a significant effect.

Discounts to clients are recognized at the moment that the discount conditions are likely to be met and are recorded as a reduction of the income from sales.

b) Income from interest rates

Income from interest rates is recognized by applying the effective interest rate method. When the value of an account receivable is depreciated, the Company reduces its book value from the recoverable amount, discounts future cash flows at the estimated original interest rate and records the discount as a reduced income due to interest rate. Income from interest rates resulting from depreciated loans is recognized by applying the effective interest rate method.

4.9 Provisions and contingent liabilities

Provisions are recognized when the Company has a current legal or implicit obligation resulting from past actions, when it is likely that it will require resources to pay the obligation and when the amount thereof can be reliably established.

Provisions are estimated at the current value of the disbursements that are expected to pay the obligation applying an interest rate before taxes that reflects the current temporary market value of money and the specific risks of the obligation. Any adjustments applied after updating the provisions are recorded as expenditure when they are accrued.

Provisions that expire within a year and whose financial impact is not significant are not discounted.

When a part of the amount required to pay the provision is reimbursed by a third party, it is recorded as an independent asset, provided that it is virtually secured.

Additionally, potential obligations resulting from past actions whose materialization is subject to one or more future events out of the Company's control are recorded as contingent liabilities. These contingent liabilities are not recorded in the books, but are described in full in the report.

4.10 Environment

Costs resulting from business actions addressed to protect and improve the environment are recorded as expenditure in the year they occur. When these costs are due to the purchase of new tangible fixed assets that minimize the Company's environmental impact and protect and improve the environment, they are recorded as tangible fixed assets.

4.11 Transactions with associated companies

In general, transactions with Group companies are recorded at the initial moment at their reasonable value. Should the agreed price differ from the reasonable value, the difference will be recorded according to the actual value of the transaction. Subsequent appraisals are subject to the regulation in force.

4.12 Transactions in foreign currency

Transactions in foreign currency are converted into the Company's currency (euros) by applying the exchange rates in force at the time of the transaction. All profits and losses in the foreign currency due to the payment of transactions in a foreign currency and their conversion into the Company's currency are recorded in the P&L account.

5 MANAGEMENT OF FINANCIAL RISK

5.1 Financial risk factors

The Company's activities are exposed to several risk factors: credit risk, interest rate risk and liquidity risk. The Company is not significantly exposed to exchange rate risks (the transactions conducted by the Company in foreign currency are not relevant within the annual accounts), or to a price risk (the Company does not hold any assets listed in an active market).

The management of the financial risk is under the control of the Financial Manager.

a) Credit risk

The credit risk emerges from cash and cash equivalents, as well as from commercial debtors and other debts, including outstanding accounts receivable and transactions that the Company has engaged in.

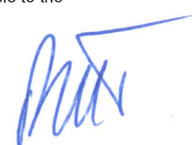
The Company does not concentrate a significant credit risk. The Company has policies in place to ensure that wholesales are made to clients with a solid credit history. The Company evaluates the credit solvency of clients based on their financial position, past experience and other factors. The individual credit limits are based on internal criteria.

The Company establishes strict criteria when correcting values due to client insolvency, the review of individual balances based on the client's credit solvency, the current market trends and the historical analysis of accumulated insolvencies.

With regard to the financial investments made by the Company in financial entities until their maturity, the Company invests its funds in entities with a renowned solvency.

b) Cash-flow interest rate risk

As the Company does not hold significant assets remunerated with a variable interest rate, the income and cash-flows from their operating activities are quite independent from the market interest rates.



Likewise, the Company does not have any credits with financial entities or other entities that are subject to variable interest rates, so its cash-flows are barely conditioned by the evolution of interest rates in the market.

c) Liquidity risk

The Company is cautious in the management of its liquidity risk, which means that it maintains adequate cash and negotiable values, that it has funding available through a sufficient number of credit instruments and can settle market positions. The Company has Group's financial support.

The Management Board monitors the liquidity reserves based on the expected cash-flows. During 2020-2019 and until the date of these annual accounts, the Company has settled all payments resulting from debts with third parties.

5.2 Estimation of reasonable value

The reasonable value of financial investments not listed in an active market is calculated through appraisal techniques. The Company applies several methods and develops hypotheses that are based on the existing market conditions at the dates stated in the balance.

It is assumed that the book value of credits and debits related to commercial transactions is its approximate reasonable value.



6 TANGIBLE FIXED ASSETS

The details and movements of the tangible fixed assets is as follows:

	Technical installations and other tangible fixed assets	Total
As of April 1st, 2018		
Cost	138,836	138,836
Accumulated amortization	-50,188	-50,188
Net book value	88,648	88,648
2018		
Initial net book value	88,648	88,648
Additions	28,942	28,942
Disposals	0	0
Transfers	0	0
Amortization charges	-17,334	-17,334
Accumulated amortization	0	0
Net book value	100,256	100,256
As of March 31st, 2019		
Cost	167,778	167,778
Accumulated amortization	-67,522	-67,522
Net book value	100,256	100,256
2019		
Initial net book value	100,256	100,256
Additions	47,458	47,458
Disposals	0	0
Transfers	0	0
Amortization charges	-22,593	-22,593
Accumulated amortization	0	0
Net book value	125,121	125,121
As of March 31st, 2020		
Cost	215,236	215,236
Accumulated amortization	-90,115	-90,115
Net book value	125,121	125,121

Tangible fixed assets are amortized systematically during its estimated lifetime. No events have occurred that significantly affect the residual value, life or amortization methods of tangible fixed assets in the current year or future years.



6.1 Depreciation losses

No events have occurred that significantly affect the life or amortization methods of intangible fixed assets in the current year or future years.

6.2 Disposals tangible fixed assets

During the year ended March 31st, 2020 there haven't been disposals of fixed assets (same situation in the year ended March 31st 2019).

6.3 Goods purchased from Group and associated companies

No significant fixed assets were purchased from Group and associated companies during the year ended March 31st, 2020 (or during the year ended March 31st, 2019).

6.4 Fully amortized goods

As of March 31st, 2020 some tangible fixed assets that are still in use have already been fully amortized. They amount to 37.614 euros (21,934 euros as of March 31st, 2019), as shown below:

	<u>2020</u>	<u>2019</u>
Other fixed assets	<u>37,614</u>	<u>21,934</u>
	<u>37,614</u>	<u>21,934</u>

6.5 Tangible fixed assets as guarantee

The Company does not have any assets used as guarantee for debts.

6.6 Goods subject to operating leases

The P&L account includes as expenditure the operating leases corresponding to the renting of vehicles, offices and the renting of the warehouse. The cost amounts to 331.605 euros (272,502 euros in the year ended March 31st, 2019). (See note 13.d)

6.7 Insurance

The Company has taken out several insurance policies to cover the risks relevant to tangible fixed assets. Their coverage is considered sufficient.



7 FINANCIAL INVESTMENTS AND TRADE DEBTORS

7.1 Financial investments

Other financial assets as of March 31st, 2020 and 2019 correspond to guarantees and long-term deposits resulting from operating leases. (See note 6 of tangible fixed assets).

7.2 Trade debtors and other receivables

The book values of debtor balances and other accounts receivable are expressed in euros.

The client balance and other receivables is as follows:

	2020	2019
Clients, sales and services rendered	1,247,990	3,004,415
Clients, group and associated companies (note 14)	2,921	791
Other debtors	9,923	9,545
Other Public Administration Credits (note 12.b)	22	0
Provisions for value depreciation	-29,769	-37,859
Total	1,231,087	2,976,892

There are no significant differences between the carrying amounts and fair values in trade and other receivables.

The provisions for depreciation losses of receivables are as follows:

	2020	2019
Initial balance	-37,859	-61,368
Provision for receivables depreciation	-13,061	-13,391
Payment of doubtful receivables during the year	12,712	13,980
Reversal of provisions of doubtful receivables	8,439	22,920
Final balance	-29,769	-37,859

The recognition and reversion of value corrections due to the depreciation of client receivables are included in the P&L account under the heading "Provision losses, depreciation and variation due to commercial transactions". The amounts allocated to value depreciation that are not expected to be recovered are usually removed.

The maximum credit risk exposure at the date the information was submitted is the reasonable value of each of the above-mentioned receivables. The Company does not have any guarantees as insurance.

7.3 Short-Term Investments in Group and Associated Companies

The amount of 3,498,610 euros (3,262,445 euros in the year ended March 31st, 2019) corresponding to short-term investments in group and associated companies are short time loans with the parent company Apollo Vredestein, B.V., as showed in note 14 of balances and transactions with group companies and associates.



8 STOCK

The stock is classified as follows:

	2020	2019
Trade	927,661	715,096
Value adjustments due to depreciation	-43,863	-29,850
Advances to suppliers	0	0
Final balance	883,798	685,246

The movement in the provision for impairment of inventories is as follows:

	2020	2019
Initial balance	-29,850	-29,850
Provision for stock depreciation	0	0
Final balance	-29,850	-29,850

9 TOTAL EQUITY

a) Capital

As of March 31st, 2020 and 2019 the share capital amounted to 3,101,245 shares with a par value of 1 euro each, fully subscribed and paid up. These shares have equal political and economic rights.

As of December 20th, 2018 it was formalized a purchase-sale contract of shares, where the shareholder Apollo Vredestein, B.V. acquired all the remaining shares of the other shareholders. As of March 31st, 2020 and 2019 the shareholders of Apollo Vredestein Ibérica, S.A.U. are as follow:

Partners	Number of shares	Participation percentage
Apollo Vredestein, B.V.	3,101,245	100.00%
	3,101,245	100.00%

No restrictions apply to the free transfer of shares.



b) Reserves

The reserves are the following:

	<u>2020</u>	<u>2019</u>
Legal and statutory:		
Legal reserve	355,850	336,418
Other reserves:		
Voluntary reserves	1,600,229	1,425,348
	<u>1,956,079</u>	<u>1,761,766</u>

Legal reserve

Companies are forced to devote 10% of each year's profits to a reserve until it reaches at least 20% of the corporate capital. This reserve cannot be distributed among the shareholders and can only be used if there are no other reserves available to cover the P&L debt. It can also be used in some cases to increase the corporate capital when the reserve exceeds in 10% the previous capital increase. At 31st March, 2020 this reserve isn't at the minimum level stated by law.

10 FINANCIAL LIABILITIES

Analysis per categories

 The analysis per category of the financial liabilities as of March 31st is the following:

	Current	
	<u>2020</u>	<u>2019</u>
<i>Group</i>		
Suppliers (note 14)	540,801	1,005,664
<i>Non-linked</i>		
Creditors	327,538	508,273
Personnel	108,837	116,806
Current tax liabilities (note 12.b)	143,180	192,696
Other debts with Public Administrations (note 12.b)	120,632	542,272
Advance Customers	652	2,320
Total	<u>1,241,640</u>	<u>2,368,031</u>



The breakdown of payments for commercial operations carried out during this financial year and pending payment at its close, in relation to the maximum legal deadline anticipated in the law of 5th July 15/2010 on the "right to information", is the following:

	2020	2019
	days	days
PMPE (days) payments	29	25
Ratio paid operations	16	15
Ratio of pending operations	5	3
	Amount (euros)	Amount (euros)
Total Payments	17,953,086	16,808,138
Total outstanding payments	868,338	1,513,938

The Law of December 3rd, 31/2014, modified the Law of 5th July 15/2010 about the information to provide in the financial statements to apply the average payment for commercial operations. Later, the ICAC Resolution of January 1st, 2016 explains the methodology for its calculation and requirements of information in the financial statements. This Resolution came into force on February 5th, 2016 for the all the financial statements ended as of January 1st, 2015.

11 CONTINGENCIES AND AGREEMENTS

a) Contingent assets

There are no contingent assets as of March 31st, 2020 and 2019.

b) Contingent liabilities

The Company has no guarantees. The Company has some contingent liabilities resulting from litigations related to the normal performance of its activities. No significant liabilities are expected in the future.

c) Purchase agreements

As of the date of the balance, the Company has not signed any purchase contracts to acquire tangible fixed assets.

d) Operating lease agreements (when the Company is the lessee)

The minimum future payments (not recorded) for non-convertible operating leases amount to the following:

	<u>2020</u>	<u>2019</u>
Less than 1 year	102,830	120,671
1 to 5 years	514,149	583,479
	<u>616,979</u>	<u>704,149</u>

12 TAX POSITION

a) Tax information

The Company has pending the inspection by the tax authorities of the last four years of the main taxes it is subject to, except Corporate Tax of which year 2015 prescribes on October 25th 2020.

Notwithstanding, where appropriate, what mentioned above, according the third and fourth additional provision of RD 463/2020 of March 14 through which the state of alarm in Spain for the management of the health crisis situation generated by COVID -19, establishes that all procedures administrative services in front of the Public Administrations as well as the prescription terms and expiration of any shares and rights will be suspended for a period of validity of the alarm state.

Therefore, the different interpretations of the current tax law, among other factors, could give rise to additional contingent liabilities that are difficult to quantify. In any case, the Sole Administrator considers that if there were any additional liabilities, they would not significantly impact the current annual accounts.

b) Balance with Public Administrations

As of March 31st 2020 and 2019, the credit and debit balance with Public Administrations is the following:

	Debtors		Creditors	
	2020	2019	2020	2019
Public Treasury, VAT debtor	22	0		
Public Treasury, VAT creditor	0	0	90,939	511,424
Corporate Tax			143,180	192,696
Public Treasury, withholding tax creditor			11,633	11,657
Social Security			18,060	19,191
TOTAL	22	0	263,812	734,968

c) Income Tax

The reconciliation of the net income/expenses and Corporate Tax is as follows:

	2020		
	Increase	Reduction	Total
Year's income and expenditure	106,295		106,295
Corporate Tax	143,180		143,180
Permanent differences	323,244		323,244
Temporary differences	0		0
Offset negative taxable base from previous years			
Taxable base (result)	572,719		572,719



	2019		
	Increase	Reduction	Total
Year's income and expenditure	194,312		194,312
Corporate Tax	192,696		192,696
Permanent differences	383,776		383,776
Temporary differences			
Offset negative taxable base from previous years			
Taxable base (result)	770,784		770,784

13 INCOME AND EXPENSES

a) Net turnover and other operating income

The Company sells almost all its products (rubber products, resins and active materials) in the domestic market.

	2020	2019
Domestic market	17,825,965	17,842,878
Sales in Andorra	207,371	209,589
Total sales	18,033,336	18,052,467

Other operating income from imports of 434,028 euros in 2020 and 434,982 euros in 2019 mainly corresponded to the turnover for tyre recycling.

b) Supplies:

Consumption of goods

	2020	2019
Domestic purchases	13,009,069	12,939,336
Changes in stocks	-198,552	-115,868
Impairment of goods	0	0
	12,810,517	12,823,468

The transfer pricing policy of Apollo Vredestein BV ("AVBV") was revised in collaboration with the specialists and in harmony with transfer pricing guide of the OECD for its application in the years 2018 and 2019 and subsequent years for all the European subsidiaries.

It has been applied the TNMM (Transaction Net Margin method) which compares the net profit margins realized by arm's length parties from similar transactions. In accordance with the application of this method, EBIT will correspond between 1% to 3% of the sales figure. For this concept, the Company has received a credit note from AVBV in this year for an amount of 2,198,610 euros (1,962,445 euros in 2019)



c) The personnel costs are distributed as follows:

	<u>2020</u>	<u>2019</u>
Wages, salaries and similar costs	831,237	815,762
Social security contributions	190,207	185,214
	<u>1,021,443</u>	<u>1,000,976</u>

The average number of employees sorted by gender and professional categories is the following:

POSITION	2020			2019		
	Male	Female	Total	Male	Female	Total
Sole Administrator	1	0	1	1	0	1
Managers	1	0	1	1	0	1
Technicians and scientific experts	10	0	10	9	0	9
Office workers	0	6	6	0	6	6
TOTAL	12	6	18	11	6	17

d) Other operating expenses

The Other operating expenses costs are distributed as follows:

	<u>2020</u>	<u>2019</u>
Leases	331,605	272,502
Repair, preservation and maintenance	2,814	2,786
Independent professional services	35,001	38,772
Transport expenses	1,909,762	1,769,954
Insurance premiums	23,412	30,957
Bank charges	13,819	15,001
Advertising, publicity and PR	630,487	776,329
Supplies	33,198	29,496
Other services	1,422,712	1,389,724
EXTERNAL SERVICES	4,402,809	4,325,521
Taxes	0	2,639
Losses, depreciation and variation in provisions for commercial operations	349	-589
	<u>349</u>	<u>2,050</u>
OTHER OPERATING EXPENSES	4,403,159	4,327,571

e) Miscellaneous information

The accrued auditing fees for the year ended as of March 31st, 2020 amounts to 13,200 euros (2019: 12,950 euros) by A.B.L. Auditores, S.L. for the financial statements auditing services rendered to the Company. For the year ended March 31st, 2020 and 2019 the Company has not paid nor accrued any amounts for any other service to A.B.L. Auditores, S.L.

14 RELATED PARTY TRANSACTIONS

a) Balances and transactions with associated companies

The associated companies are the shareholders of the company Apollo Vredestein, B.V., as well as their dependent companies. The annual accounts include the assets and liabilities of the Company with Group and associated companies.

The detail of account balances with Group and associated companies is as follows:

	Financial assets		Current Asset		Liabilities	
	Credit		Customers		Debts	
	2020	2019	2020	2019	2019	2019
Apollo Vredestein, B.V.	3,498,610	3,262,445	2,921	0	540,801	1,005,564
Others	0	0	0	791	0	0
	3,498,610	3,262,445	2,921	791	540,801	1,005,564

Note 7.3
Note 7.2
Note 10

The balance with companies of the group corresponds to a contribution to bank accounts of the group related to advance payments for future responsibilities in the buying of goods and services offered by the parent company (See note 7.3).

The Company has conducted the following transactions with the Group and associated companies:

	2020			2019		
	Purchases	Received services	Services provided	Purchases	Received services	Services provided
Apollo Vredestein, B.V.	12,631,171	1,991,981	2,921	12,592,304	2,233,785	1,687
Others						
	12,631,171	1,991,981	2,921	12,592,304	2,233,785	1,687

The purchase order includes the payment of Apollo Vredestein BV (the parent company of the Group) for the purchases of tires made during the year and which is part of what has been established in the transfer pricing policy of the Group, such and as mentioned in note 13.b.

The services received include the expenses for logistic, telecommunications and advertising services invoiced by the Company's majority shareholder.

	2020	2019
	Interest	Interest
Apollo Vredestein, B.V.	39,823	68,900
	39,823	68,900

At the end of the fiscal year, interest settlement is made by the Company for the contributions to group bank accounts. The amount for the year ended March 31st 2020, is 39,823 euros (2019: 68,900 euros), with an interest rate of 0,90 % (2019: 1.79 %).

b) Remuneration of Administrators and Managers

In the year ended March 31st 2020, the Sole Administrator did not receive any salaries, allowances or remunerations. Likewise, the Administrators have not received any advances or credits and the Company had not paid for any specific pension plans or life insurance for the Administrators (identical situation as in 2019).

In the Company, the Managers form the Management Board. In the years ended March 31st, 2020 and March 31st, 2019 the Managers received as salary 124,662 euros and 121,222 euros, respectively. The Managers have not received any advances or credits and the Company has not paid for any specific pension plans or life insurance for them (identical situation as in 2019).

c) Other information on the Administrators

In order to avoid conflict with the interest of the Company, during the year the Sole Administrator has complied with its obligations under Article 228 of the revised text of the Corporations Act. Also, he and those related to them, have refrained from engaging in the alleged conflict of interest under section 229 of the Act, except in cases where it has been obtained proper authorization.

The Sole Administrator of the Company has no shares but holds positions or develops functions in companies whose corporate purpose is identical, similar or complementary to that of the Company in Austria, Italy, Britain, Holland, Germany, Switzerland, Sweden, Denmark, Finland, Belgium, France, Hungary, Poland and the US.

15 INFORMATION ON THE ENVIRONMENT

An environmental activity is any activity the purpose of which is to minimize the environmental impact and protect and improve the environment.

In the year ended of March 31st, 2020 and 2019 the Company did not make any significant environmental investments or incurred in any expenses with the aim of protecting or improving the environment.

As of March 31st, 2020 the Sole Administrator considers that there are no significant contingencies related to the protection and improvement of the environment and does not consider necessary to include a provision for environmental risks or expenses (identical situation as of March 31st, 2019).

On the other hand, the Company has not received any subsidies or income for environmental activities.

16 INFORMATION ON ALLOWANCES OF GREENHOUSE GASES

On August 27, 2004 Royal Decree Law 5/2004, establishing the system of trading allowances of greenhouse gases, which aims to help meet the obligations under the convention and the Kyoto Protocol.

Because of the activity to which the company is engaged, it will not be allocated allowances for greenhouse gases, which could be significant in relation to the assets, financial position and results of it.

17 EVENTS SUBSEQUENT TO YEAR'S END

The appearance of Coronavirus (from now on, COVID - 19) in China on January 2020 and its recent global expansion to a great number of countries, has motivated the viral outbreak to be qualified as a pandemic from the World Health Organization from March 11th.

Due to the exceptional circumstances occurred afterwards the closing date of the course ended on March 31st 2020 of the firm, facing the immediate finalisation of the course and the beginning of the formulation period of these financial statements, came into force on March 14th with the publication of the Royal Decree 463/2020, for which the alarm state is declared in Spain, which has been extended biweekly for the Government until the formulation of these financial statements for the process of the sanitary crisis situation created by COVID -19.

After the pandemic declaration, the almost total paralysation of the economic activity has obligated the firm to adopt economic and operating measures. On that regard, the company has elaborated a new economic budget for the course that starts on April 1st with a reduction of sales in a 15% and the same proportion for expenses with respect to the initial objective set for the course that will end on March 31st 2021. The firm has activated a contingency plan that has allowed the continuity of the business, trying in the possible extent to adapt it to the circumstances. For it, it has been put into practice the implementation of all necessary actions to preserve at a maximum its workers, clients and suppliers interests by measures as of teleworking, reducing movements and the continuous monitoring of occurrences that arise.

Additionally, at an European level, Apollo Group, has formed several teams to manage the crisis situation. The financial team elaborates weekly reports of every country's situation, adapting resources where necessary. The commercial team does activity's foresights for segments of products because each sector is affected in a very different way and because of that, it has been created a team to prepare the management post confinement.

For all of that, at the date of formulation of these financial statements, is premature to do a detailed valuation or quantification of possible impacts that COVID - 19 will have over the company, due to the uncertainty over its consequences and due to the special characteristics of the sector for which the firm works of purchases, importations, commercialization and sales of every class of industrial supplies confectioned in rubber, resin and active materials, as of any type of items elaborated with these elements and are complements of the commerce, the industry and the goods produced by the firm, at short, medium and long term. In any case, the derived consequences of COVID - 19, are considered a subsequent event that doesn't require an adjustment on the financial statements of the course ended on March 31st 2020.



However, the Company's Administrator and the business's Management, considering the measures adopted by the government to manage the health crisis caused by COVID-19, have made a preliminary evaluation of the current situation according to the best information available. Due to the considerations, said information may be incomplete. From the results of this evaluation, the following aspects stand out:

- Employee health risk: The Company's priority is to guarantee the health of all its employees, which is why hygiene measures and travel limitations have been taken since the beginning of the health crisis.
- Liquidity risk: it is foreseeable that the general situation of the markets may lead to a general increase in liquidity tensions in the economy, as well as a contraction in the credit market. In this sense, the Company has a solid financial situation, significant cash and discount lines pending disposition, with significant amounts available, which, together with the implementation of specific plans for the improvement and efficient management of liquidity, will allow to face these tensions.
- Operations risk: the changing and unpredictable situation of events implies the uncertainty of when the main activity carried out by the Company can be resumed normally, therefore, all possible specific procedures and necessary measures aimed at monitoring and managing the evolution of the situation are being evaluated at all times, in order to minimize its impact on them.
- Risk of variation of certain financial figures: the factors mentioned above may cause a decrease in the next financial statements in the amounts of headings relevant to the Company such as "Net amount of turnover" or "Profit after taxes ", or its key indicators (Ebitda / Net Financial Debt Ratio), although at the moment it is not possible to reliably quantify its impact, due to the conditions and restrictions already indicated.

Taking into account the complexity of the markets due to their globalization and the absence, for the moment, of an effective medical treatment against the virus, the consequences for the Company's operations are uncertain and will depend to a great extent of the evolution and spread of the pandemic in the coming months, as well as of the reaction and adaptation capacity of all economic agents.

In this regard, at the date of preparation of these annual accounts, the economic impacts of the general crisis situation produced are unknown, nor is the impact on the economy and the response of the different governments and international monetary institutions and therefore it is not possible the quantification of these and it is not possible to assess if this situation will continue and to what extent in the future.

Despite the fact that the unique Administrator and the business Management of the Company are constantly monitoring the evolution of the situation, in order to successfully face the possible impacts that may occur, both financial and non-financial, the Company remains confident in the strength of the business model and its long-term competitive advantage.





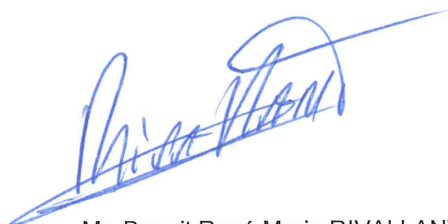
18 EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2-1). Certain accounting practices applied by the Company that conform to that regulatory framework may not conform with other generally accepted accounting principles and rules.

APOLLO VREDESTEIN IBÉRICA S.A.U.

FORMULATION OF THE FINANCIAL STATEMENTS AND MANAGEMENT REPORT OF THE COURSE 2020

The unique administrator of the APOLLO VREDESTEIN IBÉRICA, S.A.U. company, on date April 25 2020, and in compliance of the requirements established in the article 253 of the Capital Company's Law and the article 37 of the trade code, proceeds to formulate the financial statements and the management report of the annual course ended on March 31st 2020, which come constituted for the annexed documents that precede this document.



Mr. Benoit René Marie RIVALLANT



MANAGEMENT REPORT YEAR 2020

Previous considerations

The financial year closed on March 31st 2020 shows a positive result before income tax of 249,475€ and a turnover of 18,033,336€

The company main activity is the sale of passenger car tyres, now present on market with two brands: Vredestein and Apollo. The sales of truck tyres of the brand Apollo, achieved on this course the 16% of the total invoicing of the firm, exceeding its expectations.

Business economical evolution

The most important product line is still the passenger car tyre segment with the two brands: Vredestein and Apollo.

The segment of tyres "all seasons" has grown a 10% with respect to previous course and reflects the good embrace of this type of tyres.

The mild winter has not allowed to reach the targets set for the sale of winter tyres. The products that are more attractive to customers are mid – range and high-end products that help improve the mix product in the domestic market.

Likewise, the Apollo brand passenger car tire line maintains a stable line.

The sale of agricultural tires continues to rise. This product has good acceptance in the national market, the radial construction tractor tires being the remarkable product of the brand in this sector.

Since April 2018, the company has also started sales of Apollo branded truck tyres. In order develop sales in this segment, the company employs a tyre specialist in this product category at a national level.

The sales figures have growth a 35% on this course with respect to the previous one.

Vredestein and Apollo new products such as passenger car tyres and agricultural tyres had a good recognition in the national market and were attractive products for the company customers.

The company, as it was already of application during the last years, has maintained its policy on contention and cost control, following the guidelines of the firm.

Fixed assets

During the financial year closed on March 31st 2020 the company has invested the sum of 47,458€ in fixed assets.

R&D

No operations on R&D during exercise closed on March 31st 2020.

Facts occurred after closure of accounts

The appearance of Coronavirus (from now on, COVID - 19) in China on January 2020 and its recent global expansion to a great number of countries, has motivated the viral outbreak to be qualified as a pandemic from the World Health Organization from March 11th.

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Share acquisition

No share acquisition happened.

Key factors and company evolution

The company has already set up various operative and structural changes which are aimed to achieve the new objectives of group.

For next financial year, the objective is to increase sales of Apollo truck tyres. Those tyres are manufactured in the Hungary new plant which is gradually achieving an optimum production level giving service to all subsidiaries of the brand in Europe. The company is confident in the product good forecast on national level.

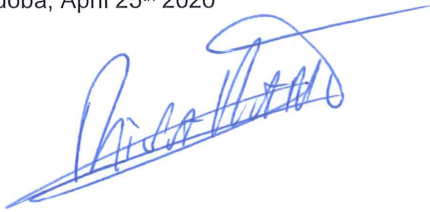
The company has expanded its workforce with two commercials dedicated to the truck tire sector.

In order to activate sales of agricultural tyres, the company also plans make product presentations in some workshops of favorable areas and to favour the direct contact with the social actors of this sector.

In order to boost sales of Apollo and Vredestein passenger car tyres during the financial year, the company has planned some specific actions for our best products, and is confident they will allow to reach next year objectives.

Other purposes which the company is also aiming to are: Customer satisfaction, efficiency, improvement and better quality of services, cost reduction which are necessary to maintain competitiveness on the market.

Córdoba, April 25th 2020

A large, stylized handwritten signature in blue ink, written over a horizontal line. The signature is cursive and appears to be 'Ricardo Torres'.A small, stylized handwritten mark or signature in blue ink, located in the bottom right corner of the page.