

Apollo Tyres Global R&D B.V.

Enschede, the Netherlands

ANNUAL REPORT AS PER MARCH 31, 2021

Apollo Tyres Global R&D B.V.

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Apollo Tyres Global R&D B.V.

DIRECTORS' REPORT

The Board of Directors herewith submits the Annual Report of Apollo Tyres Global R&D B.V. for the financial year ended March 31, 2021.

The Company

Apollo Tyres Global R&D B.V. ("Company") is a 100% subsidiary of Apollo Tyres Coöperatief U.A. and ultimately held by Apollo Tyres Ltd, India, a listed multinational organisation and a global tyre manufacturer, headquartered in Gurgaon, India. Apollo Tyres Global R&D B.V. is based in Enschede, the Netherlands. The registered office address of the Company is Colosseum 2, 7521 PT Enschede, the Netherlands. The Company is responsible engaged in for all research and development activities related to Passenger, Light truck tyre technology, Truck & Bus Tyre, Two Wheel tyre and Agriculture tyre of Apollo Group. The developed products will be manufactured in India, the Netherlands and Hungary or at some outsourced locations.

Financial information

| <i>All amounts in euro's</i> | <u>2020/2021</u> | <u>2020/2019</u> |
|-----------------------------------|------------------|------------------|
| Net revenues | 28.935.884 | 36.411.810 |
| Operating expenses | 27.481.124 | 33.036.327 |
| Net result after taxation | 1.650.305 | 2.747.817 |
| Net result as a % of net revenues | 5,7% | 7,5% |

Economic Overview

Europe is still firmly in the grip of the pandemic. The resurgence in infections in the autumn forced many EU Member States to reintroduce or tighten containment measures that affect economic activity. More recently, new, more contagious variants of the coronavirus have been spreading around the globe, aggravating the epidemiological situation and leading to renewed lockdowns across the EU. On the positive side, the breakthrough development of vaccines in the autumn and the start of vaccination campaigns in late 2020 or early 2021 in all Member States has brightened the outlook beyond the near term. Furthermore, the agreement reached between the European Commission and the United Kingdom on the terms of their future cooperation with the European Union reduces the cost of the UK leaving the Single Market and Customs Union, compared to what was assumed earlier. The upsurge in infections has delayed the economic recovery. But performance in the final quarter of last year has showed that the economy has improved its ability to adapt to a reality of strict containment measures. Moreover, the second half of last year has demonstrated that the economy is resilient and activity can return rapidly once measures are lifted.

Industry Structure & Development

As per the Economic & Market Report by European Automobile Manufacturer Associations, the EU passenger car market dropped by almost one-quarter (-23.7%) in 2020 as a result of the measures aimed at preventing the spread of the coronavirus. This was the single biggest yearly drop ever recorded in car demand, with new car registrations falling by 3 million units compared to 2019. The disruption caused by the COVID-19 pandemic saw many markets in the region end the year with falls in the 20-30% range, including the four major ones. Spain and Italy suffered the steepest falls of the 'big four' markets, with car registrations contracting by 32.3% and 27.9% respectively. The percentage decline in France was also notable (25.5%), with a total of 1.7 million units during 2020. Germany – the largest market in terms of volumes – reached 2.9 million units. However, this represented a 19.1% decrease compared with the previous year. In the full year 2020, European Union production fell by 23.3%, or some 3.3 million fewer cars built than in 2019. This was mostly related to the decrease in consumer demand due to the COVID restrictions affecting car retail throughout the region last year.

COVID-19

Employees Safety: On regular basis, the company is issuing guidelines to the employees to follow local regulations and government advisories. Detailed guidelines have been issued about procedures on safe work environments.

Government support: Government in The Netherlands and various other European countries have taken 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.

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

Due to the COVID-19 situation the company has implemented a work from home guideline to support the employees in working from home.

Operational Performance

Company has been developing products and technology to cater to a global market and focuses on the development of Passenger Car tyres. Products developed here are manufactured and sold in several global regions including Europe, Asia and Americas. Its activities include Material science, Simulations technology, Design & Construction, CAE/FEA, Process development and Testing. 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.

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

Highlights of FY2020-2021

New Product lines have been introduced in the Business categories PCR, OHT and TBR. For PCR the focus was on new Product Launches as for PCR the Quatrac and Ultrac, the Vorti+, and the PINZA HT and LT. For OHT the focus was on Premiumisation in new Product Launches and Size Extensions as the Traxion Series 65 (phase II), 70 (phase III), 85II (phase V) and further the Flotation Radial and Bias. For TBR the focus was for the European Market on further Range extension of 22,5" and the new Products Enduro Coach and City, for the US Market in the further size extension and further weight reduction.

Direction going forward:

- New Product Development as per Road Map for PCR, OHT and TBR
- Development of Electrical Vehical Tyres
- Selective OEM's approach to support Business priorities
- Technology development to enhance Rolling Resistance and Noise for PCR, Total Cost of Ownership for TBR and Productivity for OHT
- Development of Virtual Prototyping enhancing the Efficiency and Effectiveness in R&D and being in line with the OEM requirements
- Raw Materials Sustainability, Performance and Cost
- Innovative processes to improve consistency and productivity
- Further development of Tyre Sensors technology to support Tyre business proposition

Significant risks and uncertainties

Apollo Tyres Global R&D B.V. does not bear any significant business risks (such as credit, liquidity, market, legal risk) arising out of its activities, because the company is only responsible for R&D activities within the Apollo Group. It is responsible for the quality of work undertaken by it. This is ensured by providing proper test reports and related documents by the company when the project is completed. All other risks (of product failure, market acceptability of the products, product pricing, technological obsolescence, etc.) essentially vest at the respective Principal company on whose behalf the research & development project is undertaken.

The R&D Company essentially acts as a limited risk bearing contract researcher for the principals and undertakes day-to-day activities of research. The R&D Company utilizes routine tangibles for the purpose of its activities.

All important risk controlling decisions such as the decision to hire or terminate the contract, defining the business objectives behind the research, finalizing the budget allocated for the research, assessment of the outcome of the research, etc. are taken by the principals. Also, all significant business risks are borne by the principals and all resulting intangibles are also owned by the principals.

The Company is not exposed to any significant foreign currency risk and hence the Company does not use complex financial instruments such as forward currency contracts. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The company has established a consistent process (Freedom to operate) led by IT department to reduce the risk of infringement of a competitor's IP for development of leading edge technologies (in particular on compounding, tread design and tyre construction).

Economic outlook

The near-term outlook for the European economy looks weaker as the pandemic has tightened its grip on the continent. The resurgence in infections since the autumn, together with the appearance of new, more contagious variants of the coronavirus, have forced many European Member States to reintroduce or tighten containment measures. However, light has now appeared at the end of the tunnel as vaccination campaigns gain momentum and the pressure on health systems to subside, containment measures are set to relax gradually. The breakthrough development of vaccines and the start of mass vaccination campaigns has brightened the outlook beyond the near term. Furthermore, the agreement reached between the European Union and the United Kingdom on the terms of their future cooperation, reduced the cost of the UK's departure from the Single Market and Customs Union, while endorsement of the Recovery and Resilience Facility is set to support Member States on their way to a sustainable recovery. Overall, GDP is now forecast to grow by 3.7% in 2021 and 3.9% in 2022 in the EU. The EU economy would reach the pre-crisis level of output earlier than anticipated back in the Autumn Forecast, largely because of the stronger momentum in the second half of 2021 and in 2022. The speed of the recovery will, however, vary significantly across the EU countries.

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, 2021

No major post balance sheet events affecting the financial statements have occurred to date.

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

The Board of Directors

V.K. Mittal



D. Lorenzetti



Enschede, May 7, 2021

Apollo Tyres Global R&D B.V.

Balance Sheet as at March 31
(In Euro, after appropriation of results)

| | <u>Notes</u> | <u>March 31, 2021</u> | <u>March 31, 2020</u> |
|-------------------------------|--------------|-----------------------|-----------------------|
| ASSETS | | | |
| FIXED ASSETS | | | |
| Intangible fixed assets | 3 | -- | 12.882 |
| Tangible fixed assets | 4 | <u>3.764.282</u> | <u>4.534.685</u> |
| | | 3.764.282 | 4.547.567 |
| CURRENT ASSETS | | | |
| Receivables | 5 | 3.715.467 | 18.476.480 |
| Cash and cash equivalents | 6 | <u>8.652.269</u> | <u>1.965.004</u> |
| | | <u>12.367.736</u> | <u>20.441.484</u> |
| | | <u>16.132.018</u> | <u>24.989.051</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Issued capital | 7 | 100 | 100 |
| Share premium | | 1.900.436 | 1.900.436 |
| Other reserves | 8 | <u>8.417.860</u> | <u>11.767.555</u> |
| | | 10.318.397 | 13.668.091 |
| PROVISIONS | | | |
| | 9 | 215.480 | 405.580 |
| LONG-TERM LIABILITIES | | | |
| | | -- | -- |
| CURRENT LIABILITIES | | | |
| | 10 | <u>5.598.141</u> | <u>10.915.380</u> |
| | | <u>16.132.018</u> | <u>24.989.051</u> |

Apollo Tyres Global R&D B.V.

Profit and Loss Account for the period from April 1 till March 31 (in Euro)

| | <u>Notes</u> | <u>2020/2021</u> | <u>2019/2020</u> |
|-----------------------------------|--------------|-------------------------|-------------------------|
| REVENUE | | | |
| Net turnover | 11 | 28.935.884 | 36.411.810 |
| Other income | 11 | 784.637 | -- |
| OPERATING EXPENSES | | | |
| Employee expenses | 12 | 15.368.218 | 17.109.510 |
| Amortization and depreciation | 13 | 1.226.688 | 1.247.839 |
| Other operating expenses | 14 | 10.886.218 | 14.678.978 |
| TOTAL EXPENSES | | <u>27.481.124</u> | <u>33.036.327</u> |
| NET RESULT BEFORE TAXATION | | 2.239.397 | 3.375.483 |
| Corporate income tax | 15 | <u>589.092</u> | <u>627.666</u> |
| NET RESULT AFTER TAXATION | | <u><u>1.650.305</u></u> | <u><u>2.747.817</u></u> |

Notes to the Financial Statements
(in Euro)

1. GENERAL

Apollo Tyres Global R&D B.V. is a Dutch private company with limited liability, incorporated on January 2, 2013 and has its statutory seat in Enschede, the Netherlands. The Company is registered in the trade register of the Dutch Chamber of Commerce with reference to registration number 55648118.

1.1. CASHFLOW STATEMENT

A cash flow statement has not been prepared as permitted by Dutch Accounting Standard 360. The cash flow of the Company are reflected in the cash flow statement included in the consolidated financial statements of its (ultimate) parent company Apollo Tyres Ltd, India, which have been filed at the Chamber of Commerce in the Netherlands.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) General

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention.

Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

(b) Changes in accounting policies

Not applicable

(c) Foreign currencies

All assets and liabilities denominated in currencies other than Euro have been translated at the rates of exchange prevailing on balance sheet date. All transactions in foreign currencies have been translated into Euro at rates of exchange approximating those prevailing on the dates of the transactions. Unless otherwise indicated, any resulting exchange differences are included in the Profit and Loss Account.

Notes to the Financial Statements
(in Euro)

(d) Intangible fixed assets

Intangible fixed assets are valued at cost less accumulated amortization and, if applicable, less impairments in value. Amortization is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet.

(e) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and, if applicable, less impairments. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is recognised from the date an asset comes into use. Land, assets under construction and spare parts are not depreciated.

(f) Receivables

Receivables are stated at nominal value less a provision for indebtedness if necessary.

The Receivables are initially valued at its fair value, and subsequently valued at amortised cost, which is similar to the fair value, after deduction of any provisions if necessary.

(g) Cash and cash equivalents

Cash and cash equivalents are valued at nominal value. The cash at bank is at free disposal of the company.

(h) Defined contribution plan Apollo Tyres Global R&D B.V.

At reporting date, employees of Apollo Tyres Global R&D B.V. participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the pension fund. Apollo Tyres Global R&D B.V. has no legal or constructive obligation to pay further contribution if the pension fund does not 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.

(i) Provisions

A provision is recognised when the company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are valued at nominal value.

(j) Payables

The payables are initially valued at its fair value, and subsequently valued at amortised cost, which is similar to the face value, after deduction of any provisions if necessary.

Notes to the Financial Statements
(in Euro)

(k) Principals for determination of result

The result is recognised as the difference between the operating revenue and all expenses which can be accrued to the year. The costs are determined in accordance with the accounting principles above.

(l) Turnover

The net turnover consists of revenue charged to related parties (including an arms-length markup) for the reporting period net of discounts, rebates and value added taxes. Government support received in relation to Covid-19 is recognised as other income when there is reasonable assurance the conditions of the grant will be met and the subsidy will be received. It is recognised in the period in which the subsidised costs are recognised as an expense.

(m) Amortization and depreciation

Amortization on intangible fixed assets is calculated by using a fixed rate on the acquisition costs or costs of conversion. The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost or cost of conversion.

Gains and losses on disposal of (in)tangible fixed assets are recorded under amortization / depreciation, gains only to the extent that the gain is not capitalised for replacement investments.

(n) Taxation

Corporate income tax expense comprises current tax. Corporate income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in what case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Notes to the Financial Statements
(in Euro)

3. INTANGIBLE FIXED ASSETS

The movements during the year under review can be detailed as follows:

| | Software |
|--|-----------------|
| Balance as at April 1, 2020 | 12.882 |
| Investments | |
| Desinvestments | -- |
| Depreciation for the year | (12.882) |
| Balance as at March 31, 2021 | -- |
| Accumulated depreciation As at March 31, 2021 | (227.678) |
| Depreciation rate | 33,3% |

4. TANGIBLE FIXED ASSETS

| | March 31, 2021 | March 31, 2020 |
|---------------------------|---------------------------|---------------------------|
| Moulds | 827.170 | 940.173 |
| Equipment | 2.367.370 | 2.825.715 |
| Vehicles | 175.065 | 206.857 |
| Furniture & Fixture | 64.924 | 2.348 |
| Assets under construction | 329.751 | 559.593 |
| Balance as at March 31, | 3.764.282 | 4.534.685 |

Notes to the Financial Statements
(in Euro)

The movements during the year under review can be detailed as follows:

| | <u>Moulds</u> | <u>Equipment</u> | <u>Vehicles</u> | <u>Furniture & Fixture</u> | <u>Total</u> |
|--|------------------|------------------|-----------------|------------------------------------|--------------------|
| Balance as at April 1, 2020 | 940.173 | 2.825.715 | 206.857 | 2.348 | 3.975.092 |
| Investments | 412.748 | 169.275 | 20.337 | 70.885 | 673.245 |
| Reclassification | (14.230) | 14.230 | | | -- |
| Depreciation for the year | <u>(511.521)</u> | <u>(641.850)</u> | <u>(52.128)</u> | <u>(8.308)</u> | <u>(1.213.807)</u> |
| Balance as at March 31, 2021 | <u>827.170</u> | <u>2.367.370</u> | <u>175.065</u> | <u>64.924</u> | <u>3.434.530</u> |
| Accumulated depreciation As at March 31, 2021 | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Depreciation rate | <u>25,0%</u> | <u>12,5%</u> | <u>25,0%</u> | <u>12,5%</u> | |

5. RECEIVABLES

| | <u>March 31, 2021</u> | <u>March 31, 2020</u> |
|---|---------------------------|---------------------------|
| Receivables from third parties | -- | 12.100 |
| Receivables from group companies | 3.093.021 | 17.681.641 |
| Taxes and social security premiums | 298.467 | 448.235 |
| Prepayments and deposits | 323.980 | 334.505 |
| | <u>3.715.467</u> | <u>18.476.480</u> |
| <u>RECEIVABLES FROM GROUP COMPANIES</u> | <u>March 31, 2021</u> | <u>March 31, 2020</u> |
| Apollo Vredestein B.V. | | 13.383.065 |
| Apollo Tyres Limited | 1.786.273 | 3.047.428 |
| Apollo Tyres (Hungary) Kft. | 1.306.748 | 626.736 |
| Apollo Tyres ATSA | -- | 12.094 |
| Apollo Vredestein Tires Inc | | 612.319 |
| | <u>3.093.021</u> | <u>17.681.641</u> |

Notes to the Financial Statements
(in Euro)

| <u>TAXES AND SOCIAL SECURITY PREMIUMS</u> | <u>March 31, 2021</u> | <u>March 31, 2020</u> |
|---|---------------------------|---------------------------|
| Value added tax | 298.467 | 448.235 |
| Wage tax | -- | -- |
| Corporate income tax | -- | -- |
| Withholding tax | -- | -- |
| | <u>298.467</u> | <u>448.235</u> |

All receivables mentioned above are due within one year.

| 6. CASH AND CASH EQUIVALENTS | <u>March 31, 2021</u> | <u>March 31, 2020</u> |
|-------------------------------------|---------------------------|---------------------------|
| Cash and cash equivalents | <u>8.652.269</u> | <u>1.965.004</u> |

7. EQUITY

The Company's share capital consists of one or more ordinary shares with a value of EUR 1.--. Issued and paid-up share-capital comprises 100 shares.

The movements in the year under review can be summarised as follows :

| | <u>Issued share-capital</u> | <u>Share premium</u> | <u>Other reserves</u> | <u>Total</u> |
|------------------------------|---------------------------------|--------------------------|---------------------------|-------------------|
| Balance as at April 1, 2019 | 100 | 1.900.436 | 10.019.738 | 11.920.274 |
| Opening balance adjustments | -- | -- | -- | -- |
| Dividend | -- | -- | (1.000.000) | (1.000.000) |
| Result for the year | -- | -- | 2.747.817 | 2.747.817 |
| | <u>100</u> | <u>1.900.436</u> | <u>11.767.555</u> | <u>13.668.091</u> |
| Balance as at March 31, 2020 | | | | |
| Opening balance adjustments | -- | -- | -- | -- |
| Dividend | -- | -- | (5.000.000) | (5.000.000) |
| Result for the year | -- | -- | 1.650.305 | 1.650.305 |
| | <u>100</u> | <u>1.900.436</u> | <u>8.417.860</u> | <u>10.318.397</u> |

An amount of EUR 6 million was declared as final dividend for the FY 2019/2020 of which EUR 1 million was paid as interim dividend in FY2019-2020 and EUR 5 million was paid in the FY 2020/2021.

8. APPROPRIATION OF THE RESULT

The Board of Directors proposes to add the net profit for the year to the other reserves. This proposed allocation of result has been incorporated in the annual accounts, and is subject to the approval of the Annual General Meeting of Shareholders.

Notes to the Financial Statements
(in Euro)

| 9. PROVISIONS | March 31, 2021 | March 31, 2020 |
|----------------------|---------------------------|---------------------------|
| Jubilee provision | 215.480 | 203.651 |
| FSP Provision | -- | 201.928 |
| | <u>215.480</u> | <u>405.580</u> |

JUBILEE PROVISION

Apollo Tyres Global R&D B.V. has formed a provision for long-term obligations regarding jubilee payments, which employees have earned for their service in current and previous reporting periods. Employees receive payments when they reach an employment period of 12.5, 25 or 40 years. For the calculation of the provision a discount rate of 1.5% was considered.

The movements during the year under review can be detailed as follows:

| | <u>Jubilee Provision</u> |
|-------------------------------|-------------------------------------|
| Balance as at April 1, 2020 | 203.651 |
| Movements in Jubilee benefits | <u>11.829</u> |
| Balance as at March 31, 2021 | <u><u>215.480</u></u> |

FSP PROVISION

Apollo Tyres Global R&D B.V. had formed a provision for reorganisations and restructuring. This funds is known as 'Stichting Fonds Financiering Sociaal Plan Werknemers Vredestein' (F.S.P.). Apollo Tyres Global R&D B.V. has not obligations left for the future. The release of the provision during the year under review can be detailed as follows:

| | <u>FSP Provision</u> |
|------------------------------|---------------------------------|
| Balance as at April 1, 2020 | 201.928 |
| Release of the FSP Provision | <u>(201.928)</u> |
| Balance as at March 31, 2021 | <u><u>--</u></u> |

Notes to the Financial Statements
(in Euro)

10. CURRENT LIABILITIES

| | March 31, 2021 | March 31, 2020 |
|------------------------------------|---------------------------|---------------------------|
| Trade payables | 507.625 | 1.663.343 |
| Liabilities to group companies | 2.578.862 | 6.173.946 |
| Taxes and social security premiums | 456.716 | 553.517 |
| Pensions | 20.949 | 46.894 |
| Other liabilities and accruals | 2.033.988 | 2.477.681 |
| | <u>5.598.141</u> | <u>10.915.380</u> |

Notes to the Financial Statements
(in Euro)

| <u>LIABILITIES TO GROUP COMPANIES</u> | March 31, 2021 | March 31, 2020 |
|---|---------------------------|---------------------------|
| Apollo Vredestein B.V. | 1.255.451 | 3.184.501 |
| Apollo Tyres Limited | 640.105 | 421.651 |
| Apollo Vredestein GmbH | 25.502 | 13.686 |
| Apollo Tyres (Germany) GmbH | 257.040 | 1.510.980 |
| Apollo Tyres Cooperatief U.A. | -- | 831 |
| Apollo Tyres (UK) PVT. Ltd. | 48.900 | 309.872 |
| ATGR&D/Apollo Vredestein Iberica S.A. | -- | 3.598 |
| Apollo Vredestein Opony Polska Sp. z.o.o. | 4.997 | 147.471 |
| Apollo Vredestein Tyres Inc. | 120.600 | 251.510 |
| Apollo Tyres (Hungary) Kft. | 221.327 | 300.278 |
| Reiffen.com | 4.941 | 29.568 |
| | <u>2.578.862</u> | <u>6.173.946</u> |
| | March 31, 2021 | March 31, 2020 |
| <u>TAXES AND SOCIAL SECURITY PREMIUMS</u> | | |
| Wage tax and social security premiums | 456.716 | 418.150 |
| Corporate income tax | -- | 135.367 |
| | <u>456.716</u> | <u>553.517</u> |
| | March 31, 2021 | March 31, 2020 |
| <u>OTHER LIABILITIES AND ACCRUALS</u> | | |
| Salaries | 611.825 | 553.283 |
| Holiday allowance | 933.115 | 817.699 |
| Accrued expenses | 489.048 | 1.106.699 |
| | <u>2.033.988</u> | <u>2.477.681</u> |

All current liabilities mentioned above are due within one year.

11. NET TURNOVER AND OTHER INCOME

The net turnover decreased with 21% in 2020/2021 compared to 2019/2020.
Other income relates to government support received in relation to Covid-19

Notes to the Financial Statements
(in Euro)

12. EMPLOYEE EXPENSES

| | <u>2020/2021</u> | <u>2019/2020</u> |
|-----------------------------------|-------------------|-------------------|
| Salaries | 13.458.177 | 13.731.292 |
| Pensions | 1.085.788 | 1.092.070 |
| Social security charges | 1.305.728 | 1.531.704 |
| WBSO | (1.468.312) | (1.277.023) |
| Other personnel expenses | 986.838 | 2.031.468 |
| | <u>15.368.218</u> | <u>17.109.510</u> |
| | | |
| Total average number of employees | <u>153</u> | <u>161</u> |

OTHER PERSONNEL EXPENSES

| | <u>2020/2021</u> | <u>2019/2020</u> |
|-------------------|------------------|------------------|
| Migration | 134.635 | 292.587 |
| Training/congress | 22.177 | 5.632 |
| Canteen | 167.963 | 236.473 |
| Other | 662.064 | 1.496.776 |
| | <u>986.838</u> | <u>2.031.468</u> |

13. AMORTIZATION AND DEPRECIATION

| | <u>2020/2021</u> | <u>2019/2020</u> |
|-------------------------|------------------|------------------|
| Intangible fixed assets | 12.882 | 16.656 |
| Tangible fixed assets | 1.213.807 | 1.231.183 |
| | <u>1.226.688</u> | <u>1.247.839</u> |

14. OTHER OPERATING EXPENSES

| | <u>2020/2021</u> | <u>2019/2020</u> |
|------------------------|-------------------|-------------------|
| Testing | 5.517.263 | 7.905.146 |
| Rent | 780.822 | 873.016 |
| Other general expenses | 4.588.132 | 5.900.816 |
| | <u>10.886.218</u> | <u>14.678.978</u> |

Notes to the Financial Statements
(in Euro)

| <u>TESTING</u> | <u>2020/2021</u> | <u>2019/2020</u> |
|--------------------------------------|------------------|------------------|
| Testing materials | 2.483.446 | 3.072.834 |
| Test cars cost | 41.043 | 198.664 |
| Rent test tracks | 745.640 | 1.142.020 |
| Outsourced testing | 2.018.148 | 3.041.912 |
| Other | 228.986 | 449.716 |
| | <u>5.517.263</u> | <u>7.905.146</u> |
| | | |
| <u>RENT</u> | <u>2020/2021</u> | <u>2019/2020</u> |
| Office rent | 686.571 | 791.111 |
| Other rent | 94.252 | 81.905 |
| | <u>780.822</u> | <u>873.016</u> |
| | | |
| <u>OTHER GENERAL EXPENSES</u> | <u>2020/2021</u> | <u>2019/2020</u> |
| Professional fees/Patents | 324.506 | 338.332 |
| Office supplies | 42.373 | 53.167 |
| Postage | 3.077 | 1.768 |
| Telecommunication | 10.829 | 17.808 |
| Computer maintenance | 654.111 | 591.215 |
| Bank charges / Interest / FX results | 16.672 | 14.830 |
| Contributions | 44.900 | 45.313 |
| Travelling | 255.149 | 1.241.698 |
| Cross charges | 3.042.604 | 3.177.949 |
| Other | 193.911 | 418.738 |
| | <u>4.588.132</u> | <u>5.900.816</u> |

Our auditor, Grant Thornton Accountants & Adviseurs B.V. will charge is the agreed amount of € 18,5k for audit services. These has expenses has been accrued.

Notes to the Financial Statements
(in Euro)

15. CORPORATE INCOME TAX

| | <u>2020/2021</u> | <u>2019/2020</u> |
|----------------|------------------|------------------|
| Financial year | <u>589.092</u> | <u>627.666</u> |

The Company is part of a fiscal unity with group companies. Tax charges are accounted for in the accounts of Apollo Tyres Coöperatief U.A.. Each member of the fiscal unity is severally liable for the Corporate Income Tax liability of the fiscal unity.

The effective tax rate is 24%.

16. CONTINGENT ASSETS AND LIABILITIES

RENT AGREEMENT AND GUARANTEE

The company has entered into a rental agreement for the location at Colosseum 2, Enschede for a period of 5 years, as of January 1, 2018 for an initial annual amount of EUR 395,790. As per March 31, 2021 an amount of EUR 551.383 is due within 1 year, and an amount of EUR 413.537 due after 1 year.

The Company has provided a rent guarantee for the amount of EUR 163.000.-- towards Hanzevast Fonds 33 C.V., landlord of the office space at Colosseum 2, Enschede, being the amount for a three months' period of rent and service charges, including VAT.

The Company also entered into a rental agreement for the location Strootsweg 24, Enschede for a period of 5 years, as of February 1, 2014 for an initial annual amount of EUR 72.000. As per March 31, 2021 an amount of EUR 99.013 is due within 1 year, and an amount of EUR 206.277 due after 1 year.

CAR LEASING

The Company has entered into several lease agreements for company cars for a total amount of EUR 451,123 of which EUR 175,799 is due within 12 months and EUR 275,324 is due between 1 and 5 years.

OTHER COMMITMENTS

The company has entered into several long term agreements as part of their operational business activities for a total amount of EUR 1.256.877, which is due within 12 months.

17. POST BALANCE SHEET EVENTS

No major post balance sheet events affecting the financial statements have occurred to date.

Notes to the Financial Statements
(in Euro)

18. DIRECTORS

| | <u>2020/2021</u> | <u>2019/2020</u> |
|----------------------------------|------------------|------------------|
| Board of Directors' remuneration | <u>499.805</u> | <u>495.808</u> |

The Company has no supervisory directors.

The Board of Directors,



V.K. Mittal



D. Lorenzetti

Enschede, May 7, 2021

Apollo Tyres Global R&D B.V.

Other information

1. RESULT DISTRIBUTION ACCORDING TO ARTICLES OF ASSOCIATION

According to article 22 of the Articles of Association, the other reserves are at the free disposal of the Annual General Meeting of Shareholders.

Furthermore, Dutch law prescribes that the General Meeting is authorized to allocate the profit made and to determine the distribution of it, unless the Articles of Association have indicated differently. Any profit distribution may only be made to the extent that the amount of equity exceeds the legal and statutory reserves and the resolution to distribute the profit has been approved by the managing board.

2. INDEPENDENT AUDITOR'S REPORT

The independent auditor's report is stated on the following pages.

To: the general meeting of Apollo Tyres Global R&D B.V.

Grant Thornton
Accountants en Adviseurs 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, 2021 of Apollo Tyres Global R&D B.V., Enschede.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Apollo Tyres Global R&D B.V. as at March 31, 2021 and of its result for then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet on March 31, 2021;
2. the profit and loss account for the year 2020-2021; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

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 Tyres Global R&D B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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.



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 directors' 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.

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 directors' 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 for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.



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 detect all material 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 the board of directors;
- Concluding on the appropriateness of the board of directors' 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.



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.

Rotterdam, May 7, 2021

Grant Thornton Accountants en Adviseurs B.V.
R. Lagendijk MSc RA