

**ANNUAL REPORT
FOR THE YEAR ENDING ON 31 MARCH 2022**


Gyöngyöshalász, April 25, 2022



Prem Chand Ojha
Managing Director

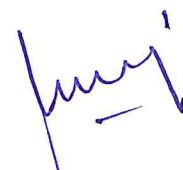
ASSETS	31/03/2021	31/03/2022
A. INVESTED ASSETS	144 665	147 160
<i>I. Intangible assets</i>	4 391	9 390
1. Capitalised value of reorganisation	0	0
2. Capitalised R&D	2 117	7 486
3. Intellectual properties and rights	2 274	1 904
4. Softwares	0	0
5. Goodwill	0	0
6. Advance payment to intangibles	0	0
7. Revaluation of intangibles	0	0
<i>II. Tangible assets</i>	140 274	137 770
1. Land and buildings	47 848	46 720
2. Technological equipments	87 178	85 130
3. Other equipments	4 779	4 986
4. Animals	0	0
5. Fixed assets under construction (CWIP)	314	541
6. Advance payments to CWIP	155	393
7. Revaluation of Tangibles	0	0
<i>III. Long-term financial assets</i>	0	0
1. Permanent holdings in affiliated parties	0	0
2. Long-term loans given to affiliated parties	0	0
3. Long-term, significant holdings	0	0
4. Long-term loans given to companies with significant holdings	0	0
5. Other permanent holdings	0	0
6. Long-term loans given to companies in other holding relationships	0	0
7. Other long-term loans	0	0
8. Securities representing long-term lending	0	0
9. Value adjustment of financial investments	0	0
B. CURRENT ASSETS	20 353	30 439
<i>I. Stocks</i>	10 509	15 302
1. Raw materials and packagings	4 299	6 083
2. Semi-finished production	1 241	2 184
3. Living stocks	0	0
4. Finished products	4 789	6 419
5. Commercial goods	180	616
6. Advances to stock	0	0
<i>II. Receivables</i>	7 271	13 738
1. Trade debtors	1	5
2. Receivables from affiliated parties	7 101	12 739
3. Receivables from companies with significant holdings	0	0
4. Receivables from companies in other shareholding relationships	0	0
5. Bills receivables	0	0
6. Other receivables	169	994
<i>III. Securities</i>	0	0
1. Shares and participations of affiliated parties	0	0
2. Significant holdings	0	0
3. Other participations	0	0
4. Own shares, participation	0	0
5. Securities for sale representing credit relationship	0	0
<i>IV. Liquid assets</i>	2 573	1 399
1. Cash, checks	0	0
2. Bank deposits	2 573	1 399
C. PREPAYMENT AND ACCRUED ASSETS	33	44
1. Accrued income	0	0
2. Accrued costs and expenses	33	44
3. Deferred expenses	0	0
TOTAL ASSETS	165 051	177 643

Gyöngyöshalász, April 25, 2022


Manager of the company
(representative)

LIABILITIES	31/03/2021	31/03/2022
D. SHAREHOLDER'S EQUITY	138 348	143 586
I. Subscribed capital	103	103
of which: repurchased ownership shares at face value	0	0
II. Subscribed but unpaid capital (-)	0	0
III. Capital reserve	112 204	112 204
IV. Retained earnings	18 065	18 555
V. Tied-up reserve	2 117	7 486
VI. Valuation reserve	0	0
VII. Profit/Loss after tax	5 859	5 238
E. PROVISIONS	0	48
1. Provisions for expected losses	0	48
2. Provisions for future and contingent liabilities	0	0
3. Other provisions	0	0
F. LIABILITIES	12 024	18 830
I. <u>Subordinated liabilities</u>	0	0
1. Subordinated liabilities to affiliated parties	0	0
2. Subordinated liabilities to companies with significant holdings	0	0
3. Subordinated liabilities to companies with a share-ownership relationship	0	0
4. Subordinated liabilities to other business organizations	0	0
II. <u>Long-term liabilities</u>	0	0
1. Long-term loans	0	0
2. Convertible bonds	0	0
3. Debts on the issuance of bonds	0	0
4. Investment and development credits	0	0
5. Other long-term loans	0	0
6. Long-term liabilities to affiliated parties	0	0
7. Long-term liabilities to companies with significant holdings	0	0
8. Long-term liabilities to companies with another share-ownership relationship	0	0
9. Other long-term liabilities	0	0
III. <u>Short-term liabilities</u>	12 024	18 830
1. Short-term loans	0	0
of which: convertible bonds	0	0
2. Short-term credits	0	0
3. Advances received from customers	0	0
4. Trade creditors	8 247	12 382
5. Bills payable	0	0
6. Short-term liabilities to affiliated parties	2 759	3 673
7. Short-term liabilities to companies with significant holdings	0	0
8. Short-term liabilities to companies with another share-ownership relationship	0	0
9. Other short-term liabilities	1 018	2 775
G. ACCRUED EXPENSES AND DEFERRED INCOME	14 679	15 179
1. Accrued income	0	0
2. Accrued costs and expenses	833	1 734
3. Deferred income	13 846	13 445
TOTAL EQUITY AND LIABILITIES	165 051	177 643

Gyöngyöshalász, April 25, 2022



Manager of the company
(representative)

Apollo Tyres (Hungary) Kft.
Profit and Loss statement by total cost method for the year ending 31 March 2022
balances in million HUF



	31/03/2021	31/03/2022
1. Net domestic sales	6 178	2 366
2. Net external sales	48 118	80 271
I. Net sales revenue	54 296	82 637
3. Change in stocks of finished goods and in work in progress	616	2 573
4. Own work capitalized	6	155
II. Work performed by the company for its own purposes and capitalized	622	2 728
III. Other operating income	2 723	1 085
of this: impairment loss reversed	0	0
5. Raw materials and consumables	25 742	46 275
6. Value of services consumed	9 204	13 559
7. Value of other services	246	322
8. Cost of goods sold	534	1 030
9. Value of services sold (mediated)	164	124
IV. Material type costs	35 890	61 310
10. Wages and salaries	4 812	6 014
11. Other personnel costs	2 041	2 262
12. Contributions on wages and salaries	955	1 098
V. Personnel cost	7 808	9 374
VI. Depreciation	7 603	9 340
VII. Other expenditure	578	855
of this: impairment loss	0	136
A. INCOME FROM OPERATIONS	5 762	5 571
13. Dividend and business interests received (due)	0	0
Of this: received from affiliated companies	0	0
14. Exchange gain on the sale of business interests	0	0
Of this: received from affiliated companies	0	0
15. Interest income and exchange gain from financial investments	0	0
Of this: received from affiliated companies	0	0
16. Other interests and interest type income received	29	39
Of this: received from affiliated companies	26	25
17. Other income from financial transactions	1 572	2 213
VIII. Income from financial transactions	1 601	2 252
18. Expenses and exchange loss on business shares	0	0
Of this: given to affiliated companies	0	0
19. Exchange loss on financial investments	0	0
Of this: given to affiliated companies	0	0
20. Interest payable and type expenses	1	1
Of this: given to affiliated companies	0	0
21. Impairment loss of business interests, securities, bank deposits	0	0
22. Other expenses on financial transactions	1 450	2 536
IX. Expenses on financial transactions	1 451	2 537
B. PROFIT/LOSS ON FINANCIAL TRANSACTIONS	150	- 285
C. PRE-TAX PROFIT/LOSS	5 912	5 286
X. Tax expense	53	48
D. PROFIT/LOSS AFTER TAX	5 859	5 238

Gyöngyöshalász, April 25, 2022

Manager of the company
(representative)

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022
All amounts are in million forints unless otherwise indicated

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APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022

All amounts are in million forints unless otherwise indicated

1. INTRODUCING THE COMPANY

Registered office of business of Apollo Tyres (Hungary) Kft. (hereinafter: the Company):	3212 Gyöngyöshalász, Apollo road 106., Hungary
Year of commencing operations:	2014
Company registration number:	10-09-036536
Founders:	Apollo Tyres (Europe) B.V. (formerly Apollo Tyres B.V.)
Owners as at 31 March 2022 and their voting power:	Apollo Tyres (Europe) B.V. - 100,00%
Owner's registered office:	7547 Enschede, Ir. Schiffstraat 370., Netherlands
Subscribed capital as at 31 March 2022:	HUF 103 million
Scope of activity:	Tire, tube manufacturing
Managing Directors of the Company:	Benoit Rene-Marie Rivallant , Cornelis Krusemanstraat 7.3., Amsterdam 1075NB, Netherlands Vishal Kumar Mittal , Elysium, 71 Royston Park Road, Hatch End, Pinner, HA5 4AB Middlesex, United Kingdom Prem Chand Ojha , Szondi street 51. Bld. C., 4th floor, 414., Budapest, 1063, Hungary
Persons authorized to represent the Company:	Benoit Rene-Marie Rivallant , Cornelis Krusemanstraat 7.3., Amsterdam 1075NB, Netherlands Vishal Kumar Mittal , Elysium, 71 Royston Park Road, Hatch End, Pinner, HA5 4AB Middlesex, United Kingdom Prem Chand Ojha , Szondi street 51. Bld. C., 4th floor, 414., Budapest, 1063, Hungary

Prem Chand Ojha is leading the Finance & Accounting Department of the Company. Balga Szabolcs (chartered accountant registration number: 181624) is responsible for preparing the Company's annual financial statements as specified in Section 150 (2) of the Accounting Act.

Based on the owner's decision the balance sheet date of the company is 31st March, hence the reporting period is between April 1, 2021 and March 31, 2022.

The statutory auditing of accounting documents is compulsory for the Company. The figures were authenticated by an auditor. The audit fee for financial year 2021-2022 was EUR 38,000.-

The auditor company and the personally responsible auditor:

Grant Thornton Audit Kft.
1134 Budapest, Dévai street 26-28. (ECB Dévai Center)
Company registry number: 01-09-691274
Somlai László György (Chamber of Auditors ID number: 007338)

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022

All amounts are in million forints unless otherwise indicated

2. BUSINESS CONDITIONS

The Company was founded by Apollo Tyres group in June 2014 for purpose of setting up a manufacturing facility in Hungary. The group of companies employs approximate 19 thousand persons all around the world and has manufacturing facilities in India and in the Netherlands as well. This greenfield investment in Heves county is the most modern & automated factory in the tyre industry. The company continued to ramp up their production for passenger & commercial tyres during this financial year.

3. ACCOUNTING POLICY

The Company keeps its books and records in compliance with the Accounting Act and the accounting principles generally accepted in Hungary. The Company's accounting policy, valuation methods and procedures are summarized as follows:

3.1 The basis of accounting

Both the enclosed balance sheet, reflecting the financial position of the Company as at 31 March 2022, and the income statement from April 1, 2021 to March 31, 2022 have been prepared in accordance with the provisions of the Act.

3.2 Balance sheet preparation date

For period ending March 2022, the Company designated April 15 of the year following the balance sheet date as the balance sheet preparation date in accordance with the provisions of the Accounting Policy.

3.3 Major error

Errors are to be construed as major if, in the year when discovered by audit, the aggregate amount of all errors (whether negative or positive) for the same year and the aftereffects thereof - increasing or decreasing the equity - exceeds 2 per cent of the balance sheet total of the financial year audited, or one million HUF, whichever is higher.

3.4 Intangible assets

The Company records intangible assets at purchase price/direct development cost. The Company amortizes software over a period of 5 years or more. Other intangible assets are amortized over the expected useful life.

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022

All amounts are in million forints unless otherwise indicated

3.5 Tangible assets

The Company records tangible assets at purchase price/direct production cost. The cost (purchase, manufacturing) of an asset shall mean the expenditure required for the acquisition, creation, installation of the asset incurred before commissioning or delivery thereof to the warehouse, and which may be attached to the asset in question. The cost (original cost) includes the purchase price reduced by any discounts and increased by any premium, the costs and charges paid to intermediaries, or for the delivery, loading, foundation, installation and commissioning services supplied in connection with the purchase, commissioning and delivery of the asset to the warehouse, any commission, as well as the taxes and similar levies, and customs charges.

The Company records tangible assets with an individual purchase price below HUF 200 thousand in one lump sum upon commissioning (capitalization) as ordinary depreciation.

The Company applies the straight-line depreciation method using the expected useful life and residual value of tangible assets. The depreciation rates are determined using the expected useful lives.

3.6 Receivables

Domestic receivables

Domestic trade receivables are recorded in the books at the amounts invoiced and recognized by the partners, reduced by any impairment recognized.

Foreign receivables

Foreign trade receivables are measured in accordance with the provisions of the Accounting Act and the Company's Accounting Policy.

3.7 Inventories

Raw material and Stores & spares inventories are valued at moving average price.

Finished goods and Work in progress are valued at the lower of actual cost and net selling price. In case the selling price is lower than the actual cost, impairment loss is accounted.

Inventories are valued on actual cost or net realizable value, whichever is the lower.

3.8 Liabilities

Domestic trade payables

The Company records domestic trade payables at the amounts invoiced by the partners and recognized by the Company.

Foreign trade payables

Foreign trade payables are measured in accordance with the provisions of the Accounting Act and the Company's Accounting Policy. The Company records payables invoiced by foreign suppliers in foreign currencies at their book value, reduced by settlements made and adjusted in all cases by aggregated exchange differences.

3.9 Year-end revaluation of items denominated in foreign currency

The Company revaluated its items denominated in foreign currency on 31 March 2022.

The Company converts amounts denominated in foreign currency to HUF using the official currency exchange rates published by the National Bank of Hungary. Based on the principles laid down in the Accounting Policy, the items denominated in foreign currency always get revalued on the balance sheet date.

3.10 Consolidated annual report

The consolidated annual report of the Company is prepared by Apollo Tyres (Europe) B.V. (registered seat: 7547 Enschede, Ir. Schiffstraat 370., Netherlands). The ultimate owner of the Company is Apollo Tyres Ltd., (registered seat: 3rd Floor, Areekal Mansion, Near Manorma Junction, Panampilly Nagar, Kochi - 682036, India).

APOLLO TYRES (HUNGARY) KFT
 SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022
 All amounts are in million forints unless otherwise indicated

4. FORM OF THE BALANCE SHEET AND THE INCOME STATEMENT

The Company prepares version "A" of the balance sheet. The Company determines its profit/loss by applying the total cost method.

5. CASH FLOW STATEMENT

The Company's financial position and liquidity as of 31 March 2022 is illustrated by the following cash-flow statement.

	2021	2022
1a Profit before tax	5,912	5,286
of which: financially settled aid received for operation funding	-1,760	-359
1b-1 Adjustments in profit before tax (Non-repayable funds received)	-2,598	-1,120
1b-2 Adjustments in profit before tax (Revaluation of funds held in foreign currencies)	77	6
1 Adjusted profit before tax (1a+1b)	3,391	4,172
2 Depreciation	7,603	9,340
3 Impairment loss and reversal	0	136
4 Difference between formation and utilization of provisions	0	48
5 Result of fixed asset sales, (-) gain, (+) loss	-18	-32
6 Changes in accounts payable	-1,330	5,044
7 Changes in other short-term liabilities	145	1,779
8 Changes in accrued and deferred liabilities	66	1,261
9 Changes in trade receivables	6,067	-5,642
10 Changes in current assets (without receivables and liquid assets)	-75	-5,747
11 Changes in accrued and deferred assets	6	-11
12 Tax paid (on profit)	-57	-71
13 Dividends and profit-sharing paid	-4,000	0
I. Cash flows from ordinary activities (Operating cash flow)	11,798	10,277
14 Purchase of fixed assets	-5,615	-11,959
15 Sale of fixed assets	50	155
16 Repayment, termination or redemption of long term loans and bank deposits	0	0
17 Long- and short-term loans and bank deposits	-6,326	0
18 Dividends and profit-sharing received	0	0
II. Investment cash flow	-11,891	-11,804
19 Receipts from shares issue, capital raising (capital increase)	0	0
20 Receipts from the issue of bonds and debt securities	0	0
21 Borrowings	0	0
22 Non-repayable assets received	1,760	359
23 Cancellation of shares, disinvestment (capital reduction)	-2,715	0
24 Redeemed bonds and debt securities	0	0
25 Loan installment payments, repayment of loans	0	0
26 Non-repayable liquid assets transferred	1	0
III. Financial cash flow	-954	359
IV. Changes in liquid assets (rows I+II+III)	-1,047	-1,168
27 Revaluation of funds held in foreign currencies	-77	-6
V. Changes in funds as shown in the balance sheet (rows IV+27)	-1,124	-1,174
<i>Opening cash balance (Balance sheet row B/IV. - Liquid assets)</i>	<i>3,697</i>	<i>2,573</i>
<i>Closing cash balance (Balance sheet row B/IV. - Liquid assets)</i>	<i>2,573</i>	<i>1,399</i>

APOLLO TYRES (HUNGARY) KFT
 SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022
 All amounts are in million forints unless otherwise indicated

6. INTANGIBLE AND TANGIBLE ASSETS

As at 31 March 2022, the intangible assets of the Company includes software and R&D related intangibles. Changes in capitalized tangible assets and construction in progress are presented in the table below.

Apollo Tyres (Europe) B.V. (ATEU), the Parent Company has taken the long term loan against the guarantee of Apollo Tyres (Hungary) Kft. The Company has given pledge over certain movable tangible assets including mortgage over the Real Estate, pledge of rights & receivables and its Bank accounts and also there is a pledge on the shares of the Company owned by ATEU.

	INTANGIBLE ASSETS		TANGIBLE ASSETS								Tangible assets TOTAL	
	Capitalized R&D	Intangible assets TOTAL	Land Buildings	Electrical installations	Plant & Machinery	Other machines	Vehicles	Furniture and fixture	Capital work in process	Advance Payments to CWIP		
GROSS VALUE												
Balance as at 31 March 2021	2,117	5,090	1,863	38,203	11,642	99,821	7,285	11	204	314	155	159,498
Additions	6,162	6,196	0	122	0	3,533	1,317	0	325	5,524	238	11,059
Disposals					-157							-157
Decrease										-5,297		-5,297
Reclassification												0
Balance as at 31 March 2022	8,279	11,286	1,863	38,325	11,642	103,197	8,602	11	529	541	393	165,103
ACCUMULATED DEPRECIATION												
Balance as at 31 March 2021	0	699	0	2,602	1,258	12,643	2,599	8	114	0	0	19,224
Depreciation for financial year	783	1,197	0	784	466	5,458	1,109	2	324			8,143
Disposals						-34						-34
Reclassification												0
Balance as at 31 March 2022	793	1,896	0	3,386	1,724	18,067	3,708	10	438	0	0	27,333
NET VALUE												
Balance as at 31 March 2022	7,486	9,390	1,863	34,939	9,918	85,130	4,894	1	91	541	393	137,770
Balance as at 31 March 2021	2,117	4,391	1,863	35,601	10,384	87,178	4,686	3	90	314	155	140,274

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022
All amounts are in million forints unless otherwise indicated

7. STOCKS

The Company has the below inventories on stock as at 31/03/2022.

	<u>31/03/2021</u>	<u>31/03/2022</u>
Raw materials	2,812	4,089
Stores and spares	1,487	1,994
Work in progress and semi-finished goods	1,241	2,184
Finished products	4,789	6,419
Commercial goods	180	616
Total	10,509	15,302

8. RECEIVABLES

8.1 Trade debtors

The balance of trade receivables as at 31 March 2022 was as follows:

	<u>31/03/2021</u>	<u>31/03/2022</u>
<u>Trade debtors</u>		
Domestic receivables	1	5
Total	1	5

8.2 Receivables from affiliated parties

Receivables from affiliated companies as at 31 March 2022 are as below:

	<u>31/03/2021</u>	<u>31/03/2022</u>
<u>Receivables from affiliated parties</u>		
Apollo Tyres (NL) B.V.	6,983	9,662
Apollo Tyres Ltd., India	38	9
Apollo Tyres Global R&D	80	86
Apollo Tyres (Europe) B.V.	0	2,982
Total	7,101	12,739

8.3 Other receivables

The balance of other receivables as at 31 March 2022 was as follows:

	<u>31/03/2021</u>	<u>31/03/2022</u>
Advance payments to construction trustee	0	795
Local and other taxes	46	79
Security deposits, bails	50	50
Receivables against employees	14	22
Supplier advances	31	27
Miscellaneous receivables	28	21
Total	169	994

APOLLO TYRES (HUNGARY) KFT
 SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022
 All amounts are in million forints unless otherwise indicated

9. LIQUID ASSETS

The Company had the following liquid assets as at 31 March 2022:

	<u>31/03/2021</u>	<u>31/03/2022</u>
HUF bank accounts	142	762
EUR bank accounts	2,074	251
USD bank accounts	44	3
GBP bank accounts	21	5
Term deposits	292	378
Total	<u>2,573</u>	<u>1,399</u>

The Company submitted bank guarantees to the Ministry of Foreign Affairs and Trade for 120% of the subsidy amounts received during the current as well as the previous financial year. Term deposits were given to the bank in order to issue the above bank guarantees.

10. PREPAYMENTS

The summary of prepayments as at 31 March 2022 is as follows:

	<u>31/03/2021</u>	<u>31/03/2022</u>
Tuition fee	33	44
Total	<u>33</u>	<u>44</u>

11. SHAREHOLDERS' EQUITY

Subscribed capital as at 31 March 2022:

<u>Shareholder</u>	Total face value (HUF mn)		Share	
	<u>31/03/2021</u>	<u>31/03/2022</u>	<u>31/03/2021</u>	<u>31/03/2022</u>
Apollo Tyres (Europe) B.V.	103	103	100%	100%

Change in shareholders' equity in Financial year 2021-2022:

	Subscribed capital	Capital reserve	Retained earnings	Tied-up reserve	Profit for the period	Total equity
Total as at 31/03/2021	103	112,204	18,065	2,117	5,859	138,348
Profit for the period	0	0	0	0	5,238	5,238
Tied-up reserve creation - R&D related	0	0	-5,369	5,369	0	0
Transfers of previous year's result	0	0	5,859	0	-5,859	0
Total as at 31/03/2022	<u>103</u>	<u>112,204</u>	<u>18,555</u>	<u>7,486</u>	<u>5,238</u>	<u>143,586</u>

The Sole Member of the Company, ATEU decides that HUF 4,500 million shall be paid to the owner of the Company as dividend from the financial year's profit.
 An additional HUF 5,369 million Tied-up reserve decreases the free reserves related to the Capitalized R&D compared to the previous financial year.

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022

All amounts are in million forints unless otherwise indicated

12. SHORT TERM LIABILITIES

12.1 Trade creditors (accounts payable)

The balance of trade payables as at 31 March 2022:

	<u>31/03/2021</u>	<u>31/03/2022</u>
Domestic trade creditors	2,883	3,231
Foreign trade creditors	5,364	9,151
Total	8,247	12,382

12.2 Short-term liabilities to affiliated parties

Short-term liabilities to affiliated parties on 31 March 2022:

<u>Name of affiliated company</u>	<u>31/03/2021</u>	<u>31/03/2022</u>
Apollo Tyres Ltd. India	212	557
Apollo Tyres UK Pvt Ltd.	251	179
Apollo Tyres (NL) B.V.	232	47
Apollo Tyres Global R&D	1,316	1,236
Apollo Tyres Singapore (Holdings) Pte Ltd.	748	1,654
Total	2,759	3,673

12.3 Other short-term liabilities

Other short-term liabilities as at 31 March 2022:

	<u>31/03/2021</u>	<u>31/03/2022</u>
Liabilities towards employees	329	395
Payable VAT	430	2,052
Liabilities towards government/tax authority	259	328
Total	1,018	2,775

13. ACCRUALS

Accruals on 31 March 2022:

	<u>31/03/2021</u>	<u>31/03/2022</u>
Accrued expenses		
Manufacturing related services	232	536
Electricity & gas	215	599
Bonus accruals	155	150
Meal related costs	39	134
Manpower related	74	100
IT & telecommunication	14	88
Transport services	36	39
Other expense payable	68	88
Total	833	1,734
Deferred income		
Cash State Subsidy	13,846	13,086
One-time compensation scheme	0	359
Total	13,846	13,445

The cash subsidy was approved and granted by the Hungarian Government in accordance with the prevailing norms. The subsidy agreement defines contractual obligations and criteria for the Company. The monitoring period started in April 2020 for the period of 5 years. The monitoring period of VNT3 scheme starts in Apr 2023 and lasts for 2 years.

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2022
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14. SALES REVENUE

14.1 *Net sales revenue*

The net sales revenue is as below for the year ending on 31 March 2022.

	<u>2021</u>	<u>2022</u>
Tyre sales	53,443	81,667
Mediated services/ cross charges	850	957
Other revenue	3	13
Total	54,296	82,637
<i>of which sales to ultimate parent company</i>	41	12
<i>of which sales to other related company</i>	54,058	82,479

<u>Revenue breakdown by region</u>	<u>2021</u>	<u>2022</u>
Hungary	6,178	2,366
Within European Union	48,073	80,258
Out of European Union	45	13
Total	54,296	82,637

14.2 *Other operating income*

Other operating income in the year ending on 31 March 2022:

	<u>2021</u>	<u>2022</u>
Cash Subsidy	838	761
Subsidy received related to pandemic	1,798	0
Fixed asset sales	50	155
Miscellaneous income	37	169
Total	2,723	1,085

15. MATERIAL TYPE COSTS

15.1 *Raw materials and consumables*

Raw material costs in the year ending on 31 March 2022:

	<u>2021</u>	<u>2022</u>
Raw material	22,405	41,006
Engineering material	1,291	1,915
Electricity	1,438	2,128
Gas	428	1,001
Other	180	225
Total	25,742	46,275

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15.2 Value of services consumed

Services consumed in the year ending on 31 March 2022:

	<u>2021</u>	<u>2022</u>
R&D charges	3,149	6,037
Group management charges - other	1,003	1,373
Transport, internal movement	2,080	2,122
Travel costs	15	36
Maintenance	1,259	1,502
Leased manpower	266	513
Legal, professional and recruitment fees	90	57
Cleaning, gardening & security	383	428
Rental fees (office, car)	367	420
Freight	86	336
Environmental protection related (waste removal & consultancy)	254	390
Other material type services	252	345
Total	9,204	13,559
	<i>of which services rendered by ultimate parent company</i>	<i>424</i>
	<i>of which services rendered by other related company</i>	<i>3,728</i>
	<i>493</i>	<i>6,917</i>

15.3 Other services

Other services used in the year ending on 31 March 2022:

	<u>2021</u>	<u>2022</u>
Insurance	184	261
Bank charges	61	58
Duties, fees of authorities	1	3
Total	246	322

15.4 Value of services sold (mediated)

The value of mediated services is HUF 124 million in the year ending on 31 March 2022 (HUF 164 million in the previous financial year). Out of HUF 164 million the rental fee of real properties amounts to HUF 115 million.

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16. PERSONNEL COSTS

Wages, salaries and other personnel costs paid in financial year 2021-2022:

	<u>2021</u>	<u>2022</u>
Wages and salaries	4,812	6,014
Other personnel costs	2,041	2,262
Contributions on wages and salaries	955	1,098
Total	7,808	9,374

	<u>2021</u>	<u>2022</u>
Wage contributions		
Social Contribution Tax	836	952
Vocational Training Contribution	60	71
Rehabilitation Contribution	59	75
Total	955	1,098

Actual year	Wages and salaries	Other personnel costs	Average statistical headcount
Technicians/team members	4,669	414	730
Professional qualified staff	1,345	1,848	260
Total	6,014	2,262	990

The data of professional qualified staff colleagues include individuals seconded to our Company by the Indian parent company (Apollo Tyres Ltd., India) Their average statistical headcount is 50 in the actual year (it was 59 in the previous financial year).

17. OTHER EXPENDITURE

Other expenditure in the year ending on 31 March 2022:

	<u>2021</u>	<u>2022</u>
Work in progress & R&D material scrapping	129	175
Book value of fixed assets sold	32	123
Other taxes	311	348
Impairment - Finished goods	0	136
Detention charges	96	21
Carbon emission related	0	48
Miscellaneous expenditure	10	4
Total	578	855

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18. PROFIT/LOSS ON FINANCIAL TRANSACTIONS

Financial income and expenditure in the year ending on 31 March 2022:

	2021	2022
<u>Income from financial transactions</u>		
Realised foreign exchange gain	1,572	2,213
Unrealised foreign exchange gain on revaluation	0	0
Other interests and interest type income received	29	39
Of this: received from affiliated companies	26	25
Total	1,601	2,252
<u>Expenses on financial transactions</u>		
Interest payable and type expenses	1	1
Realised foreign exchange loss	967	2,436
Unrealised foreign exchange loss on revaluation	483	100
Total	1,451	2,537
Profit/loss on financial transactions	150	-285

19. CORPORATE INCOME TAX

Taxable income and pre-tax profit as per the Corporate Income Tax Act in the years ended on 31 March 2022:

	2021	2022
Pre-tax profit/loss	5,912	5,286
Depreciation recognized as per the Accounting Act	7,603	9,340
Net value of disposed of assets according to the accounting act	32	32
Penalties from authorities	5	5
Charity and donation	1	0
Total additions to taxable income	7,641	9,377
Depreciation recognized as per the Corporate income tax Act	7,603	9,340
Net value of disposed of assets according to the corporate income tax act	32	32
Students involved in training from vocational schools	15	15
Total deductions from the taxable income	7,650	9,387
Tax base for the current year	5,903	5,276
Loss from previous years	-2,952	-2,638
Final tax base	2,951	2,638
Calculated corporate income tax	266	238
Development tax allowance	-213	-190
PAYABLE CORPORATE INCOME TAX	53	48

APOLLO TYRES (HUNGARY) KFT
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20. HAZARDOUS WASTE INVENTORY

The change in the hazardous waste inventory for this financial year is detailed below.

Hazardous waste type	EWG code	Opening (kg)	Generated (kg)	Dispatched (kg)	Closing (kg)
Waste additive containing hazardous substances	070214*	0	11,740	11,740	0
Hazardous paint and varnish waste	080111*	0	1,020	1,020	0
Oil-water sludge	130502*	9,840	51,900	58,940	2,800
Sludge from oil-water separator	130508*	0	6,940	6,940	0
Packaging waste containing or contaminated with hazardous substances	150110*	1,080	67,520	67,720	880
Filter materials, cloth contaminated with hazardous substances	150202*	50	1,230	1,280	0
Liquid waste containing hazardous substances	161001*	970	33,640	32,960	1,650

21. FEES OF EXECUTIVE OFFICERS

Two Managing Directors of the Company, by name Benoit Rene-Marie Rivallant and Vishal Kumar Mittal are not present in Hungary. The third Director, Prem Chand Ojha resides in Hungary in secondment, our Company bears the cost of all his salary. Nevertheless none of the Managing Directors get any remuneration regarding their executive mandate.

Gyöngyöshalász, April 25, 2022


 Prem Chand Ojha
 Managing Director



BUSINESS REPORT

FOR THE YEAR ENDING 31 MARCH 2022

1. Ownership

Apollo Tyres (Hungary) Kft. (hereinafter referred to as Company) is a 100% subsidiary of Apollo Tyres (Europe) B.V and ultimately held by Apollo Tyres Ltd, India, a listed multinational organisation and a global tyre manufacturer.

The Company was founded on June 4, 2014 with the aim to set up a 'state of the art' automotive tyre manufacturing facility in Hungary that produces both passenger car tyres and commercial vehicle tyres.

2. Production

During this financial year the Company has made additional investment in passenger vehicle tyres production line for debottlenecking and line balancing the capacity. This investment will also help in reducing the complexity in production process.

The Company continued to ramp up its production capacity during the year for both Passenger & Commercial tyres production line.

3. Employment

The average statistical headcount of the Company was 940 in financial year 2021-2022.

During the year, the focus areas were to make professional training process shorter and the Talent Management including the Succession Planning. The average monthly attrition is 1,3% per month which is better than the industrial average.

We enriched the cooperation with the University of Miskolc.

APOLLO TYRES (HUNGARY) Kft.

Address: H-3212 Gyöngyöshalász,
Apollo road 106.

Postal address: 3201 Gyöngyös,
PO Box.133

www.apollotyres.com



CSR

Our colleagues participated quarterly blood donations – it became tradition, we continuously support the Hungarian Blood Transfusion Services and Gyöngyös Ambulance Services with tyre donation.

We organized charity campaign for kids-ward of Gyöngyös hospital: we collected toys and clothes for the little patients.

Award, recognition

We kept our habits to congratulate colleagues who had service anniversary and those who were elected to be “Employee of the year”. The “Kaizen” program enriched: we had several-hundred ideas from the employees.

4. Impact of COVID-19 and the Russian-Ukrainian conflict on the annual accounts

We measured and assessed the impact of the COVID-19 and the Russian-Ukrainian conflict during the reporting period and the period after the balance sheet date until the date of signing the annual report, taking into account the governmental and other measures taken, including the financial position of the Company and its future operations.

Based on our assessment and evaluation, we have determined that the identified effects do not have a material or materially adverse effect on the Company's short-term financial and liquidity position (covering the 12 months after the balance sheet date), the Company's valuation of assets and business operations or the Company's ability to continue as a going concern and its judgment at the balance sheet date.

5. Other

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Environmental protection is treated by our Company with special emphasis in compliance with all relevant legal requirements.

Gyöngyöshalász, April 25, 2022

Prem Chand Ojha
Managing Director

A handwritten signature in blue ink, appearing to read 'Prem Chand Ojha', is written over a horizontal line. The signature is stylized and includes a vertical line extending downwards from the end of the horizontal line.

Independent Auditor's Report

To the owner of Apollo Tyres (Hungary) Kft.

Opinion

We have audited the Annual Report of Apollo Tyres (Hungary) Kft. („the Company”) for the year 2021/2022, which Annual Report comprises the balance sheet made at the balance sheet date of 31 March 2022 – presenting the balance sheet total of assets and liabilities in equal amount of million HUF 177,643 and the after-tax result of million HUF 5,238 (profit) -, the income statement for the financial year then ended and the supplementary notes, including also a summary of significant elements of accounting policies.

In our opinion the attached Annual Report provides a true and fair view of the assets and financial position of the Company as at 31 March 2022, as well as its income position for the financial year then ended in accordance with the provisions in force in Hungary of the Act C of 2000 on Accounting (hereinafter: „Accounting Act”).

Basis for opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the respective laws and other regulations applicable to auditing in Hungary. Our responsibilities under those standards are further described in the „Auditor's responsibilities for the audit of the Annual Report” section of our report.

We are independent of the Company in accordance with the requirements laid down in relevant legislation in force in Hungary and in the “Regulations on the code of conduct (ethical rules) of the audit profession and the disciplinary procedures” of the Chamber of Hungarian Auditors, as well as in respect of issues not settled therein, with the requirements of the “The International Code of Ethics for Professional Accountants (including International Independence Standards)” issued by the International Ethics Standards Board for Accountants (the IESBA Code) and also comply with additional ethical requirements contained within the same standards.

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

Other information: The Business Report

Other information consists of the 2021/2022 Business Report of Apollo Tyres (Hungary) Kft. The management is responsible for the preparation of the Business Report in accordance with the relevant provisions set out in the accounting act and other legislation. Our independent auditor's opinion expressed on the Annual Report in the „Opinion” section of our report does not cover the Business Report.

In the context of the audit carried out by us concerning the Annual Report, our responsibility is to read through the Business Report and during it to make a judgement whether the Business Report is significantly at odds with the Annual Report or with our knowledge obtained during the audit, or otherwise it seems that a material misstatement is contained therein. If, based on the work we have performed, we conclude that there is a material misstatement contained in other information, we are required to report this fact and the nature of the misstatement.

On the basis of the Accounting Act, we are also responsible for making a judgement, whether the Business Report is consistent with the relevant provisions of the Accounting Act and other legislations and for expressing an opinion on this and as well as on the consistency of the Business Report and the Annual Report.

In our opinion, the Business Report for the year 2021/2022 of Apollo Tyres (Hungary) Kft., in all material respects, is consistent with the Annual Report for the 2021/2022 of Apollo Tyres (Hungary) Kft. and the relevant provisions of the Accounting Act. As there is no other legislation providing for additional requirements for the Company regarding the Business Report, so we do not express an opinion in this regard.

No material contradiction or material misstatement of other nature has been brought to our knowledge either in the Business Report, so thus we have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the Annual Report

The management is responsible for the preparation and fair presentation of the Annual Report in accordance with the provisions of the Act on Accounting and for such internal controls as the management determines as necessary to enable the preparation of the Annual Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Report, the management is responsible for assessing the Company's ability to continue as a going concern and for disclosing of information related to going concern as appropriate in the given circumstances and the management is also responsible for compiling of the Annual Report based on the principle of going concern. The management shall take the going concern principle as a starting point, unless enforcing of this principle is prevented by a different provision, or such a factor or circumstance exists that is inconsistent with the continuation of the business activity.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Annual Report

The objectives of our audit are to obtain reasonable assurance about whether the Annual Report as a whole is free from material misstatements, whether due to fraud or error, and based on it to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing will always detect a material misstatement when it exists. 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 users' economic decisions taken on the basis of the given Annual Report.

Throughout the audit conducted in accordance with the Hungarian National Standards on Auditing we exercise professional judgement and maintain professional scepticism.

We also:

- Identify and assess the risks of material misstatements of the Annual Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Draw a conclusion, whether using of going concern as a basis, the compilation of the Annual Report by management is appropriate, and based on the audit evidence obtained also whether any material uncertainty exists in connection with such events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If it is concluded that there is a material uncertainty, then in our independent auditor’s report we have to call the attention to the related disclosures in the Annual Report, or if the disclosures are not appropriate in this respect, then we have to issue a qualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor’s report. However, future events or conditions may cause that the Company will not be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Report, including the disclosures made in the supplementary notes, and also whether the Annual Report represents the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance – among other matters – the significant deficiencies in internal control that we identify during our audit, if there planned scope and timing of the audit and the significant audit findings, including any were any.

Budapest, 25 April 2022

Waltraud Körbler
Grant Thornton Audit Kft.
1134 Budapest Dévai utca 26-28.
Company Court Registration Number: 000168

László György Somlai
Registered Auditor
Chamber Membership Reg. No.: 007338

“This Report has been prepared originally in Hungarian language and the Hungarian original version has been signed by the Parties. In case of disputes the Hungarian version shall prevail.”