

Apollo Tyres Global R&D B.V.

Enschede, the Netherlands

ANNUAL REPORT AS PER MARCH 31, 2022

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, 2022.

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>2021/2022</u>	<u>2020/2011</u>
Net revenues	33,822,649	28,935,884
Operating expenses	31,305,885	27,481,124
Net result after taxation	1,928,147	1,650,305
Net result as a % of net revenues	5.7%	5.7%

Economic outlook

The outlook for euro area activity and inflation has become very uncertain and depends crucially on how the war in Ukraine unfolds. Soaring energy prices and negative confidence effects imply significant headwinds to domestic demand in the near term, while the announced sanctions and sharp deterioration in the prospects for the Russian economy will weaken euro area trade growth. The current disruptions to energy supplies and negative impacts on confidence linked to the conflict are temporary and the global supply chains are not significantly affected. Based on these assumptions, the baseline projections foresee a significant negative impact on euro area growth in 2022, from the conflict. Nevertheless, given the starting point for the euro area economy, with a strong labour market and headwinds related to the pandemic and supply bottlenecks assumed to fade, economic activity is still projected to expand at a relatively strong pace in the coming quarters. Over the medium term, growth is projected to converge towards historical average rates, despite a less supportive fiscal stance and an increase in interest rates in line with the technical assumptions based on financial market expectations. Overall, real GDP growth is projected to average 3.7% in 2022, 2.8% in 2023 and 1.6% in 2024 (Source: ECB).

Industry Structure & Development

As per the Economic & Market Report by European Automobile Manufacturer Associations, the global sales volumes in 2021 struggled to rebound to their pre-pandemic levels, with a worldwide semiconductor shortage placing additional pressure on an already stressed automobile industry. Global sales for new cars increased by a modest 3.6% to 65.9 million units last year, with growth mainly the result of 2020's low base for comparison. This is still roughly 10 million units below 2019 levels. The substantial losses during the second half of 2021 reduced the full-year performance in the European region by 1.6% to 14.3 million cars sold. The results were affected by losses in the EU (-2.4%) and in Turkey (-7.7%). Full-year volumes reached 11.9 million units in 2021, an increase of only 5.5% compared to 2020. New car registrations in the EU fell by 2.4% to 9.7 million in 2021, in spite of the record low base of comparison of 2020. This fall was mainly a result of the semiconductor shortage that negatively impacted car production, particularly during the second half of 2021. Total EU car registrations last year were 3.3 million units below pre-crisis levels in 2019. Of the four EU major markets, only Germany posted a decline (-10.1%) in 2021, despite the semiconductor shortage. In contrast, Italy saw the highest increase (+5.5%), followed by Spain (+1.0%) and France (+0.5%), with modest growth. In 2022, car sales are expected to return to growth as the microprocessor supply is expected to stabilise during the year (Source: European Automobile Manufacturer Associations)

Operational Performance

Company has been developing products and technology to cater to a global market and focuses on the development of Passenger Car tyres, Commercial Vehicles and OHT.

Focus has been giving to the technology development for EV and to Sustainable Materials.

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 of OE tyres for premium OEMs (focus on BMW, Audi and Volkswagen)
- Development new product lines to support the expansion to new Markets and Geographies:
 - Launch of ULTRAC, Pinza AT and Pinza HT
 - Upgrade of Hypertrac All Season and Hitrac All Season
 - Product extension of TBR tyres for the European and American Market
 - Extension of our flag ship VF/XL Traxion Optimal, 70 series and Harvest .

• Technology:

- Development of Ultra Low Rolling Resistance and Noise Reduction (Silent Tyre) for EV
- Development and implementation of Vehicle dynamics and Virtual Testing by FEA-Simulations
- Study of Artificial Intelligence in Compounding
- Development and implementation of Tyre Sensor Technology

• Materials:

- Development and implementation of Innovative Raw Materials (polymers, fillers and resins) and Reinforcement (textile, steel) partnering with Universities and Suppliers
- Development of Innovative Compounds and Reinforcement including new generations of polymers, fillers, resins and chemicals
- Development and implementation of Sustainable Raw Materials and Reinforcement partnering with Universities and Suppliers

•Design to cost:

- Optimization of Materials to reduce product costs
- Optimization of Processes to increase Productivity

•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 tyre Simulation/ Virtual Prototyping and Artificial Intelligence in compounding enhancing the Efficiency
- 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).

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, 2022</u>	<u>March 31, 2021</u>
ASSETS			
FIXED ASSETS			
Tangible fixed assets	3	3,674,339	3,764,282
		3,674,339	3,764,282
CURRENT ASSETS			
Receivables	4	6,693,865	3,715,468
Cash and cash equivalents	5	207,828	8,652,269
		6,901,693	12,367,737
		10,576,032	16,132,019
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	6	100	100
Share premium		1,900,436	1,900,436
Other reserves	6	1,346,007	8,417,860
		3,246,543	10,318,396
PROVISIONS			
	8	186,040	215,480
CURRENT LIABILITIES			
	9	7,143,449	5,598,143
		10,576,032	16,132,019

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>2021/2022</u>	<u>2020/2021</u>
REVENUE			
Net turnover	10	33,822,649	28,935,884
Other income	10	60,972	784,637
OPERATING EXPENSES			
Employee expenses	11	15,384,266	15,368,220
Amortization and depreciation	12	1,094,357	1,226,689
Other operating expenses	13	14,827,262	10,886,215
TOTAL EXPENSES		<u>31,305,885</u>	<u>27,481,124</u>
NET RESULT BEFORE TAXATION		2,577,736	2,239,397
Corporate income tax	14	<u>649,589</u>	<u>589,092</u>
NET RESULT AFTER TAXATION		<u><u>1,928,147</u></u>	<u><u>1,650,305</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 present 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. TANGIBLE FIXED ASSETS

	March 31, 2022	March 31, 2021
Moulds	889,758	827,170
Equipment	2,328,803	2,367,370
Vehicles	124,415	175,065
Furniture & Fixture	98,476	64,924
Assets under construction	232,887	329,751
Balance as at March 31,	<u>3,674,339</u>	<u>3,764,282</u>

Notes to the Financial Statements
(in Euro)

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

	Moulds	Equipment	Vehicles	Furniture & Fixture	Total
Investments	3,407,516	5,384,646	304,539	854,447	9,951,148
Accumulated depreciation	(2,580,345)	(3,017,276)	(129,474)	(789,523)	(6,516,618)
Balance as at March 31, 2021	<u>827,170</u>	<u>2,367,370</u>	<u>175,065</u>	<u>64,924</u>	<u>3,434,529</u>
Investments during the year	465,615	591,594	--	44,070	1,101,279
Depreciation for the year	<u>(403,028)</u>	<u>(630,161)</u>	<u>(50,650)</u>	<u>(10,518)</u>	<u>(1,094,357)</u>
Investments	3,873,131	5,976,240	304,539	898,517	11,052,427
Accumulated depreciation	(2,983,373)	(3,647,437)	(180,124)	(800,041)	(7,610,975)
Balance as at March 31, 2022	<u>889,758</u>	<u>2,328,803</u>	<u>124,415</u>	<u>98,476</u>	<u>3,441,452</u>
Depreciation rate	<u>25.0%</u>	<u>12.5%</u>	<u>25.0%</u>	<u>12.5%</u>	

4. RECEIVABLES

	March 31, 2022	March 31, 2021
Receivables from third parties		
Receivables from group companies	5,838,721	3,093,021
Taxes and social security premiums	401,841	298,467
Prepayments and deposits	453,303	323,980
	<u>6,693,865</u>	<u>3,715,468</u>
<u>RECEIVABLES FROM GROUP COMPANIES</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Apollo Tyres Limited	2,243,825	1,786,273
Apollo Tyres (Hungary) Kft.	3,344,889	1,306,748
Apollo Vredestein Tires Inc	250,007	
	<u>5,838,721</u>	<u>3,093,021</u>

Notes to the Financial Statements
(in Euro)

<u>TAXES AND SOCIAL SECURITY PREMIUMS</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Value added tax	401,841	298,467
	<u>401,841</u>	<u>298,467</u>

All receivables mentioned above are due within one year.

5. CASH AND CASH EQUIVALENTS	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Cash and cash equivalents	<u>207,828</u>	<u>8,652,269</u>

6. 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, 2020	100	1,900,436	11,767,555	13,668,091
Dividend			(5,000,000)	(5,000,000)
Result for the year			1,650,305	1,650,305
Balance as at March 31, 2021	<u>100</u>	<u>1,900,436</u>	<u>8,417,860</u>	<u>10,318,396</u>
Dividend			(9,000,000)	(9,000,000)
Result for the year			1,928,147	1,928,147
Balance as at March 31, 2022	<u>100</u>	<u>1,900,436</u>	<u>1,346,007</u>	<u>3,246,543</u>

An amount of EUR 9 million was distributed as dividend in the financial year 2021/2022.

7. 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)

8. PROVISIONS	March 31, 2022	March 31, 2021
Jubilee provision	186,040	215,480
	<u>186,040</u>	<u>215,480</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:

	Jubilee Provision
Balance as at April 1, 2021	215,480
Movements in Jubilee benefits	<u>(29,440)</u>
Balance as at March 31, 2022	<u>186,040</u>

9. CURRENT LIABILITIES

	March 31, 2022	March 31, 2022
Trade payables	1,816,394	507,625
Liabilities to group companies	2,650,690	2,578,863
Taxes and social security premiums	478,072	456,716
Pensions	--	20,949
Other liabilities and accruals	<u>2,198,293</u>	<u>2,033,990</u>
	<u>7,143,449</u>	<u>5,598,143</u>

Notes to the Financial Statements
(in Euro)

<u>LIABILITIES TO GROUP COMPANIES</u>	March 31, 2022	March 31, 2021
Apollo Tyres B.V.	296,466	1,255,451
Apollo Tyres Limited	115,611	640,105
Apollo Vredestein GmbH	--	25,502
Apollo Tyres (Germany) GmbH	1,691,130	257,040
Apollo Tyres (UK) PVT. Ltd.	276,840	48,900
Apollo Vredestein Opony Polska Sp. z.o.o.	17,320	4,997
Apollo Vredestein Tyres Inc.	--	120,600
Apollo Tyres (Hungary) Kft.	233,380	221,327
Reifen.com	19,943	4,941
	<u>2,650,690</u>	<u>2,578,863</u>
<u>TAXES AND SOCIAL SECURITY PREMIUMS</u>	March 31, 2022	March 31, 2021
Wage tax and social security premiums	478,072	456,716
	<u>478,072</u>	<u>456,716</u>
<u>OTHER LIABILITIES AND ACCRUALS</u>	March 31, 2022	March 31, 2021
Salaries	661,982	611,825
Holiday allowance	898,032	933,115
Accrued expenses	638,279	489,050
	<u>2,198,293</u>	<u>2,033,990</u>

All current liabilities mentioned above are due within one year.

10. NET TURNOVER AND OTHER INCOME

The net turnover increased with 17% in 2022/2021 compared to 2021/2020.
Other income relates to government support received in relation to Covid-19

Notes to the Financial Statements
(in Euro)

11. EMPLOYEE EXPENSES

	2021/2022	2021/2020
Salaries	13,181,340	13,458,177
Pensions	858,579	1,085,788
Social security charges	1,300,764	1,305,728
WBSO	(1,072,019)	(1,468,312)
Other personnel expenses	1,115,602	986,839
	15,384,266	15,368,220
 Total average number of employees	148	153

OTHER PERSONNEL EXPENSES

	2021/2022	2020/2021
Migration	175,172	134,635
Training/congress	76,363	22,177
Facility management including Canteen/Clearing/Waste disposal	167,615	167,963
Other	696,452	662,064
	1,115,602	986,839

12. AMORTIZATION AND DEPRECIATION

	2021/2022	2020/2021
Intangible fixed assets	--	12,882
Tangible fixed assets	1,094,357	1,213,807
	1,094,357	1,226,689

13. OTHER OPERATING EXPENSES

	2021/2022	2020/2021
Testing	8,395,883	5,517,263
Rent	831,702	780,823
Other general expenses	5,599,677	4,588,129
	14,827,262	10,886,215

Notes to the Financial Statements
(in Euro)

<u>TESTING</u>	<u>2021/2022</u>	<u>2020/2021</u>
Testing materials	3,409,410	2,483,446
Test cars cost	135,748	41,043
Rent test tracks	1,218,113	745,640
Outsourced testing	3,238,650	2,018,148
Other	393,962	228,986
	<u>8,395,883</u>	<u>5,517,263</u>
<u>RENT</u>	<u>2021/2022</u>	<u>2020/2021</u>
Office rent	720,181	686,571
Other rent	111,521	94,252
	<u>831,702</u>	<u>780,823</u>
<u>OTHER GENERAL EXPENSES</u>	<u>2021/2022</u>	<u>2020/2021</u>
Professional fees/Patents	311,396	324,505
Office supplies	9,072	42,373
Postage	2,992	3,077
Telecommunication	19,471	10,829
IT licenses and computer maintenance	787,948	654,111
Bank charges / Interest / FX results	55,754	16,673
Contributions	40,297	44,900
Travelling	563,374	255,149
Cross charges	3,612,066	3,151,149
Other	197,307	85,363
	<u>5,599,677</u>	<u>4,588,129</u>

Notes to the Financial Statements
(in Euro)

14. CORPORATE INCOME TAX

	<u>2021/2022</u>	<u>2020/2021</u>
Corporate income tax	<u>649,589</u>	<u>589,092</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 25.2%.

15. 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 and a subsequent period of another 5 years, as of January 1, 2018 for an initial annual amount of EUR 395,790. As per March 31, 2022 an amount of EUR 571.051 is due within 1 year, and an amount of EUR 2.712.490 due after 1 year. This agreement will expire on December 31, 2027.

The Company has provided a rent guarantee for the amount of EUR 163.000.-- towards the 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 May 1, 2014 for an initial annual amount of EUR 72.000. As per March 31, 2022 an amount of EUR 84.091 is due within 1 year, and an amount of EUR 91.099 due after 1 year.

CAR LEASING

The Company has entered into several lease agreements for company cars for a total amount of EUR 380.414 of which EUR 175,799 is due within 12 months and EUR 186.337 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 285.432, which is due within 12 months.

16. 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)

17. DIRECTORS

	<u>2021/2022</u>	<u>2020/2021</u>
Board of Directors' remuneration	<u>665,423</u>	<u>499,805</u>

The Company has no supervisory directors.

The Board of Directors,



V.K. Mittal



D. Lorenzetti

Enschede, May , 2022

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 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.

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INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements 2021-2022 included in the annual report

Our opinion

We have audited the financial statements for the year ended March 31, 2022 of Apollo Tyres Global R&D B.V based in 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, 2022 and of its result for 2021-2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at March 31, 2022;
2. the profit and loss account for 2021-2022; and
3. the notes comprising of 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 all the information regarding the management report and the other 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 other information, including the management 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 engagement 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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 3, 2022

Grant Thornton Accountants en Adviseurs B.V

Digitally signed by R. Lagendijk MSc RA