

Independent auditor's report

To: the shareholder and supervisory board of Apollo Tyres (NL) B.V.

Report on the audit of the financial statements for the year ended 31 March 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 March 2023 of Apollo Tyres (NL) 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 (NL) B.V. as at 31 March 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet as at 31 March 2023
- ▶ The statement of income for the year then ended
- ▶ 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 (NL) B.V. (the entity) 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section Risk Management of the report by the management board for management's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in the notes to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We evaluated among others the cut-off of revenue transactions. These risks did however not require significant auditor's attention during our audit.

We considered available information and made enquiries of relevant executives, directors, legal, human resources and regional directors and the supervisory board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Accounting Policies in Note 2 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the entity's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Based on our procedures performed, we did not identify material uncertainties about 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 an entity to cease to continue as a going concern.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

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 for 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 required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 entity'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 entity 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 entity's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the entity's financial reporting process.

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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

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
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

Communication

We communicate with the supervisory board 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.

The Hague, 29 September 2023

Ernst & Young Accountants LLP

signed by J.H.M. van den Nouland

Report by the Management Board

The board of directors of Apollo Tyres (NL) B.V. put on record the company's annual accounts for the year ended March 31, 2023.

The company

Apollo Tyres (NL) B.V. 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 focuses on developing, manufacturing, marketing, sales and distribution of tyres across various categories including passenger car, Truck & Bus, agriculture, industrial vehicles and bicycles. The Company sells passenger vehicle tyres under two brands, Vredestein and Apollo.

Financial information

<i>(in millions of euros)</i>	2022-23	2021-22
Revenue	603.5	517.5
Other Operating income	0.7	1.2
Profit before Depreciation, Interest & Taxes (EBITDA)	59.9	52.1
Profit before Interest & Taxes (EBIT)	40.2	28.2
Net Financing expenses	(0.9)	(1.5)
Taxes	(9.3)	(7.7)
Result of subsidiaries	5.6	5.6
Net Profit/ (loss) for the year	35.5	24.5

Economy & Market Overview

Following robust expansion in the first half of 2022, growth momentum abated in the third quarter, although slightly less than expected. Despite exceptional adverse shocks, the EU economy avoided the fourth-quarter contraction projected in the Autumn Forecast. The annual growth rate for 2022 is now estimated at 3.5% in both the EU and the euro area.

The war in Ukraine caused a surge in energy costs, and Europe's limited electricity production capacity combined with high demand resulted in price increases across all economic sectors.

After peaking in 2022, headline inflation in the Euro Area continued to decline in the first quarter of 2023 amid a sharp deceleration of energy prices. Core inflation (headline inflation excluding energy and unprocessed food) is, however, proving more persistent. Inflation in March reached a historic high of 7.6%, but it is projected to decline gradually. On an annual basis, core inflation in the euro area in 2023 is set to average 6.1%, before falling to 3.2% in 2024, remaining above headline inflation in both forecast years.

Industry Structure & Development

Automobile Industry

During 2022, Passenger car registrations declined in the European Union by 4.6% and European Region by 10.4%. The main factor impacting the region's performance was again the shortage of semiconductors. In addition, the war in Ukraine continued to hold the Eastern European market back, with major declines in the countries directly involved in the conflict: Ukraine (-64.7%) and Russia (-62.7%).

During 2022, Commercial vehicle registrations in European Union contracted by 14.6% with volumes falling below those of the pandemic year of 2020. This was primarily caused by the ongoing supply chain issues which affected vehicle availability throughout the year. The region's overall performance was not helped by its four key markets, which all suffered double-digit percentage declines: France (-17.7%), Spain (-16.7%), Germany (-11.0%) and Italy (-10.5%).

Tyre Industry

The year 2022 was characterized by two contrasting half-year results for European tyre manufacturers. Market saw a positive trend in the first six months for Replacement Consumer tyres with 7.4% growth combined with 10.3% for Truck and Bus tyres. The growth was attributable to general economic recovery and an economic ban on imported goods from Russia causing shortage particularly for winter tyres segment with low stock levels of European tyre dealers resulting in strong demand for tyres. However, the situation turned into a challenging second half of the year as market witnessed a sharp decline of 10.1% in the Replacement Consumer tyre market and 8.2% for the Replacement Truck and Bus tyre markets.

Overall, the Replacement Consumer Tyre market in Europe decreased by 2%, the Truck and Bus Tyre market increased 1% and Agricultural tyres registered a sharp decline of 22% in 2022. Despite the challenges faced by the tyre industry, some key trends remain visible. While both the Summer and Winter tyre segment declined by 6% each, the All-Season tyre segment registered growth of 6%. This is also supported by a new regulation like the "Mountain law" in France. Further, market continued to grow for the Ultra high-performance segment (sizes above 17 inches)

Due to the ongoing high inflation in all European markets and the continued negative impact of the war in Ukraine, particularly on energy prices, the European replacement market further declined in Q1 2023 in all product categories. The consumer tyres, truck and bus tyres and agricultural tyres segments declined by 12%, 15% and 39% respectively.

For original equipment (OE) tyres, the year 2022 results are more positive with a growth of consumer tyres sales of 3.4% and of 4.7% for truck and bus tyres. Compared to 2019, truck and bus OE tyre sales show an increase of 6.8% while OE consumer tyres instead remain 26% below pre-covid levels

Company Performance

Despite the headwinds and decline in the market, the company's overall Revenue increased 17% mainly due to higher sale price realized to compensate for the impact of cost inflation during the financial year. The company continues to be dominantly a replacement market player.

In the past year, Company have achieved significant growth and success in expanding our

product portfolio to new and promising markets. Building on the recent renewal and expansion of our product range in recent years, the company continued to expand its Passenger car All-Season, Winter and Light Truck ranges Quatrac, Wintrac and Comtrac respectively to meet the changing needs of our customers.

Commemorating the launch of our first All Season Tyre in 1993 and celebrating 30 years as pioneers in the All-Season Segment, we launched our first All-Season Tyre specifically designed for Electric Vehicles, Quatrac Pro EV in early 2023. This new range is available in 19 sizes. During the year, we also launched 17 additional sizes in All-Season segment in the Ultra High Performance (17" and above) to keep up growing in this key segment. For the Apollo Brand, we have successfully entered a new market for us in Europe with the introduction of 24 new sizes of Pinza range in the Off-Road 4X4 segment.

In OHT (Off Highway Tyres) category, we also celebrated 25 years of the remarkable and extremely successful Vredestein Traxion+ tractor tyres, which became a revolutionary tyre with a strong divergent pattern compared to the usual tractor tyre patterns of its period. Under the Vredestein Brand, we introduced two new series of trailer tyres in a VF line for optimal soil preservation and a heavy-duty line for trailers focused on road transport. The new Vredestein Flotation Optimall is a premium tyre solution that raises the bar in terms of soil preservation, grassland-friendliness, and self-cleaning, while the new Vredestein Endurion Trailer is a premium tyre solution that raises the bar in terms of robustness, comfort, and tyre life. The company hosted a special event during the year at its factory and research center in Enschede, the Netherlands and welcomed press and customers from across Europe to showcase our latest product offerings along with new products that will be available in 2023.

In the passenger tyre segment, as a reward for our continuous efforts in producing test winning tyres, we won podium positions and accolades from leading industry magazines and test reports in Europe, namely AutoBild, AutoBild Allrad, AutoBild Sportscars, ADAC, AutoZietung, AutoMotorSport, AutoExpress UK, Consumer Report, Strassenverkehr, GuteFahrt, Tyre Review UK etc. We were 16 times test winners and 7 times podium finishers during the year for various passenger tyre segments. In addition, we were awarded as manufacturer of the year by Autobild and Best Brand 2023 by the consumer report during the year.

Research & Development

Company has been developing products and technology to cater to a global market and focuses on the development of Passenger Car tyres and Off-highway Tyres. The focus has been technological development of the EV tyres and using sustainable materials. Its activities include Material science, Simulation technology, Design & Construction, 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 viz Product, Technology, Materials, Cost.

During the year, the company has spent Euro 4.2 million on R&D activities.(FY22: 4.2 Mn)

Development in Human Resources & Industrial Relations

The company has a diverse composition of employees in nationality, age, gender, education and work background. As the Company continues growth path, human resources are a key factor for success. The company seeks to create a mutually beneficial nurturing environment where employees experience personal and professional growth even as they work towards organizational goals. We kept our habits to congratulate colleagues who had

service anniversary and those who were awarded with prestigious "Employee of the year" and "Roll of Honour" recognition. The company inculcates the culture of innovation and its flagship programs like "Kaizen" and "Global Ideathon" enriched & resulted into several-hundred ideas from the employees.

The average number of employees in the company was 499 for the year 2022-23. (FY21- 22:490)

Industrial relations

The Company in The Netherlands has three Employees' Unions and a Works Council and the Management holds regular meetings with these bodies to brief them about operational performance of the company and future plans. HR team has worked hand in hand with Unions & Works Council on various employee related matters during the year.

The company celebrated 75th anniversary of our Enschede Plant on October 29 with over 1000 colleagues and their family members. During the year, the plant trained various employees on VAPRO A and VAPRO B, to get a secondary vocational level degree leading to a fixed term employment contract with the company.

Gender Diversity

The company believes in providing equal opportunities for women and men at the workplace and is actively promoting gender diversity across various levels in the organization. The company has adopted the gender diversity target at Immediate Parent company level.

Environment & Sustainability

For the company, Sustainability is not just a 'good to have', but a 'must have' attribute to generate continual value for our stakeholders. The Company has taken a framework approach to deep root sustainability principles into its core operations and business goals. Sustainability is one of its 5 key growth pillars for achieving Vision 2026. The sustainability statement resonates with the Company's approach and outlines that company will continuously work towards achieving Sustainability across all its operations and value chain

The Apollo Group has a commitment to become carbon neutral by 2050. The short-term commitments are undertaken for FY26.

Economic Outlook:

The European economy continues to show resilience in a challenging global context. Lower energy prices, abating supply constraints and a strong labour market supported moderate growth in the first quarter of 2023, dispelling fears of a recession. As per the Spring 2023 forecast, the better-than-expected start to the year lifts the growth outlook for the EU economy to 1.0% in 2023 and 1.7% in 2024. On the back of persisting core price pressures, inflation has also been revised upwards to 5.8% in 2023 and 2.8% in 2024 in the euro area.

Risk Management

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

Foreign Currency Risk: The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises

because future commercial transactions are denominated in a foreign currency (not EUR). Forward foreign exchange contracts are executed with the specific intention of minimizing the impact of foreign currency fluctuations on income. The exchange rate risk primary arising on the export of tyres to the non Euro countries Companies risk management policy requires up to 50 per cent of net currency exposure anticipated for a period of 6 to 12 months in advanced to be hedged. Derivative counter parties are limited to high-credit-quality financial institutions. Management continually monitors the entity's exposures to foreign currency risks as well as its use of derivative instruments. As of balance sheet date, there are is a limited number of derivatives or forward contracts.

Credit risk: Company has adopted a policy of only dealing with creditworthy counterparties and does not transact with entities with a below standard credit history. Company's account receivables are largely secured with credit insurance coverage to limit the credit risk. To the extent of uninsured portion, company uses information supplied by credit rating agencies, publicly available financial information and its own trading records to rate its exposure.

Liquidity / Cash flow Risk: The company manages liquidity risk by maintaining adequate reserves and banking facility, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities.

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

Risk management framework: The Company has an established enterprise risk management framework up to the last level of management. A Risk Management Steering Committee, headed by the President of the company, with representations from all functional heads, embraces the identification, assessment, mitigation, monitoring, and reporting of material risks faced by the company. Risk management strategy also focusses on identify the potential fraud risks and the plan to mitigate it.

The objective of the Committee is to assist the Board of Directors in maintaining high standards of business conduct and good risk management practices to protect the company's assets, achieve sustainable business growth, avoid major surprises, and ensure compliance with applicable legal and regulatory requirements. As at 31st March 2023, committee has reported following key risks and mitigation plans to the board:

Risk No.	Category	Function	Risk identified	Likelihood/ Impact	Mitigating controls of management
1.	Strategic & Financial	Sales	High customer concentration	High	Company is monitoring 2 key KPIs to track the customer concentration in the relevant market: a) Max concentration ratio by country and customer segment & b) Share of account with key customers. The company is also working on Brand specific strategies to reduce over-dependence with

					focus on different customers
2.	Operational, Financial & Compliance	Quality	Non-conformity of tyres regarding label values	High	To put in place Standard Operating Procedures (SOP) for label value assessment, change management and COP monitoring, across the organization.
3.	Operational	Manufacturing	Risk of production stoppage due to multiple older machines in inadequate technical condition at Enschede Plant, Netherlands	Medium	The company has carried out complete evaluation of the plant on adequacy of the plant assets and machineries to execute the newly defined plant purpose. Critical asset list is available and Plant has identified assets and machineries to be made redundant post restructuring
4.	Operational & Financial	Finance	Negative impact on productivity due to high inflation and increase in energy price	Medium	The company has strengthened its energy hedging process to minimize the impact of high energy costs. Energy prices have dropped (and are dropping) significantly, reducing negative impact on profitability. An agile process to monitor, measure and pass on the effect of high inflation to the market to the extent feasible has been implemented

Developments after March 31, 2023

With the objective of a clear focus on manufacturing operations the company has split the operations between two Netherlands based legal entities. As per this split, nonmanufacturing activities like sales in local market, tyre sourcing from other companies and Head office activities will now be part of "Apollo Tyres (Europe) B.V." Enabling IT systems changes has been implemented with effective date of 1st April 2023. The change is expected to have a limited impact on the company's result.

There are no other significant developments after the reporting 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.

Amsterdam, The Netherlands, September 29,2023

On behalf of the Board of Directors

Benoit Rivallant

Sunam Sarkar

Vishal Kumar Mittal

Rakesh Dewan

Supervisory Board Report

The Supervisory Board of Apollo Tyres (NL) B.V. presents its report for the year ended March 31, 2023

Introduction

Following robust expansion in the first half of 2022, growth momentum abated in the third quarter, although slightly less than expected. Despite exceptional adverse shocks, the EU economy avoided the fourth-quarter contraction projected in the Autumn Forecast. The annual growth rate for 2022 increased by 3.5% in both the EU and the euro area.

During 2022, Passenger car registrations declined in the European Union by 4.6% and European Region by 10.4%. The main factor impacting the region's performance was again the shortage of semiconductors. In addition, the war in Ukraine continued to hold the Eastern European market back, with major declines in the countries directly involved in the conflict: Ukraine (-64.7%) and Russia (-62.7%).

The Commercial vehicle registrations in European Union contracted by 14.6% with volumes falling below those of the pandemic year of 2020. This was primarily caused by the ongoing supply chain issues which affected vehicle availability throughout the year. The region's overall performance was not helped by its four key markets, which all suffered double-digit percentage declines: France (-17.7%), Spain (-16.7%), Germany (-11.0%) and Italy (-10.5%).

For original equipment (OE) tyres, the year 2022 results are more positive with a growth of consumer tyres sales of 3.4% and of 4.7% for truck and bus tyres. Compared to 2019, truck and bus OE tyre sales show an increase of 6.8% while OE consumer tyres instead remain 26% below pre-covid levels

Changes in the Board

There have been no changes in the composition of the Supervisory Board during the year.

Meetings of Supervisory Board

The Supervisory Board met four times during the financial year on the following dates:

May 5, 2022
August 8, 2022
November 7, 2022
January 30, 2023

Role of Supervisory Board

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

Supervisory Board Remuneration

During the financial year ended March 31, 2023, EUR 20000 was paid as remuneration to Supervisory Board Director.

On behalf of the Supervisory Board

Neeraj Kanwar

Akshay Chudasama

Henk Volberda

Amsterdam, The Netherlands, September 29 2023

**Apollo Tyres (NL) B.V.
Annual Accounts 2022-23**

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Report by the Management Board

In line with art. 2:394 lid 4 BW, the Management Board Report and Supervisory Board are available at the premises of the Company and are available upon request to the Company.

Supervisory Board Report

In line with art. 2:394 lid 4 BW, the Management Board Report and Supervisory Board are available at the premises of the Company and are available upon request to the Company.

Company financial statements

Company financial statements

Company statement of financial position

Before profit appropriation

(Euro x 1,000)	Notes	As at 31 March 2023	As at 31 March 2022
Assets			
Non-current assets			
Property, plant and equipment	3	100.099	102.586
Right-of-use assets	4	8.236	12.072
Intangible assets	5	23.004	25.611
Security Deposits		58	45
Investment in subsidiaries	7	65.980	58.886
Total non-current assets		197.377	199.200
Current assets			
Inventories	8	82.529	69.571
Trade receivables	9	45.741	32.253
Receivables from group companies	10	39.438	39.048
Derivative financial assets	11	60	-
Corporate Advance Tax	12A	-	2.378
Other current assets	12	10.471	12.845
Cash and bank balances	13	-	26.166
Total current assets		178.239	182.261
Total assets		375.616	381.461

(Euro x 1,000)	Notes	As at 31 March 2023	As at 31 March 2022
Equity and liabilities			
Equity			
Issued Capital		42	42
Share Premium Reserves		20.226	20.226
Legal Reserves		18.176	20.428
Actuarial Gain/Loss on Pension Plans		-389	-1.903
Translation of Foreign Operations		1.365	1.013
Retained Earnings		97.998	86.222
Profit for the year		35.519	24.524
Total Equity	14	172.937	150.552
Provisions			
Jubilee Benefit	15	912	1.150
Net Deferred Tax Liability	6	14.419	11.369
		15.331	12.519
Non-current liabilities			
Other long term liabilities	16	46.150	57.870
Lease liabilities	4	4.654	7.637
Total non-current liabilities		50.804	65.507
Current liabilities			
Trade and other payables	17	60.732	57.619
Debt to group companies	18	67.899	90.297
Lease liabilities	4	4.096	4.967
Current tax liability	12A	3.472	-
Derivative financial liabilities	11	345	-
Total current liabilities		136.544	152.883
Total equity and liabilities		375.616	381.461

Company statement of income

(Euro x1,000)	Notes	Period ended 31 March 2023	Period ended 31 March 2022
Revenue	19	603.516	517.475
Other operating Income	20	705	1.172
Changes in inventories of finished goods and work in progress	21	-12.825	-4.647
Raw materials and Purchase of Finished goods	22	443.739	371.564
Employee expenses	23	74.465	68.759
Depreciation and amortisation expenses	24	19.644	23.977
General and administrative expenses	25	38.973	30.799
Total expenses		563.996	490.452
Profit before interest and taxes		40.225	28.195
Interest expense	26	946	1.527
Net interest expenses		946	1.528
Profit Before Taxes		39.279	26.668
Income tax expense	27	9.317	7.689
Profit After Tax		29.962	18.979
Profit from Subsidiaries	28	5.557	5.545
Net profit		35.519	24.524

The total net profit is attributable to the owner of the parent company.

Company statement of comprehensive income

(Euro x1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Net profit	35.519	24.524
Items that pertains to Subsidiary Valuation & will never be reclassified to profit and loss		
Actuarial gains or losses on pension plans gross	2.163	603
Tax effect on actuarial gains and losses	-649	-181
Items that are or may be reclassified to profit and loss		
Translation differences on foreign operations	352	554
Total other comprehensive income	1.866	976
Total comprehensive income for the year	37.385	25.500

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

Notes to the annual accounts for 2022-23

1. General information

Apollo Tyres (NL) B.V. is a private company with limited liability, incorporated in Enschede, the Netherlands. The registered office address of Apollo Tyres (NL) B.V. is IR E L C Schiffstraat 370, 7547 RD Enschede, The Netherlands. Apollo Tyres (NL) B.V. is registered in the Dutch trade register under number 34223268. As at reporting date, Apollo Tyres (EU) B.V. owns 100% of the shares in Apollo Tyres (NL) B.V. The ultimate parent of Apollo Tyres (NL) B.V. is Apollo Tyres Ltd., India. Apollo Tyres Ltd. files its annual report with Bombay Stock Exchange (India). Apollo Tyres (NL) B.V. concentrates on manufacturing, marketing, sales and distribution of tyres and supplies tyres for passenger cars, agricultural and industrial vehicles and bicycles. The company's distribution network extends through Europe. The company's products are also sold in North America and to sister companies in Asia. The 2022-2023 financial statements are prepared by the Board of Directors and will be submitted for adoption to the general meeting of shareholders.

The Company has made use of the exemption in Article 408, paragraph 1, Book 2 of The Netherlands Civil Code and has therefore not applied the provisions of Article 406, Book 2 of The Netherlands Civil Code for the preparation of consolidated accounts.

In conformity with the exemption provisions of the Guidelines for Annual Reporting in The Netherlands, a cash flow statement is not presented. The financial information of the Company, its subsidiaries and other Group companies is incorporated in the consolidated financial statements of Apollo Tyres (Europe) B.V., which forms part of the Annual Report, including a cash flow statement, for the year ended 31 March 2023 of Apollo Tyres (Europe) B.V., which has been deposited with the Chamber of Commerce in the Netherlands.

2. Accounting policies

2.1 General

The financial statements have been prepared in accordance with Title 9, Book 2 of Dutch civil code. The Management Board has performed a going concern assessment including cash flow forecasting for a period of 12 months up to the date of the financial statements, and has not identified any going concern risks. The financial statements have been prepared under the assumption that the Group operates on a going concern basis.

Valuation of Assets & 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 & liabilities are presented at amortised cost.

Income and expenses are accounted on accrual basis. Profit is only included when realized on 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.

2.2. Subsidiaries

Subsidiaries are stated at net asset value, but not lower than nil. Subsidiaries with negative equity value are valued at nil. When the company partially or in whole is liable for the debts of such subsidiary, or has the factual obligation to facilitate that subsidiary for (the companies part in) payments of its debts, a provision is formed. This provision is calculated taking into account any bad debt provisions already formed for receivables on such

subsidiary. The equity and results of the subsidiaries have been determined in accordance with the accounting policies of Apollo Tyres (NL) B.V.

The subsidiaries are listed in Note 2.2.

Proportion of ownership interest and voting power held by the company, directly or indirectly are:

	As at 31 March 2023	As at 31 March 2022
Vredestein Consulting B.V., - The Netherlands	100%	100%
Finlo B.V., Enschede - The Netherlands	100%	100%
Apollo Tyres (Belux) SA, B- Belgium	100%	100%
Apollo Tyres (Germany) GmbH, - Germany	100%	100%
Apollo Tyres (UK) Sales Ltd, - United Kingdom	100%	100%
Apollo Tyres (France) SAS, - France	100%	100%
Apollo Tyres (Austria) Gesellschaft m.b.H., - Austria	100%	100%
Apollo Tyres (Iberica) SA, - Spain	100%	100%
Apollo Tyres (Nordic) AB, - Sweden	100%	100%
Apollo Tyres (Schweiz) AG, -Switzerland	100%	100%
Apollo Tyres (Hungary) Sales Kft., - Hungary	100%	100%
Apollo Tyres (Polska) Sp Zo.o, - Poland	100%	100%

All transactions with related parties within the Apollo group are based on regular business activities, following arms' length principle.

2.3 Foreign currency

The balance sheet and income statement are stated in euros, which is the functional currency of Apollo Tyres (NL) B.V. and the presentation currency for the financial statements. Receivables, debts and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date.

2.4 Significant estimates and judgments

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

2.5 Net sales / Revenue recognition

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

Revenue arises mainly from the sale of tyres to business customers. To determine whether to recognize revenue, the company follows a 5-step process according to IFRS 15:

1. Identifying the contract with a customer

2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Step	Outcome of analyses
Step 1 : Identify the contract(s) with a customer	Our revenues are governed by explicit and implied contracts with customers, and with MSA's. Together with the purchase orders of customers we conclude that nearly all contracts are in scope of IFRS 15.
Step 2: Identify the performance obligations in the contract	The purchase orders governed by the contracts have multiple <u>promises</u> on sale of goods, however we consider these promises as significant service of integrating goods and services, so not distinct in the context of the contracts. We distinguish only one PO per contract.
Step 3: Determine the transaction price	We do see some variable components in the transaction price of the analysed contracts at the time of inception, but for annual account purposes these are not variable anymore as over a year they can be fairly accurate calculated and fixed. The contractual period for the bonus calculation in the vast majority of cases ends at a quarter- or year-end so all elements (volume and prices) to calculate the agreed bonus are available at year-end.
Step 4: Allocate the transaction price to the performance obligations in the contract	As concluded under step 2 we see a single performance obligation, therefore the total consideration should be allocated to this single performance obligation. Based on step 3 we conclude that variable consideration to the distinct performance obligation is not applicable. The transaction price at inception is therefore fully allocated to the single performance obligation identified.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	Our customers obtain control on or shortly after the date the goods are shipped from our warehouse to the customer. We recognise revenue at the moment the goods are transferred to the customer

Revenue is recognised at a point in time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers. When the company acts as a principal revenue is recognised in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred.

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

Sale of goods

Revenue from product sales is generally recognised when the product is delivered to the client and when there are no unfulfilled obligations that affect the client's final acceptance of the arrangement. Delivery does not occur until products have been shipped, risk of loss has transferred to the client and client acceptance has been obtained, client acceptance

provisions have lapsed, or the company has objective evidence that the criteria specified in the client acceptance provisions are either perfunctory or have been satisfied.

2.6 Government grants

A government grant is recognised only when there is reasonable assurance that (a) the company will comply with any conditions attached to the grant and (b) the grant will be received.

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

2.7 Taxation

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

2.8 Leases

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

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

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

Apollo Tyres (NL) B.V.

remeasurements of the lease liability.

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

2.9 Property, plant and equipment

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

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

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

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

2.10 Intangible assets

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

Capitalised costs are written-down over estimated useful lives, which is 6 years. The depreciation takes place on the straight-line basis.

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

Brand names are written-down over estimated useful lives, which is 20 years. The depreciation takes place on the straight-line basis.

2.11 Impairment or disposal of tangible and intangible fixed assets

On each balance sheet date, Apollo Tyres (NL) B.V. tests whether there are indications that an individual non-current asset may be subject to impairment. If there are such indications, the recoverable amount of the asset involved is estimated in order to determine the extent to which impairment may apply. If it is not possible to determine the recoverable amount of the individual asset, then Apollo Tyres (NL) B.V. determines the recoverable amount of the cash-generating unit to which the asset belongs. Impairment applies if the carrying value of an asset exceeds its recoverable amount. The recoverable amount is equal to the proceeds or value to the business, whichever is the greater, the business value being the present value of the expected future cash flows from the use of the asset and its ultimate disposal. Impairment is charged to the income statement in the period in which it occurs,

unless it relates to a revalued asset at acquisition date due to an acquisition of an entity or a group of entities.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.12 Inventories

Inventories are valued at the lower of cost and estimated net realizable value after providing for obsolescence and other losses, where considered necessary. The net realizable value is the estimated sales price less the estimated selling expenses.

In case of raw materials, consumables and sourced finished goods, cost comprises cost of purchase and other costs incurred in bringing such inventories to their present location and condition. The purchase price is determined on a moving weighted average basis.

In case of produced finished goods and goods in progress, cost comprises raw material cost and conversion cost determined on a standard cost basis. Standard cost includes all expenses directly attributable to the manufacturing process as well as suitable portion of related production overheads, based on normal operating capacity. General costs not relating to production, sales and financing costs are not considered. Inventory value is converted from standard cost to actual cost at the end of each periods.

2.13 Financial instruments

I. Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Derivative financial instruments and hedge accounting

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

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

value recognized in the profit and loss account.

2.14 Pension liabilities

Defined benefit plan subsidiaries

At reporting date, certain employees of the Apollo Tyres (NL) B.V. group participated in a defined benefit pension plan. The company applies IAS 19 for such plans, which are accounted for in the subsidiary net asset value.

Independent actuaries carry out valuation of the obligation under the pension plan on an annual basis. Past service costs are recognised immediately in the statement of income. Actuarial gains or losses are recognised in the comprehensive income. The present value of the DBO was measured using the projected unit credit method. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Defined contribution plan Apollo Tyres NL B.V

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

2.15 Other employee benefits

Obligations relating to early retirement and future service anniversary payments are determined on the basis of actuarial calculations. The expected costs of these benefits are allocated to the period of service, using the same valuation principles as for the defined benefit plans. Actuarial differences arising from changes in assumptions are taken directly to the income statement.

2.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.. The level of the provisions reflects the best estimate of Apollo Tyres (NL) B.V. on the balance sheet date, regarding expected expenditures. If material, the liabilities are discounted to their present value. Provisions are recognized when a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reliably estimated. Provisions are recognized when it is probable that an outflow of economic resources will be required and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

3. Property, plant and equipment

(Euro x 1,000)	Land & accommodations	Building	Moulds & formers	Assets under construction	Furniture & Fixture	Plant & Machinery	Total
GROSS BLOCK							
Balance as at 31 March 2022	19.018	52.513	87.040	1.472	8.258	419.577	587.878
Additions	-	-	-	4.757	-	-	4.757
Transfer	-	93	821	-3.174	64	2.196	0
Transfer to Intangible	-	-	-	305	-	-305	-
Disposals	-	-	-2.415	-	-32	-87.037	-89.484
Balance as at 31 March 2023	19.018	52.606	85.446	3.360	8.290	334.431	503.151
Accumulated depreciation							
Balance as at 31 March 2022	2.754	33.946	84.762	-	7.108	356.722	485.292
Depreciation for financial year	107	632	1.203	-	314	6.682	8.938
Disposals	-	-	-2.415	-	-32	-87.037	-89.484
Impairment reversal	-	-	-	-	-	-1.694	-1.694
Balance as at 31 March 2023	2.861	34.578	83.550	-	7.390	274.673	403.052
Balance as at 31 March 2023- Net	16.157	18.028	1.896	3.360	900	59.758	100.099
Balance as at 31 March 2022	16.264	18.567	2.278	1.472	1.150	62.855	102.586

Property, plant and equipment are primarily valued at cost. The company has provided guarantee for the loan which is secured by a pledge on the movable tangible assets (other than stock in trade, raw materials and trade receivables) and a mortgage of its Real Estate being the Land and Buildings located in the Netherlands. During the Year, the Company disposed of certain Plant & Machinery items. These assets were part of impairment provision considered during financial year 2020-21.

4. Leases

The Company distinguishes four types of leases:

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

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

Right-of-use assets

(Euro x 1,000)	Buildings	Lease Cars	Machine and equipment	Other	Total
Carrying amount at 31 March 2022 *)	9.600	806	1.661	5	12.072
Investments	590	-19	-571	-	-
Depreciation	-2.979	-395	-457	-5	-3.836
Carrying amount at 31 March 2023	7.211	392	633	0	8.236

Lease liabilities

(Euro x 1,000)	Buildings	Lease Cars	Machine and equipment	Other	Total
Balance at 31 March 2022 *)	10.112	823	1.664	5	12.604
Additions	582	-23	-559	-	-
Repayments	-3.099	-410	-470	-5	-3.984
Interest charged to the income statement	112	7	11	-	130
Balance at 31 March 2023	7.707	397	646	0	8.750

*) The opening balance numbers have been reclassified to align with current split of assets and liabilities. The totals have not changed.

Amounts recognised in profit or loss

(Euro x 1,000)	Buildings	Lease Cars	Machine and equipment	Other	Total
Period ended 31 March 2023					
Depreciation of right-of-use assets	2.979	395	457	5	3.836
Interest on lease liabilities	112	7	11	-	130
Total	3.091	402	467	5	3.966

(Euro x 1,000)	Buildings	Lease Cars	Machine and equipment	Other	Total
Period ended 31 March 2022					
Depreciation of right-of-use assets	3,452	566	502	34	4,554
Interest on lease liabilities	153	12	17	-	182
Total	3.605	578	519	34	4.736

Ageing of lease liabilities

(Euro x 1,000)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2023				
Lease liabilities	4.096	1.640	2.850	164
As at 31 March 2022				
Lease liabilities	4.967	2.396	4.102	1.139

Extension Options

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

Lease Expenses in Operating Expenses

The total amount in our operating expenses related to short-term leases, low value assets and expenses related to variable lease payments not included in the measurement of lease liabilities is € 0.6 million

5. Intangible Assets

(Euro x 1,000)	Developme nt	Brand names	Software	Total
As at 31 March 2022				
Cost	74.487	12.900	24.871	112.258
Depreciation	-54.060	-8.305	-24.282	-86.647
Book value	20.427	4.595	589	25.611
<i>Changes in book value</i>				
Investments	3.681	-	-	3.681
Transfer from Assets under construction	277	-	305	582
amortization for financial year	-5.954	-645	-271	-6.870
	-1.996	-645	34	-2.607
As at 31 March 2023				
Cost	78.445	12.900	25.176	116.521
Depreciation	-60.014	-8.950	-24.553	-93.517
Book value	18.431	3.950	623	23.004

6. Deferred Tax Asset and Liability

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Deferred tax Liability movement		
At beginning of the year as previously reported	18.950	26.436
Opening Balance Adjustment*	-	-1.976
Current year charge	1.534	-5.510
At end of the year	20.484	18.950
Deferred Tax Asset	-6.065	-7.581
Net Deferred Tax Liability	14.419	11.369

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

As at the reporting date the company had Carried forward operating losses for EUR 10.05 million. The carried forward losses can be used for set off against profits in future years till they are fully utilised.

*Refer to Note 14 for opening Balance Adjustment pertaining to Amortisation of Brands.

7. Investment in subsidiaries

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022*
Net Position at beginning of year	58.886	55.200
Adjustment for Opening Balance		-2.895
Actuarial gains and losses through OCI	1.514	422
Dividends	-177	-
Foreign exchange result through OCI	352	554
Result Participations	5.557	5.545
Others	-152	60
Position at end of year	65.980	58.886

*The balance as per 31 March 2021 has been corrected for the accounting treatment of top side adjustments in the company only equity in previous years, resulting in a decrease of the Investment value for subsidiaries. See also comments on note 14.

Results Participation is shown gross of Negative participation.

8. Inventories

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Raw materials	5.322	6.662
Work in progress	4.475	3.128
Finished goods	38.819	24.615
Stock-In-Trade	26.650	29.376
Consumable stores	7.263	5.790
Total	82.529	69.571

Inventories include an allowance for slow moving/obsolete stock of EUR 0.7 million (2021/2022:EUR 0.5Mn. The impairment of inventories recognized in the income statement amounted to EUR 0.14Mn (2021/2022:EUR NIL)

The finished goods, work-in-progress and the consumable stores have been ceded as security for liabilities of the company.

9. Trade receivables

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Trade receivables	52.434	39.353
Allowance for doubtful debts	-6.693	-7.100
Total	45.741	32.253

10. Receivables from group companies

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Receivable from Apollo Tyres (Belux) SA	1.903	4.363
Receivable from Apollo Tyres (France) SAS	6.121	4.261
Receivable from Apollo Tyres (UK) Sales Limited	3.131	3.634
Receivable from Apollo Finlo B.V.	209	209
Receivable from Apollo Tyres (Austria) Gesellschaft GmbH	6.293	4.901
Receivable from Tyres (Nordic) AB	3.064	5.948
Receivable from Apollo Tyres (Hungary) Sales Kft.	5.113	5.082
Receivable from Apollo Tyres (Polska) Sp Zo.o	8.556	8.536
Receivable from ATGRD	294	-
Receivable from Apollo Tyres SA	57	152
Receivable from Apollo Tyres Middle East	270	54
Receivable from Apollo Tyres kft	93	128
Receivable from Apollo Tyres Inc.	4.334	1.780
Total	39.438	39.048

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

11. Derivative financial assets and liabilities

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Current assets relating to derivative financial instruments	60	-
Current liabilities relating to derivative financial instruments	-345	-
Total net position	-285	-

All derivatives relate to forward foreign currency contracts.

Forward exchange contracts hedge the risk of volatility of future trade activities in foreign currencies relating mainly to positions in EUR-GBP, EUR-SEK and EUR-PLN

12. Other current assets

Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
VAT recoverable	8.523	10.902
IC Loan ATEU	1.000	1.000
Prepayments & Other Receivables	948	943
Total	10.471	12.845

The IC loan to ATEU is in the nature of short term advance bearing no interest.

12A Corporate tax (receivable/payable)

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Corporate Advance Tax Paid	-	2.378
Current Tax Liability	3.472	-
Net corporate tax position	-3.472	2.378

The corporate income tax position is netted by country and jurisdiction when there is a legal enforceable right to offset.

13. Cash and bank balances

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Cash at bank	-	26.166

Cash is at free disposal of the company.

14. Company equity

changes in equity

(Euro x 1,000)	Issued Capital	Share premium reserves	Legal reserves - Translation of foreign operations	Legal Reserves - Capitalised development	Actuarial gains or losses on pension plans	Other Reserves	Retained earnings	Profit for the period	Total Equity
Total as at 31 March 2021	43	20.226	552	39.076	-2.325	21.042	152.539	-60.601	170.552
Opening Balance	-1	-	-93	-	-	-	-643	-2.158	-2.895
Adjustment *									
Adjustment for Brand Amortisation **	-	-	-	-	-	-	-5.684	-	-5.684
Adjusted Opening Balance	42	20.226	459	39.076	-2.325	21.042	146.212	-62.759	161.973
Profit for the period	-	-	-	-	-	-	-	24.524	24.524
Other comprehensive income, net of income tax	-	-	554	-	422	-	-	-	976
Dividend	-	-	-	-	-	-	-36.921	-	-36.921
Appropriation of result	-	-	-	-	-	-	-62.759	62.759	-
Transfers to and from reserves	-	-	-	-18.648	-	-	18.648	-	-
Total as at 31 March 2022	42	20.226	1.013	20.428	-1.903	21.042	65.180	24.524	150.552
Profit for the period	-	-	-	-	-	-	-	35.519	35.519
Other comprehensive income, net of income tax	-	-	352	-	1.514	-	-	-	1.866
Dividend	-	-	-	-	-	-	-15.000	-	-15.000
Appropriation of result	-	-	-	-	-	-	24.524	-24.524	-
Transfers to and from reserves	-	-	-	-2.252	-	-	2.252	-	-
Total as at 31 March 2023	42	20.226	1.365	18.176	-389	21.042	76.956	35.519	172.937

*The balance as per 31 March 2021 has been corrected for the accounting treatment of top side adjustments in the company only equity in previous years, resulting in an decrease of € 2.9 million in equity with a limited effect on the Company's income statement.

***) As of the financial statements for the year ended 31 March 2023, the company applies RJ 210 instead of the IFRS-EU equivalent. This means that the company will amortize brands in accordance with RJ 201.410. Consequently brands need to be amortised based upon it's useful life of 20 years. Hence an opening adjustment for EUR 7.7 Mn has been considered for the purpose of arriving at adjusted value for the year 2022-23. Also the corresponding impact in Brand names and on deferred taxes were amended accordingly. The Deferred Tax position for the company was also adjusted for EUR 1.97 Mn due to this adjustment, resulting in a net adjustment of EUR 5.7 Mn.

The Legal reserves are non-distributable.

Ordinary shares

Authorised

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

Issued

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

There were no changes in the share capital.

Proposal for result appropriation

The board of directors had proposed an interim dividend payout of EUR 15 million. The supervisory board has approved this. The proposed dividend payout has been reflected in the financial statements. The board of directors had proposed to add the profit for the year ended 31 March 2023 to the other reserves of the company.

The annual report for FY 2022-23 is determined in the general meeting of the shareholders to be held in August 2023

Appropriation of profit for the Financial year 2021-22

The board of directors had proposed an interim dividend payout of EUR 37 million. The supervisory board has approved this. The dividend payout has been reflected in the financial statements. The board of directors had proposed to add the profit for the year ended 31 March 2022 to the other reserves of the company. The annual report for FY 2021-22 is determined in the general meeting of the shareholders in July 2022.

15. Jubilee provision

Jubilee Benefits

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

For the provision as at Mar 31, 2023, following was considered: Salary Increase: 3%, Discount Rate 1.5%, Retirement Age: 67 years and Retention rate: 6.4%

Risks in the case of claims and legal action are monitored closely and where necessary provisions are made. There were no current- or past service costs and no interest expenses.

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Opening balance	1.151	1.231
Remeasurements	-239	-81
Closing balance	912	1.150

16. Other non-current liabilities

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Deferred government dues	46.150	57.870
Total Other non current liabilities	46.150	57.870

Movement in the Deferred government Dues

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Opening balance	57.870	49.669
Additions	-	8.201
Transfer to Short Term Liability	-4.635	-
Repayments	-7.085	-
Closing balance	46.150	57.870

Deferred government dues are deferred payments to the Dutch tax authorities. The deferred government dues are payable within a period of more than one to five years.

17. Trade and other payables

(Euro x 1,000)	As at 31 March 2023	As at 31 March 2022
Trade payables	22.917	25.724
Employee payable	3.407	7.356
Provision for Sales Related Obligation	6.520	5.465
Other payables and accruals	27.888	19.074
Total trade and other payables	60.732	57.619

18. Payable to Group companies

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
IC Payable ATGRD	-	280
IC Payable ATBV	3.958	2.747
IC Payable AT Coop	937	327
IC Payable AT Nordic	-	3
IC Payable AT UK	721	1.304
IC Payable ATL India	8.492	17.755
IC Payable ATAG	132	148
IC Payable AT Brazil	-	301
IC Payable AT Singapore	1.280	2.338
IC Payable AT Hungary Kft	17.933	26.103
IC Payable Saturn F1	30	46
IC Payable Vredestein Consulting	3.096	3.100
IC Payable AT GmbH	28.259	31.493
IC Payable AT Gesellschaft	1.625	
IC Payable AT Schweiz	1.020	1.858
IC Payable AT Iberica	416	2.494
Total	67.899	90.297

The IC positions are in the nature of short term payables and bearing no interest.

19. Revenue

The company follows revenues in the split in Europe and outside Europe. Sales and activities outside Europe are marginal.

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Revenue from Europe	566.305	497.035
Revenue Outside Europe	37.211	20.440
Total	603.516	517.475

20. Other operating Income

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Royalty Income	352	153
Profit on sale of assets	-	418
Subsidies and other	353	601
Total	705	1.172

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

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Opening Stock		
Work in progress	3.128	5.883
Stock-in-trade	24.615	21.932
Finished goods	29.376	24.657
	57.119	52.472
Closing Stock		
Work in progress	4.475	3.128
Stock-in-trade	38.819	24.615
Finished goods	26.650	29.376
	69.944	57.119
Changes in work in progress and finished goods	-12.825	-4.647

22. Raw materials and Purchase of Finished Goods

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Raw materials consumed	38.067	44.516
Purchase of finished goods	405.672	327.048
Total	443.739	371.564

23. Employee expenses

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Wages, salaries and welfare	65.675	58.321
Pension & social contribution	8.790	10.438
Total employees cost	74.465	68.759

Pension & social contribution include company pension expenses.

Average number of employees

	Period ended 31 March 2023	Period ended 31 March 2022
Total no. of employees	490	499
Total	490	499

All employees are working inside Netherlands.

Management board remuneration

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Board of directors' remuneration	1.039	849
Post-employment benefits	20	13
Total Board of directors remuneration	1.059	862

During the financial year ended March 31, 2023, EUR 20.000 was paid as remuneration to Supervisory Board

No loans, advances or guarantees have been issued in favour of members of the management board and the supervisory board.

24. Depreciation & amortisation

Depreciation and amortisation expenses

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Amortisation of intangible assets	6.870	8.761
Depreciation right-of-use assets	3.836	4.554
Depreciation of property, plant and equipment	8.938	10.662
Total costs	19.644	23.977

25. General and administrative expenses

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Stores and spares consumed	1.719	2.144
Power and fuel	11.150	5.702
Repairs and maintenance :-		
- Machinery	4.657	4.093
- Others	1.331	1.550
Travelling, conveyance and vehicle expenses	830	418
Freight and forwarding	3.362	1.432
Advertisement and publicity	9.933	7.532

Research and development	4.449	4.468
Operating lease rent - property, plant & equipment	613	356
Technical claims	1.583	1.079
Corporate recharges	-5.557	-4.172
Reversal of Impairment*	-2.699	-
Other cost	7.602	6.197
Total other operating expenses	38.973	30.799

*) During the Financial year 2020-21, Company had recorded a loss of EUR 68.84 million towards specialisation of its Enschede Plant. The amount included a provision for redundancy compensation for employees & impairment for certain identified assets. During the current Financial Year, it was identified that Euro 2.7 million of the related provision was no longer required and could be released and reported as a gain in the income statement.

26. Interest

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Interest expenses (net)	946	1.527
Total	946	1.527

27. Income tax expense

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Current taxation	6.183	-46
Deferred taxation	3.134	7.735
Total	9.317	7.689
Profit before Tax	39.279	26.668
Effective Tax Rate (ETR)	23.7%	28.8%

The difference in the ETR for the company between the two years is due to the impact of change in Statutory Tax rates for FY21-22

Also for the Financial year 2021-22, the company had no current tax expense recognized due to carried forward losses. An adjustment of -46K was taken to align the Net Receivable position from the Tax authorities as per the latest assessment available.

28. Profit from subsidiaries

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Profit from Subs	5.557	5.545
Total	5.557	5.545

29. Related party

29.1 Related party indebtedness

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

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Receivable from:		
Apollo Tyres Global R&D	294	-
Apollo Tyres Middle-East	271	54
Apollo Tyres Hungary	94	127
Apollo Tyres Limited, India	-	841
Apollo Tyres South Africa	57	152
Vredestein Tyres North America Inc.	4.334	1.781
Total Receivables	5.050	2.955
Payable to:		
Saturn F1	30	46
Apollo Tyres Coop	937	327
Apollo Tyres Brasil	-	301
Apollo Tyres UK	721	1.304
Apollo Tyres (Europe) B.V.	3.958	4.193
Apollo Tyres Limited, India	8.491	17.755
Apollo Tyres Singapore	1.279	2.366
Apollo Tyres Hungary	17.932	26.103
Apollo Tyres AG, Switzerland	131	148
Total Payables	33.479	52.543

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

29.2 Related party transactions – Income

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Apollo Tyres South Africa	164	115
Apollo Tyres Middle-East	2.144	544
Apollo Tyres Thailand	21	-
Apollo Tyres Limited, India	1.940	2.220
Reifencom GmbH	-	16.774
Vredestein Tyres North America Inc.	33.293	17.712
Total	37.562	37.365

29.3 Related party transactions – Expenses

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Apollo Tyres Global R&D	7.320	7.412
Apollo Tyres UK	4.085	4.787
Apollo Tyres Limited, India	66.813	66.831
Apollo Tyres AG, Switzerland	553	416
Apollo Tyres Singapore	13.210	13.105
Apollo Tyres GmbH	-	4
Apollo Tyres Hungary	279.413	227.132
Saturn F1	240	338
Reifencom GmbH	-	16
Total	371.634	320.041

30. Capital commitment

30.1 Capital commitment

(Euro x 1,000)	Period ended 31 March 2023	Period ended 31 March 2022
Capital commitment	6.964	2.583

Capital commitments relate to various commitments in relation to planned investments in tangible and intangible fixed assets.

Financial Instruments

Financial instruments include both primary financial instruments, such as receivables, securities and payables, and derivative financial instruments. All purchases and sales of financial assets made according to standard market conventions are recognized as at the transaction date, being the date on which the group enters into a binding agreement. For the accounting policies applicable to primary financial instruments, please refer note 2.13.

30.2 Risk management

General

A summary is provided below of the main financial risks relating to our objectives, categorised as liquidity risks, currency risks, interest rate risks and credit risks. We also state how we manage these risks.

Credit risk management

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

countries to limit the credit risk.

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

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

Capital risk management

The company's policy is to maintain a strong capital base so as to maintain investor, creditors and market confidence and to sustain future development of the business.

The Management Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Liquidity risk management

Liquidity risk is the risk that The Company is unable at the required time to meet its financial obligations. Ultimate responsible for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facility, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities. The Company has no borrowings at 31 March 2023.

Exchange rate risk

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

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

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

Interest rate risk

The company has a management team that continually monitors its exposures to interest rate risks. The Company has no borrowings at 31 March 2023.

36. Contingent liabilities

The company had no contingent liabilities as per end of March 2023 (March 2022:0). The company provided securities for the rent of buildings (EUR 1 million) in the form of bank guarantees. (2022:EUR 1.0 million)

Apollo Tyres (NL) B.V.

Off Balance Sheet Commitments

During FY20, the Company's parent Company, Apollo Tyres (Europe) B.V. has signed a financing agreement for the long term loan (EUR 175 Million, of which EUR 108 Million outstanding per 31 March 2023) with a consortium of Banks led by Standard Chartered Bank. The Company has provided guarantee for the loan which is secured by a pledge on its movable tangible assets (other than stock in trade, raw materials and trade receivables) and a mortgage of Real Estate being the Land and Buildings located in the Netherlands.

Subsequent events

With the objective of a clear focus on manufacturing operations the company has split the operations between two Netherlands based legal entities. As per this split, nonmanufacturing activities like sales in local market, tyre sourcing from other companies and Head office activities will now be part of "Apollo Tyres (Europe) B.V." Enabling IT systems changes has been implemented with effective date of 1st April 2023. The change is expected to have a limited impact on the company's result.

There are no other significant developments after the reporting date.

Signing the financial statements

Enschede, The Netherlands, September 29, 2023

The Board of directors:

Benoit Rivallant

Sunam Sarkar

Vishal Kumar Mittal

Rakesh Dewan

The Supervisory Board:

Neeraj Kanwar

Henk Volberda

Akshay Chudasama

Other information

Other information

Provisions of the articles of association concerning profit appropriation

Article 32: profit and distribution of profits

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

Independent auditors report

The independent auditors report is stated on the following pages.

Independent auditor's report

1 Conditions

Authorization to publish the auditor's report is granted subject to the following conditions:

- ▶ Further consultation with the auditor is essential if, after this authorization has been granted, facts and circumstances become known which materially affect the view given by the financial statements.
- ▶ The authorization concerns inclusion of the auditor's report in the annual report to be tabled at the Annual General Meeting (hereafter AGM) incorporating the financial statements as drawn up.
- ▶ The authorization also concerns inclusion of the auditor's report in the annual report to be filed with the Trade Registrar, provided consideration of the financial statements by the AGM does not result in any amendments.
- ▶ Financial statements for filing at the offices of the Trade Registrar which have been abridged in accordance with Section 397 of Book 2 of the Dutch Civil Code must be derived from the financial statements adopted by the AGM and a draft version of these financial statements for filing purposes must be submitted to us for inspection.
- ▶ The auditor's report can also be included if the financial statements are published electronically, such as on the internet. In such cases, the full financial statements should be published and these should be easily distinguishable from other information provided electronically at the same time.
- ▶ If the published financial statements are to be included in another document which is to be made public, authorization to include the auditor's report must again be granted by the auditor.

2 Explanations to the conditions

2.1 Board of supervisory directors and board of executive directors

The auditor usually forwards his report to the board of supervisory directors and to the board of executive directors. This is pursuant to Book 2 of the Dutch Civil Code, section 393 which stipulates *inter alia*: "The auditor sets out the outcome of his examination in a report". "The auditor reports on his examination to the board of supervisory directors and the board of executive directors".

2.2 Annual General Meeting (AGM)

Publication of the auditor's report will only be permitted subject to the auditor's express consent. Publication is understood to mean: making available for circulation among the public or to such group of persons as to make it tantamount to the public. Circulation among shareholders or members, as appropriate, also comes within the scope of the term "publication", so that inclusion of the auditor's report in the annual report to be tabled at the AGM similarly requires authorization by the auditor.

2.3 Auditor's reports and financial statements

The authorization concerns publication in the annual report incorporating the financial statements that are the subject of the auditor's report. This condition is based on the auditors' rules of professional practice, which state that the auditor will not be allowed to authorize publication of his report except together with the financial statements to which this report refers.

The auditor will also at all times want to see the rest of the annual report, since the auditor is not allowed to authorize publication of his report if, owing to the contents of the documents jointly published, an incorrect impression is created as to the significance of the financial statements.

2.4 Events between the date of the auditor's report and the AGM

Attention should be paid to the fact that between the date of the auditor's report and the date of the meeting at which adoption, as appropriate, of the financial statements is considered, facts or circumstances may have occurred which materially affect the view given by the financial statements. Under COS 560, the auditor must perform audit procedures designed to obtain sufficient audit evidence to ensure that all events occurring before the date of the auditor's report that warrant amendment of or disclosure in the financial statements have been identified.

If the auditor becomes aware of events that may be of material significance to the financial statements, the auditor must consider whether those events have been adequately recognized and sufficiently disclosed in the notes to the financial statements. If between the date of the auditor's report and the date of publication of the financial statements, the auditor becomes aware of a fact that may have a material impact on the financial statements, the auditor must assess whether the financial statements should be amended, discuss the matter with management and act as circumstances dictate.

2.5 Trade Registrar

The financial statements are tabled at the AGM (legal entities coming within the scope of Title 9 of Book 2 of the Dutch Civil Code table the directors' report and the other information as well). The AGM considers adoption of the financial statements. Only after the financial statements have been adopted, do they become the statutory (i.e., the company) financial statements. As a rule, the statutory financial statements will be adopted without amendment. The auditor's report must be attached to the statutory financial statements as part of the other information. As a rule, the text of this report will be the same as that issued earlier. The documents to be made public by filing at the offices of the Trade Registrar will consist of the statutory financial statements, the directors' report and the other information. The auditor's report which refers to the unabridged financial statements will then have to be incorporated in the other information. If consideration of the financial statements by the AGM does not result in any amendments, the auditor's report may be attached to the financial statements adopted, by the AGM and, provided the annual report and financial statements are filed promptly at the offices of the Trade Registrar, published as part of these annual report and financial statements.

2.6 Other manner of publication

The financial statements may also be published other than by filing at the offices of the Trade Registrar. In that event, too, inclusion of the auditor's report is permitted, provided the financial statements are published in full. If publication concerns part of the financial statements or if the financial statements are published in abridged form, publication of any report the auditor has issued on such financial statements will be prohibited, unless:

- a. He has come to the conclusion that, in the circumstances of the case, the document concerned is appropriate
Or
- b. Based on legal regulations, publication of the document concerned is all that is required

If less than the full financial statements are published, further consultation with the auditor is essential. If the financial statements and the auditor's report are published on the internet, it should be ensured that the financial statements are easily distinguishable from other information contained on the internet site. This can be achieved, for example, by including the financial statements as a separate file in a read-only format or by including a warning message when the reader exits the financial statements document.

2.7 Inclusion in another document

If the published financial statements are to be included in another document which is to be made public, this is considered a new publication and authorization must again be obtained from the auditor. An example of this situation is the publication of an offering circular which includes the financial statements, after these financial statements have been filed at the office of the Trade Registrar together with the other annual reports. For each new publication, authorization must again be obtained from the auditor.

2.8 Events after the AGM

Even if facts and circumstances have become known after the adoption of the financial statements as a result of which they no longer give the statutory true and fair view, the auditor must stand by the report issued on the financial statements as adopted and by the auditor's report filed at the offices of the Trade Registrar. In that event, the legal entity is required to file a statement at the offices of the Trade Registrar on these facts and circumstances accompanied by an auditor's report. In this situation, too, further consultation with the auditor is essential.