

Independent auditor's report

To: the shareholder of Apollo Tyres Global R&D 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 Global R&D B.V. based in Enschede.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Apollo Tyres Global R&D B.V. as at 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 profit and loss account 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 Global R&D 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 they exercise oversight, as well as the outcomes. We refer to section Significant risks and uncertainties of the management board report 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. This risk did however not require significant auditor's attention during our audit. We did not identify a risk of fraud in revenue recognition.

We considered available information and made enquiries of relevant executives, directors and human resources.

The fraud risks 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 have been informed by management that there was no 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 Going concern in Note 2d 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 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 management 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

Communication

We communicate with the management 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, 7 July 2023

Ernst & Young Accountants LLP

signed by J.H.M. van den Nouland

Apollo Tyres Global R&D B.V.

Enschede, the Netherlands

ANNUAL REPORT AS PER MARCH 31, 2023

Apollo Tyres Global R&D B.V.

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Apollo Tyres Global R&D B.V.

MANAGEMENT BOARD REPORT

The Board of Directors herewith submits the Annual Report of Apollo Tyres Global R&D B.V. for the financial year ended March 31, 2023.

The Company

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

Financial information

<i>All amounts in euro's</i>	<u>2022/2023</u>	<u>2021/2022</u>
Net revenues	34.887.288	33.822.649
Operating expenses	31.453.040	31.305.885
Net result after taxation	2.548.212	1.928.147
Net result as a % of net revenues	7,3%	5,7%

The net revenue in 2022/2023 increased 3% compared to the previous year while the operating expenses increased 0,5%. The high inflation only impacted the company in the last quarter of the financial year. At the same time the pressure on the labourmarket made it difficult for the Company to fulfill several open positions which had a positive effect on the employee expenses.

Economic outlook

Following robust expansion in the first half of the calendar year 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 calendar year 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. Headline inflation is forecasted to be 9.2% for 2022. Three consecutive months of moderating inflation in Q1 2023 suggest that the peak is now behind us, as anticipated in the Autumn Forecast. After reaching an all-time high of 10.6% in October, inflation has decreased, with the January flash estimate down to 8.5% in the euro area. The decline was driven mainly by falling energy inflation, while core inflation has not yet peaked.

Continued diversification of supply sources and a sharp drop in consumption have left gas storage levels above the seasonal average of past years, and wholesale gas prices have fallen well below pre-war levels. In addition, the EU labour market has continued to perform strongly, with the unemployment rate remaining at its all-time low of 6.1% until the end of the calendar year 2022. Confidence is improving and January surveys suggest that economic activity is also set to avoid a contraction in the first quarter of 2023.

Industry Structure & Development

The calendar 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 calendar 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 calendar year 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 the first 3 months of 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 calendar 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.

While Apollo Tyres Ltd. followed largely the market the Company is less vulnerable to incidents in the market influencing the financial results at short notice. For the Company the risk of inflation especially in labour and fuel prices has an impact on the financial results while developments in the market impacts the Company on the longer term.

Operational Performance

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

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

Products developed here are manufactured and sold in several global regions including Europe, Asia and Americas. Its activities include Material science, Simulations technology, Design & Construction, CAE/FEA, Process development and Testing. Engineering professionals with very diverse backgrounds form the backbone of our R&D. The development process is strongly linked to Manufacturing, Marketing and Sales. The organization structure is flat to facilitate and enhance cross-functional approaches and drive innovation. Development initiatives are focused on following four main pillars:

- Product:

- Development of new advanced product generation for PCR, Agri radial and TBR.
- Development of OE tyres for premium OEMs with focus on EV car platform
- Development new product lines to support the expansion to new Markets and Geographies:
 - Launch of Quatrac Pro EV (Europe) and Pinza HT for PCLT segment (US)
 - Product extension of TBR tyres for the European and American Market
 - OHT: 3 new Product lines based on Steelbelt technology (Endurion Trailer; Flotation Optimal; Terra Pro).
 - Range extension of our flag ship VF Traxion Optimal.

- Technology:

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

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

- Design to cost:
 - Optimization of Materials to reduce product costs
 - Optimization of Processes to increase Productivity

•Direction going forward:

- New Product Development as per Road Map for PCR, OHT and TBR
- Development of Product ready for Electrical Vehical
- Selective OEM's approach to support Business priorities
- Technology development to enhance Rolling Resistance and Noise for PCR, Total Cost of Ownership for TBR and Productivity for OHT
- Development of tyre Simulation/ Vitual Prototyping/Driving simulations and Artificial Intelligence in compounding enhancing the Efficiency
- Raw Materials Sustainability, Performance and Cost
- Innovative processes to improve consistency and productivity
- Further development of Tyre Sensors technology to support Tyre business proposition

Significant risks and uncertainties

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

The R&D Company essentially acts as a limited risk bearing contract researcher for the principals and undertakes day-to-day activities of research. The R&D Company utilizes routine tangibles for the purpose of its activities. The operational risks related to this activities are mitigated by proper procedures and standards tested and improved by regular internal and external audits.

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

The Company reports and analyses on a regular base her Financial position and discusses this with the principals. A proper budgeting and planning process is in place with which the actual results are measured, discussed and preventive actions are performed.

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

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

We have performed a risk assessment , including risk of fraud, and have assessed that Apollo Tyres Global R&D B.V. does not have encountered any issues of fraud and has taken adequate measures to mitigate the risks.

Sustainability related information

Having due regard to the Company's current financial position together with its forecast results, cash flow and financial position in the coming year, the directors confirm that the company has the resources to continue in operational existence for the foreseeable future. Our aim is to meet the needs of our stakeholders in ways that are economically, environmentally and socially responsible.

Future Outlook

The continuous high inflation in the Eurozone and the conflict in Ukraine are significant uncertainties for the future. Although the Company will not be affected on the short term, the longer term will still bear uncertainties. The high inflation will impact the cost level of the Company which can impact the appetite for the company on the investment in new products. The tough labourmarket gives challenges to the Company to attract the new employees. The Company is fully dependent on decisions in Apollo Ltd. which plans are ambitious but realistic.

Developments after March 31, 2023

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

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

The Board of Directors

V.K. Mittal

D. Lorenzetti

Enschede, July 7, 2023

Apollo Tyres Global R&D B.V.

FINANCIAL STATEMENTS AS AT MARCH 31, 2023

Apollo Tyres Global R&D B.V.

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

	<u>Notes</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
ASSETS			
FIXED ASSETS			
Tangible fixed assets	3	4.575.112	3.674.339
		4.575.112	3.674.339
CURRENT ASSETS			
Receivables	4	5.736.057	6.693.865
Cash and cash equivalents	5	1.155.176	207.828
		6.891.233	6.901.693
		11.466.345	10.576.032
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	6	100	100
Share premium		1.900.436	1.900.436
Other reserves	6	3.894.219	1.346.007
		5.794.755	3.246.543
PROVISIONS			
	8	213.062	186.040
CURRENT LIABILITIES			
	9	5.458.528	7.143.449
		11.466.345	10.576.032

Apollo Tyres Global R&D B.V.

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

	<u>Notes</u>	<u>2022/2023</u>	<u>2021/2022</u>
REVENUE			
Net turnover	11	34.887.288	33.822.649
Other income	11	--	60.972
OPERATING EXPENSES			
Employee expenses	12	14.079.954	15.384.266
Amortization and depreciation	13	1.186.445	1.094.357
Other operating expenses	14	16.186.641	14.827.262
TOTAL EXPENSES		<u>31.453.040</u>	<u>31.305.885</u>
NET RESULT BEFORE TAXATION		3.434.248	2.577.736
Corporate income tax	15	<u>886.036</u>	<u>649.589</u>
NET RESULT AFTER TAXATION		<u><u>2.548.212</u></u>	<u><u>1.928.147</u></u>

Notes to the Financial Statements
(in Euro)

1. GENERAL

Apollo Tyres Global R&D B.V. is a Dutch private company with limited liability, incorporated on January 2, 2013 and has its statutory seat in Enschede, the Netherlands. The Company is registered in the trade register of the Dutch Chamber of Commerce with reference to registration number 55648118. The address of the Company is Colosseum 2, 7521 PT in Enschede which is also the effective place of business. The Company's primary business is research and development of tyres on behalf of Apollo Tyres Ltd.

1.1. CASHFLOW STATEMENT

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

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) General

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

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

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

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

(b) Functional currency

The financial statements are prepared and presented in euros, which is also the functional currency of the company.

(c) Changes in accounting policies

Not applicable

(d) Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the functional currency exchange rates at the date of transaction. Monetary balance sheet items denominated in foreign currencies are translated at the functional currency exchange rates at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates ruling at the date of transaction. Non-monetary balance sheet items that are measured at current value are translated at the functional exchange rates ruling at the date of valuation.

Foreign currency exchange rates results arising on the settlement or transaction of monetary items denominated in foreign currencies are recognised in the income statement.

(e) Going concern

If discontinuity cannot be avoided, assets will be valued at the (expected) net realizable value; liabilities at (the best estimate of) the values that are required for the settlement of the relevant items and deferred items will be included for expected expenses and income until the expected date of settlement

Notes to the Financial Statements (in Euro)

(f) Judgments, estimates

The management of the group makes various judgments and estimates when applying the accounting policies and rules for preparing the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the consolidated financial statements in future periods.

(g) Tangible fixed assets

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

If a property, plant and equipment is taken out of use, impairments are taken into account. Property, plant and equipment is derecognised upon sale or when no further economic benefits are expected from its continued use or sale. The gain or loss arising on the disposal is recognised in the income statement.

(h) Receivables

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

(i) Cash and cash equivalents

Cash at bank and in hand includes cash in hand, bank balances, notes and cheques and are carried at face value.

(j) Impairment of non-financial assets

The company assesses at each reporting date whether a non-financial asset or group of non-financial assets is impaired. The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the net realizable value and the value in use. An impairment loss is directly recognized in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The net realizable value is initially based on a binding sale agreement; if there is no such agreement, net realizable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. In cases where there is no active market, the net realizable value is derived from generally accepted valuation models. These models are confirmed by an earnings multiple, quoted share prices of listed entities and other fair value indicators available. The costs deducted in determining the net realizable value are based on the estimated costs that are directly attributable to the sale and are necessary to realize the sale. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset or the cash-generating unit; these cash flows are discounted, based on a rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discount rate does not reflect risks already taken into account in future cash flows.

Notes to the Financial Statements

(in Euro)

The company assesses at each reporting date whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or cash-generating unit recoverable amount. A previously recognized 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 recognized. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset.

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

At reporting date, employees of Apollo Tyres Global R&D B.V. participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the pension fund. Apollo Tyres Global R&D B.V. has no legal or constructive obligation to pay further contribution if the pension fund does not hold sufficient assets to pay all employee benefits relating to employee service. Contributions that will not be settled within 12 months are discounted and recognized as liability.

(l) Provisions

A provision is recognized if the group has a legal or constructive obligation as at the balance sheet date and if it is probable that an outflow of resources will be required to settle the obligation and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned as at the balance sheet date. If the effect of the time value of money is material, the provision shall be measured at the present value, with exception of provisions for deferred taxation. The discount rate reflects the current market interest rate and the risks specific to the liability. The movement in the provision as a result of the addition of interest is recognized as an interest expense under the financial expenses.

(m) Payables

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

(n) Turnover

Turnover is recognized for the amount to which the company expects to be entitled in exchange for the transfer of promised goods or services. If there are several performance obligations in an agreement, the total transaction price shall be allocated to the performance obligations in proportion to the value of the performance obligations.

Turnover will be recognized per separate performance obligation. The nature of significant performance obligations and the method of allocating revenue to reporting periods, including the method of determining the extent of completion of service orders is described below.

The net turnover consists of revenue charged to related parties (including an arms-length markup) for the reporting period net of discounts rebates and value added taxed. The company is operating on a cost recovery basis. The services that the entity delivers are provided at cost (including an arms-length markup). Revenue from services is recognised in the period where the services have been provided.

Government support received in relation to Covid-19 is recognised as other income when there is reasonable assurance the conditions of the grant will be met and the subsidy will be received. It is recognised in the period in which the subsidised costs are recognised as an expense.

Notes to the Financial Statements
(in Euro)

(o) General Expenses

General expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

(p) Personnel expenses

Wages, salaries and social security charges are recognized in the income statement according to the terms of employment to the extent they are due to either employees or the tax authorities.

(q) Amortization and depreciation

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

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

(r) Taxation

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

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

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

Notes to the Financial Statements
(in Euro)

3. TANGIBLE FIXED ASSETS

	March 31, 2023	March 31, 2022
Moulds	994.458	889.758
Equipment	2.601.532	2.328.803
Vehicles	145.315	124.415
Furniture & Fixture	84.107	98.476
Assets under construction	749.700	232.887
Balance as at March 31,	4.575.112	3.674.339

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

	Moulds	Equipment	Assets under construction	Vehicles	Furniture & Fixture	Total
Investments	3.873.130	6.203.537	232.887	283.137	898.517	11.491.208
Accumulated depreciation	(2.983.373)	(3.874.734)	--	(158.722)	(800.041)	(7.816.870)
Balance as at March 31, 2022	889.758	2.328.803	232.887	124.415	98.476	3.674.339
Investments during the year	548.822	707.697	749.700	81.000	--	2.087.219
Transfer	6.001	226.886	(232.887)	--	--	--
Depreciation for the year	(450.122)	(661.854)	--	(60.100)	(14.369)	(1.186.445)
Investments	4.427.953	7.138.120	749.700	364.137	898.517	13.578.427
Accumulated depreciation	(3.433.495)	(4.536.588)	--	(218.822)	(814.410)	(9.003.315)
Balance as at March 31, 2023	994.458	2.601.532	749.700	145.315	84.107	4.575.112
Depreciation rate	25,0%	12,5%		25,0%	12,5%	

Notes to the Financial Statements
(in Euro)

4. RECEIVABLES

	March 31, 2023	March 31, 2022
Receivables from group companies	5.071.202	5.838.721
Taxes and social security premiums	399.147	401.841
Prepayments and deposits	265.708	453.303
	5.736.057	6.693.865

RECEIVABLES FROM GROUP COMPANIES

	March 31, 2023	March 31, 2022
Apollo Tyres Limited	1.188.384	2.243.825
Apollo Tyres (Hungary) Kft.	2.988.534	3.344.889
Apollo Vredestein Tires Inc	894.284	250.007
	5.071.202	5.838.721

TAXES AND SOCIAL SECURITY PREMIUMS

	March 31, 2023	March 31, 2022
Value added tax	399.147	401.841
	399.147	401.841

All receivables mentioned above are due within one year and bear no interest.

5. CASH AND CASH EQUIVALENTS

	March 31, 2023	March 31, 2022
Cash and cash equivalents	1.155.176	207.828
	1.155.176	207.828

The cash is free at the disposal of the company.

Notes to the Financial Statements
(in Euro)

6. EQUITY

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

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

	<u>Issued share-capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Total</u>
Balance as at April 1, 2021	100	1.900.436	8.417.860	10.318.396
Dividend	--	--	(9.000.000)	(9.000.000)
Result for the year	--	--	1.928.147	1.928.147
Balance as at March 31, 2022	<u>100</u>	<u>1.900.436</u>	<u>1.346.007</u>	<u>3.246.543</u>
Dividend	--	--	--	--
Result for the year	--	--	2.548.212	2.548.212
Balance as at March 31, 2023	<u>100</u>	<u>1.900.436</u>	<u>3.894.219</u>	<u>5.794.755</u>

7. APPROPRIATION OF THE RESULT

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

8. PROVISIONS

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Jubilee provision	213.062	186.040
	<u>213.062</u>	<u>186.040</u>

Notes to the Financial Statements
(in Euro)

JUBILEE PROVISION

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

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

	Jubilee Provision
Balance as at April 1, 2022	186.040
Additions	72.768
Release	45.746
Balance as at March 31, 2023	213.062

9. CURRENT LIABILITIES

	March 31, 2023	March 31, 2022
Trade payables	1.522.305	1.816.394
Liabilities to group companies	1.038.272	2.650.690
Taxes and social security premiums	314.886	478.072
Other liabilities and accruals	2.583.065	2.198.293
	5.458.528	7.143.449

LIABILITIES TO GROUP COMPANIES

	March 31, 2023	March 31, 2022
Apollo Tyres (NL) B.V.	293.517	296.466
Apollo Tyres Limited	--	115.611
Apollo Tyres (Germany) GmbH	677.623	1.691.130
Apollo Tyres (UK) PVT. Ltd.	48.161	276.840
Apollo Vredestein Opony Polska Sp. z.o.o.	4.606	17.320
Apollo Vredestein Iberica S.A.	500	--
Apollo Tyres (Hungary) Kft.	--	233.380
Reifen.com	13.865	19.943
	1.038.272	2.650.690

Notes to the Financial Statements
(in Euro)

<u>TAXES AND SOCIAL SECURITY PREMIUMS</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Wage tax and social security premiums	314.886	478.072
	<u>314.886</u>	<u>478.072</u>
<u>OTHER LIABILITIES AND ACCRUALS</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Salaries	640.468	661.983
Holiday allowance	1.028.094	898.032
Accrued expenses	914.503	638.278
	<u>2.583.065</u>	<u>2.198.293</u>

All current liabilities mentioned above are due within one year.

10. CONTINGENT ASSETS AND LIABILITIES

RENT AGREEMENT AND DEPOSIT

The company has entered into a rental agreement for the location at Colosseum 2, Enschede for a period of 5 years and a subsequent period of another 5 years, as of January 1, 2018. This agreement will expire on December 31, 2027.

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
rent paid for the year	598.285	561.594
amount rent due within one year	679.989	571.051
amount rent due after one year	2.549.960	2.712.490

The Company has paid a deposit for the amount of EUR 163.000.-- towards the landlord of the office space at Colosseum 2, Enschede, being the amount for a three months' period of rent and service charges, including VAT.

The Company also entered into a rental agreement for the location Strootsweg 24, Enschede for a period of 5 years, ending at April 30, 2024.

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
rent paid for the year	107.035	100.597
amount rent due within one year	122.555	84.091
amount rent due after one year	10.213	91.099

CAR LEASING

The Company has entered into several lease agreements for company cars for a total amount of EUR 277.982 of which EUR 174,135 is due within 12 months and EUR 103.847 is due between 1 and 5 years.

OTHER COMMITMENTS

The company has entered into several long term agreements as part of their operational business activities for a total amount of EUR 345.787, which is due within 12 months.

Notes to the Financial Statements
(in Euro)

11. NET TURNOVER AND OTHER INCOME

The net turnover increased with 3% in 2023/2022 compared to 2022/2021.

All the net turnover consists of revenue to related parties. It includes research and development work for the Apollo group included with an arms length mark-up.

Other income relates to government support received in relation to Covid-19.

12. EMPLOYEE EXPENSES

	2022/2023	2021/2022
Salaries	11.827.801	13.181.340
Pensions	599.445	858.579
Social security charges	1.495.656	1.300.764
WBSO	(1.200.000)	(1.072.019)
Other personnel expenses	1.357.052	1.115.602
	<u>14.079.954</u>	<u>15.384.266</u>

For 2023/2022 no NOW is included.

Total average number of employees (all working from the Netherlands)	<u>138</u>	<u>147</u>
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OTHER PERSONNEL EXPENSES

	2022/2023	2021/2022
Migration and expatriate compensation	193.752	175.172
Training/congress	120.709	76.363
Facility management including Canteen/Clearing/Waste disposal	222.773	167.615
Other	819.818	696.452
	<u>1.357.052</u>	<u>1.115.602</u>

13. AMORTIZATION AND DEPRECIATION

	2022/2023	2021/2022
Tangible fixed assets	<u>1.186.445</u>	<u>1.094.357</u>
	<u>1.186.445</u>	<u>1.094.357</u>

Notes to the Financial Statements
(in Euro)

14. OTHER OPERATING EXPENSES

	<u>2022/2023</u>	<u>2021/2022</u>
Testing	9.213.739	8.395.883
Rent	928.846	831.702
Other general expenses	6.044.056	5.599.677
	<u>16.186.641</u>	<u>14.827.262</u>

TESTING

	<u>2022/2023</u>	<u>2021/2022</u>
Testing materials	3.349.889	3.409.410
Test cars cost	121.590	135.748
Rent test tracks	1.145.540	1.218.113
Outsourced testing	4.081.537	3.238.650
Other	515.183	393.962
	<u>9.213.739</u>	<u>8.395.883</u>

RENT

	<u>2022/2023</u>	<u>2021/2022</u>
Office rent	822.246	720.181
Other rent	106.600	111.521
Total rent	<u>928.846</u>	<u>831.702</u>

OTHER GENERAL EXPENSES

	<u>2022/2023</u>	<u>2021/2022</u>
Professional fees/Patents	277.465	311.396
Office supplies	3.277	9.072
Postage	2.492	2.992
Telecommunication	13.565	19.471
IT licenses and computer maintenance	592.442	787.948
Bank charges / Interest / FX results	8.494	55.754
Contributions	93.866	40.297
Travelling	829.153	563.374
Charges of cost from related parties	3.697.104	3.612.066
Other	526.198	197.307
	<u>6.044.056</u>	<u>5.599.677</u>

Notes to the Financial Statements
(in Euro)

15. CORPORATE INCOME TAX

	<u>2022/2023</u>	<u>2021/2022</u>
Corporate income tax	<u>886.036</u>	<u>649.589</u>

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

The effective tax rate is 25.8% which is equal to the applicable nominal income tax rate.

16. FINANCIAL INSTRUMENTS

The company's primary financial instruments, including accounts receivable, cash and cash equivalents and current liabilities, serve to finance the company's operating activities or directly arise from these activities. The company's policy is not to trade in financial instruments for risk management or speculative purposes.

The principal risks arising from the Company's financial instruments reflects liquidity risk and foreign exchange risk.

LIQUIDITY RISK

Cash forecasts are drawn up regularly. The company manages liquidity risk through interim monitoring and by making adjustments where necessary. The cash forecasts allow for limited availability of cash at bank and in hand.

FOREIGN EXCHANGE RISK

The company's balance sheet may be influenced by changing exchange rates. The company's policy is not to hedge this risk.

Other risks arising from the companies financial instruments are interest rate, credit risk and other price risk. None of these items are a significant part of the business and have a minimal impact on the company.

17. POST BALANCE SHEET EVENTS

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

18. DIRECTORS

	<u>2022/2023</u>	<u>2021/2022</u>
Board of Directors' remuneration	<u>787.358</u>	<u>665.423</u>

The Company has no supervisory directors.

The Board of Directors,

V.K. Mittal

D. Lorenzetti

Enschede, July 7, 2023

Apollo Tyres Global R&D B.V.

Other information

1. RESULT DISTRIBUTION ACCORDING TO ARTICLES OF ASSOCIATION

Profit is appropriated in accordance with Article 22 of the Articles of Association, which states that the General Meeting of Shareholders shall decide on the portion of the profit to be added to reserves.

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

If the management board knows or reasonably ought to foresee that the Company will not be able to continue to pay its immediately payable debts after the distribution the resolution will not be executed.

2. INDEPENDENT AUDITOR'S REPORT

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

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.