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## STATUTORY AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language.  
In case of doubt the Portuguese version will always prevail.)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying financial statements of **Jaguar Land Rover Portugal – Veículos e Peças, Lda.** (the Entity), which comprise the balance sheet as at 30 March 2020 (showing a total of 31,815,408 euros and total equity of 11,007,647 euros, including a profit for the year of 356,395 euros), and the income statement by nature, statement of changes in equity and statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of **Jaguar Land Rover Portugal – Veículos e Peças, Lda.** as at 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System (“Normas Contabilísticas e de Relato Financeiro do Sistema de Normalização Contabilística”).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Financial Statements” section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas’ code of ethics.

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

#### Emphasis of matter

We draw attention to the note 27 of the financial statements which describes the consequences of the Covid-19 disease pandemic whose impacts for a time horizon after 31 March 2020, management considers not to be possible to estimate, being a non-adjustable event. Additionally, Management is convinced that after the Brexit announced for 1 January 2021, the necessary measures will be implemented so that the Entity can continue to provide service and support to its dealer network. Our opinion is not changed in relation to this matter.



## **Responsibilities of Management and for the Financial Statements**

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and the cash flows, in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System ("Normas Contabilísticas e de Relato Financeiro do Sistema de Normalização Contabilística");
- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and,
- communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **On the Management Report**

Pursuant to the applicable legal requirements, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment of the Entity, we have not identified any material misstatements

17 July 2020

SIGNED ON THE ORIGINAL

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**KPMG & Associados -  
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)**  
represented by  
João Paulo da Silva Pratas (ROC nr. 965)

# JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

## BALANCE SHEETS AS OF 31 MARCH 2020 AND 2019

(Translation of the balance sheet originally issued in Portuguese - Note 26)

(Amounts stated in Euros)

ASSETS	Notes	31 março 2020	31 março 2019
<b>NON CURRENT ASSETS:</b>			
Tangible assets	6	98,129	123,722
Goodwill	7	4,376,882	5,252,259
Deferred tax assets	8	813,113	825,774
Total non current assets		<u>5,288,124</u>	<u>6,201,756</u>
<b>CURRENT ASSETS:</b>			
Inventories	9	3,123,367	4,820,111
Customers	10	2,358,351	5,157,065
Income Tax Assets	13	-	771,326
Other receivables	10	20,802,313	16,017,634
Cash and cash equivalents	4	243,253	275,171
Total non current assets		<u>26,527,284</u>	<u>27,041,307</u>
<b>Total assets</b>		<u><u>31,815,408</u></u>	<u><u>33,243,063</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Paid up capital	11	1,330,000	1,330,000
Other equity instruments	11	10,641,467	10,641,467
Legal reserve	11	119,379	100,065
Retained earnings	11	(1,439,593)	(1,806,565)
		<u>10,651,252</u>	<u>10,264,967</u>
Net income for the year		356,395	386,286
<b>Total equity</b>		<u><u>11,007,647</u></u>	<u><u>10,651,253</u></u>
<b>LIABILITIES:</b>			
<b>NON CURRENT LIABILITIES:</b>			
Provisions	14	902,977	999,614
Deferrals	15	174,508	78,032
Total non current liabilities		<u>1,077,485</u>	<u>1,077,646</u>
<b>CURRENT LIABILITIES:</b>			
Suppliers	12	12,861,175	11,507,703
Accounts payable to state entities	13	2,661,237	4,691,684
Other payables	12	4,030,805	5,197,033
Deferrals	15	177,059	117,745
Total current liabilities		<u>19,730,276</u>	<u>21,514,165</u>
<b>Total liabilities</b>		<u><u>20,807,761</u></u>	<u><u>22,591,811</u></u>
<b>Total equity and liabilities</b>		<u><u>31,815,408</u></u>	<u><u>33,243,063</u></u>

The accompanying notes form an integral part of this balance sheet as of 31 March 2020.

The Chartered Accountant

Management

# JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

## STATEMENTS OF PROFIT AND LOSS BY NATURE FOR THE YEAR ENDED 31 MARCH 2020 AND 31 MARCH 2019

(Translation of income statements by nature originally issued in Portuguese - Note 26)

(Amounts stated in Euros)

INCOME AND EXPENSES	Notes	31 March 2019	31 March 2018
Sales and services rendered	16	73,900,089	79,013,946
Cost of sales	8	(66,988,281)	(69,546,715)
External supplies and services	17	(5,241,698)	(6,908,481)
Payroll expenses	18	(198,207)	(732,259)
Impairment of inventories (losses) / reversals	9	242,976	237,630
Impairment on accounts receivable (losses) / reversals	10	180,778	(350,841)
Provisions (gains / reversals)	14	(23,363)	(69,416)
Other operating income	20	32,700	38,586
Other operating expenses	21	(273,489)	(285,364)
<b>Net income before depreciations, net financial expenses and income tax</b>		<u>1,631,506</u>	<u>1,397,085</u>
Depreciation and amortization of tangible assets	19	(900,969)	(608,708)
<b>Net operating profit (before net financial expenses and income tax)</b>		<u>730,536</u>	<u>788,377</u>
Interest and similar income	22	8,655	4,661
<b>Profit before income tax</b>		<u>739,191</u>	<u>793,038</u>
Income tax	8	(382,796)	(406,753)
<b>Net income for the year</b>		<u><u>356,395</u></u>	<u><u>386,286</u></u>

The accompanying notes form an integral part of this statement of profit and loss for the period ended 31 March 2020,

The Chartered Accountant

Management

**JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.**

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020  
AND 31 MARCH 2019

*(Translation of statement of changes in equity originally issued in Portuguese - Note 26)*

*(Amounts stated in Euros)*

Description	Notes	Paid up capital	Other equity instruments	Legal reserves	Retained earnings	Net income for the year	Total equity
<b>Position as of 1 April 2019</b>		1,330,000	10,641,467	100,065	(1,459,730)	(346,835)	10,264,967
Appropriation of net income of the year ended 31 March, 2018	10	-	-		(346,835)	346,835	-
		<u>1,330,000</u>	<u>10,641,467</u>	<u>100,065</u>	<u>(1,806,565)</u>	-	<u>10,264,967</u>
Net profit for the fifteen months period ended 31 March, 2019						386,286	386,286
<b>Comprehensive income</b>						<u>386,286</u>	<u>386,286</u>
<b>Position as of 31 March 2019</b>		<u>1,330,000</u>	<u>10,641,467</u>	<u>100,065</u>	<u>(1,806,565)</u>	<u>386,286</u>	<u>10,651,253</u>
<b>Position as of 1 April 2019</b>		1,330,000	10,641,467	100,065	(1,806,565)	386,286	10,651,253
Appropriation of net income of the fifteen months period ended 31 March, 2018	10	-	-	19,314	366,972	(386,286)	-
		<u>1,330,000</u>	<u>10,641,467</u>	<u>119,379</u>	<u>(1,439,593)</u>	-	<u>10,651,253</u>
Net income for year ended 31 March, 2020						356,395	356,395
<b>Comprehensive income</b>						<u>356,395</u>	<u>356,395</u>
<b>Position as of 31 March 2020</b>		<u>1,330,000</u>	<u>10,641,467</u>	<u>119,379</u>	<u>(1,439,593)</u>	<u>356,395</u>	<u>11,007,648</u>

The accompanying notes form an integral part of this statement of changes in equity for the period ended 31 March 2020

The Chartered Accountant

Management

# JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020 AND 31 MARCH 2019

(Translation of statement of cash flows originally issued in Portuguese - Note 26)

(Amounts stated in Euros)

	Notes	31 Março 2020	31 Março 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Receipts from costumers		98,131,949	125,504,811
Payments to suppliers		(93,680,532)	(117,421,754)
Payments to employees		(330,880)	(499,292)
<b>Cash flows generated from operations</b>		<b>4,120,538</b>	<b>7,583,764</b>
Payments / receipts of income tax		669,761	(797,903)
Other receipts / payments		(71,934)	3,348
<b>Cash flows from operating activities [1]</b>		<b>4,718,364</b>	<b>6,789,208</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
<b>Payments relating to:</b>			
Tangible assets		-	(19,264)
Loans granted to group companies		-	-
		-	(19,264)
<b>Receipts relating to:</b>			
Loans granted to group companies		(4,758,937)	(7,388,614)
Interest and similar income		8,655	4,661
Dividends		-	-
		(4,750,282)	(7,383,953)
<b>Cash flows from investing activities [2]</b>		<b>(4,750,282)</b>	<b>(7,403,216)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
<b>Payments relating to:</b>			
Loans obtained		-	-
Interests and similar expenses		-	-
Reduções de capital e de outros instrumentos de capital próprio		-	-
Outras operações de financiamento		-	-
<b>Cash flows from financing activities [3]</b>		<b>-</b>	<b>-</b>
<b>Variation in cash and cash equivalents [4]=[1]+[2]+[3]</b>		<b>(31,918)</b>	<b>(614,008)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	4	275,171	889,179
<b>Cash and cash equivalents at the end of the period</b>	4	243,253	275,171

The accompanying notes form an integral part of this statement of cash flows for the period ended 31 March 2020.

The Chartered Accountant

Management

# **JAGUAR LAND ROVER PORTUGAL – Veículos e Peças, Lda.**

## **NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2020**

*(Translation of notes originally issued in Portuguese)*

*(Amounts stated in Euro)*

### **1 INTRODUCTION**

Jaguar Land Rover Portugal – Veículos e Peças, Lda. ("Entity") is a limited company incorporated on April 27, 2000, which has its head office in Edifício Escritório do Tejo, Rua do Polo Sul, Lote 1.01.1.1 – 3º- B-3, Lisbon, being 100% owned by Land Rover Group in the UK, and its main activity consists in the importation of motor vehicles and spare parts of Jaguar and Land Rover brands and their sales and distribution in Portugal, through a dealers network.

These financial statements are presented in Euro and were approved by the Board of Directors and authorised to issue on June 2, 2020. However, these financial statements are still depending on the corresponding approval by the Quota holders General Meeting, under the commercial legislation prevailing in Portugal.

The Management believes that these financial statements give a true and fair view of the operations of the Company as well as its financial position and performance and cash flows.

### **2 ACCOUNTING FRAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS**

The accompanying financial statements have been prepared in accordance with framework in force in Portugal, according with Decree-Law No. 158/2009 of 13 July, which was modified by the Decree-Law No. 98/2015 of 2 June, and according to the conceptual framework, financial statements models, accounting and reporting standards ("NCRF") and interpretive standards ("NI") applicable for the year ended 31 March 2019 and 2018. The changes resulting from the revision of the accounting and reporting standers in force since the 1st of January 2016 were applied in a perspective way being the major change related with the goodwill amortization in accordance with the NCFR 14 – Concentration of business activities.

### **3 MAIN ACCOUNTING POLICIES**

The principal accounting policies adopted in preparing the accompanying financial statements are as follows:

#### **3.1 Basis of the preparation**

The accompanying financial statements have been prepared on a going concern basis and in accordance with the accrual basis of accounting, from the accounting records of the Entity maintained in accordance with the generally accepted accounting standards in Portugal (NCRF).

The Management proceeded during the year to the evaluation of the capacity of the Entity to operate on a going concern basis based on all the relevant information, financial and commercial facts, including subsequent events that could affect the financial statements as of March 31, 2019. Although the current assets of the Entity are lower than the current liabilities, the management concluded that the Entity has the ability and the appropriate resources to maintain the operations and does not have the intention of closing the operations in the next year. Based on that the financial statements were prepared according to the going concern principle.

### 3.2 Tangible Assets

Tangible assets are stated at acquisition cost, which includes the purchase cost and any expenses directly attributable to activities necessary to place the assets in the location and condition necessary to operate as intended, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated from the moment the asset is able to be used, on a straight-line basis, in accordance with the estimated useful life period for each group of assets.

The depreciation rates used correspond to the following periods of estimated useful life:

<b>Assets</b>	<b>Years</b>
Buildings and other constructions	7
Basic equipment	4 to 8

The useful lives and depreciation method of the various assets are reviewed annually. The effect of any changes to these estimates is recognized prospectively in the income statement.

Expenditures for maintenance and repair (subsequent expenditure) that are not likely to generate additional economic benefits are recorded as expenses in the period they are incurred.

Gains and/or losses arising from the sale or disposal (write-off) of tangible fixed are determined as being the difference between the sale price and the corresponding carrying amount as of the sale/disposal date, being recorded in the statement of profit and loss of the year in which they occur, under the captions “Other operating income” or “Other operating expenses”.

### 3.3 Goodwill

Goodwill is measured as the positive differences between the transferred retribution (usually acquisition cost) and the fair value of identifiable net assets acquired and the assumed liabilities and contingent liabilities recognized following the acquisition of such business combinations.

For the purpose of impairment testing, goodwill is allocated to the cash generating units acquired or the cash-generating units already held benefiting from synergies resulting from the merger. The cash-generating units to which goodwill was allocated are subject to impairment tests annually or more frequently (in the event that there is some indication that the unit may be impaired).

Goodwill impairment tests are based on the use of evaluation methods, supported on discounted cash flows techniques, considering the market conditions, time value and business risk. Eventual impairment losses that

may be determined are not recognized as they are at all times recoverable through the transfer price applicable to the Entity (Note 6).

As a result of the normative revision introduced by the Decree-Law No. 98/2015, of 2<sup>nd</sup> of June, the goodwill started to be amortized from or after January 1<sup>st</sup>, 2016. The amortization should be recognized over goodwill's useful life or, if its useful life cannot be reliably estimated, for a period of 10 year.

### 3.4 Inventories

Inventories are stated at the lower amount between its cost and net realizable value. The cost includes the purchase price of goods and other purchase expenses. The net realizable value represents the estimated selling price less all estimated costs necessary to complete the inventories and to make the sale. In situations where the cost is greater than the net realizable value, an adjustment is recorded (impairment loss) for the difference. Variations of the year in impairment losses of inventories are recorded in the profit and loss statement under the captions "Impairment losses on inventories" or "Reversal of inventory adjustments."

The specific tax paid with the purchase of motor vehicles and recoverable with its sale are included in the captions of state and other public entities.

The inventory costing method adopted by the Entity consists of the specific purchase cost, in case of vehicles, and the weighted average cost for spare parts.

### 3.5 Financial assets and liabilities

Assets and liabilities are recognised in the balance sheet when the Entity becomes part of the corresponding contract, being adopted the NCRF 27 - Financial Instruments.

Financial assets and liabilities are classified at cost or amortised cost.

Assets and financial liabilities that are classified as "at cost or amortized cost", are those that have the following characteristics:

- Are payable on demand or have a defined maturity, and
- Are associated with a fixed or determinable return, and
- Is not a derivative financial instrument or does not incorporate a derivative financial instrument.

The amortised cost is determined in accordance with the effective interest method.

This category includes, therefore, the following financial assets and liabilities:

a) Customers and other receivables

Accounts receivables from customers and other receivables are recorded at amortised cost less any eventual impairment losses. Usually, the amortised cost of these financial assets does not differ from its nominal value.

b) Cash and cash equivalents

The amounts included in caption "Cash and cash equivalents" relate to cash on hand, cash on demand and term deposits and other treasury applications which mature in less than twelve months.

These assets are measured at amortised cost. Usually, the amortised cost of these financial assets does not differ from its nominal value.

c) Suppliers and other payables

Accounts payable and other payables are stated at amortised cost. Usually, the amortised cost of these liabilities does not differ from its nominal value.

d) Loans obtained

Loans are stated as liabilities and measured at amortised cost.

Any expenses incurred in obtaining such financing, usually paid in advance on issue, namely the bank fees and stamp duty as well as interest expenses and similar expenses, are recognised using the effective interest method in the results of the year, over life time of such financing. The expenses prepaid are deducted from the caption "Loans obtained".

### **Impairment of financial assets**

Financial assets included in the category "at cost or amortized cost" are tested for impairment in each reporting date. These financial assets are in impairment when there is evidence that as a result of one or more events conditions changed after the initial recognition, its estimated future cash flows are affected.

For financial assets measured at amortized cost, the impairment loss to be recognized is the difference between the asset's carrying amount and the present value at the reporting date of the new estimated future cash flows discounted at their original effective interest rate.

Financial assets measured at their acquisition cost, the impairment loss to be recognized corresponds to the difference between the carrying amount and the best estimate of fair value of the assets.

Impairment losses are recorded in the statement of profit and loss under the caption "Impairment on assets" in the period in which they are determined.

Subsequently, if the amount of the impairment loss decreases and this decrease can be related objectively to an event that took place after the recognition of an impairment loss, this should be reversed through the profit and loss. The reversal should be done by the amount that would be recognized (amortized cost) if the impairment loss had not been initially recorded. The reversal of impairment losses is recorded in the statement of profit and loss under the caption "Impairment on assets losses/ reversal".

## **Derecognition of financial assets and liabilities**

The Entity derecognises financial assets only when the contractual rights to its cash flows expire on recovery, or when the control of these financial assets is transferred to another entity and all significant risks and benefits associated with its possession.

The Entity derecognises financial liabilities only when the corresponding obligation is settled, canceled or expires.

## **3.6 Leases**

Leases are classified as financial leases whenever their terms transfer substantially all the risks and rewards associated with ownership of the good to the Entity. The remaining leases are classified as operational.

Assets acquired under finance lease contracts, as well as corresponding liabilities, are recorded at the beginning of the lease at the lower of the fair value of the assets and the present value of the minimum lease payments. Payments of finance leases are divided between financial charges and reduction of liability, in order to obtain a constant interest rate on the outstanding balance of the liability.

Operating lease payments are recognized as expense on a straight-line basis over the lease period. The incentives received are recorded as a liability, being the aggregate amount recognized as a reduction of lease expense, also on a straight-line basis.

### **Leases in which the Entity acts as lessor**

The Entity issues invoices for certain vehicles that are delivered to its customers and those vehicles returns to the Entity on a determined date at a pre-established price (Buy-Back). In these situations, the Entity does not recognize the revenue of the transaction at the time of issuing the invoice since the transaction does not comply with revenue recognition requirements. In the beginning of each contract, the Entity estimates the difference between the net sale price of the vehicles and its repurchase price at the end of the contract, which corresponds to the revenue of the transaction, as well as estimates the difference between the repurchase price of each vehicle and its market value at the time of return, which corresponds to the devaluation / depreciation of the vehicle during the lease period, both of which are recognized in the income statement on a straight-line basis during period of the lease.

If in the initial moment, the Entity estimates that the revenue of the contract is less than the value of the devaluation of each car, a provision for this differential is recognized from that moment.

The Entity classifies these assets as "Inventories" when the contract period is less than or equal to twelve months and as "Tangible Fixed Assets" when the contract period exceeds twelve months.

In addition, the amounts payable on the date of the return of the vehicles are recorded as "Other payables".

## **3.7 Revenue**

Revenue is recognized at the fair value of the amount received or to be received. Revenue recognized is reduced by the amount of returns, rebates and other discounts and does not include VAT and other taxes charged related with the sale.

The revenue from sales of merchandise is recognised when all the following conditions are met:

- All the risks and rewards related with the property of the merchandises were transferred to the buyer;
- The Entity does not control in any way the merchandise;
- The revenue amount can be reliably measured;
- It is likely that future economic benefits associated with the transaction will flow into the Entity;
- The expenses incurred or to be incurred with the transaction can be reliably measured.

The revenue from the services rendered is recognised in the profit and loss statement observing the stage of completion of the service, since all the following conditions are met:

- The amount of the revenue can be reliably measured;
- It is likely that future economic benefits associated with the transaction will flow to the Entity;
- The expenses incurred or to be incurred with the transaction can be reliably measured;
- The stage of completion of the transaction/service, can be reliably measured.

Revenue from interests is recognized using the effective interest method, and if it is probable that economic benefits will flow to the Entity and its amount can be reliably measured.

### 3.8 Judgments and estimates

In the preparation of the accompanying financial statements judgments were made and estimations were used which are affecting the assets and liabilities and also the amounts booked as income and expenses during the reporting period.

The estimates were calculated using the best information available, at the date of approval of the financial statements, of the events and transactions in course and of the experience from current and/or past events. However, events may occur in subsequent periods that were not expectable as of the date of these financial statements and, consequently were not included in those estimates. Changes in the estimates after the closing of the financial statements will be booked on the subsequent year. For this reason and considering inherent uncertainty, the effective income from transactions in analysis may differ from the correspondent estimates.

The most important judgments and estimates performed in the preparation of the accompanying financial statements were the following:

i) Goodwill

"Goodwill" impairment tests are based on assumptions usually employed by the Entity in evaluating companies, being performed whenever there are indications of impairment.

ii) Deferred tax assets

The deferred tax assets are recognized only when there is reasonable expectation of future taxable income to use these deferred tax assets. At the end of each financial year a review of deferred taxes is made, and they are reduced when it is no longer probable future use. The review carried out is based on future projections of the Entity's activity.

### iii) Impairment losses on trade and other receivables

Whenever there is a reduced expectation of realization of accounts receivable from customers and / or other debt by the Entity's management, taking into consideration the overall risk of collection of accounts receivable, an impairment loss is recognized.

### iv) Impairment losses on inventories

Whenever the value of the inventories acquisition cost is lower than the expected sale value at the balance sheet date, the Entity posts an impairment loss amounting the resulting difference.

## 3.9 Income tax

The income tax for the year recorded in the profit and loss statement results from the sum of current and deferred taxes. Current and deferred taxes are recognized in the profit and loss statement, except when deferred taxes relate to items recognized directly in equity, in which case are recorded in equity.

Current tax payable is calculated based on the Entity's taxable income. The taxable income differs from accounting income because it excludes various income and expenses that will only be taxable or deductible in other years, as well as expenses and income that will never be taxable or deductible.

Deferred taxes relate to temporary differences between amounts of assets and liabilities for accounting reporting purposes and the amounts for tax purposes. The deferred tax assets and liabilities are measured using tax rates expected to be in place at the date of the corresponding reversal of the temporary differences, based on tax rates (and tax laws) that are formally issued at the reporting date.

The deferred tax liabilities are recognized for all taxable temporary differences and the deferred tax assets are recognized only for deductible temporary differences for which there is reasonable expectation of future taxable income to use these deferred tax assets, or taxable temporary differences that revert at the same reversal period of deductible temporary differences. At each reporting date a review is made of the deferred tax assets, and they are adjusted whenever their future use is no longer probable.

## 3.10 Balances and transactions expressed in foreign currencies

Transactions in foreign currencies (other than functional currency from Entity), are translated to Euro using the exchange rate prevailing as of the transaction date. At each balance sheet date, all monetary assets and liabilities expressed in foreign currencies are translated at the exchange rates prevailing as of that date.

Exchange differences calculated on the date of receipt or payment of foreign currency transactions and those resulting from the above updates are recorded in the profit and loss statement for the period in which they are generated.

## 3.11 Provisions, contingent assets and liabilities

Provisions are recognised when, and only when, the Entity has an obligation (legal or constructive) resulting from a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation's amount.

The amount of provisions recorded is the best estimate, at the reporting date, of the required resources to settle the obligation. This estimate, revised at each reporting date, is determined taking into consideration the risks and uncertainties associated with each obligation.

Contingent liabilities are not recognized in the financial statements, being disclosed when the possibility of an outflow of resources incorporating economic benefits is not remote.

Contingent assets are not recognized in financial statements but are disclosed when it is probable that there will be an inflow of future economic resources.

### 3.12 Borrowing costs

Financial costs related to borrowings are expenses as incurred.

### 3.13 Accrual basis

The Entity records its income and expense on an accrual basis, for which income and expenses are recognized as they are generated, despite the time of its receipt or payment. The differences between the amounts received and/or paid and the corresponding income and expenses generated are recorded as assets or liabilities.

### 3.14 Subsequent events

The events occurred after the balance sheet date that provide additional information about conditions that existed at balance sheet (“adjusting events”) are reflected in financial statements. Events occurred after the balance sheet date that provide information on conditions that occur after that date (non-adjusting events) are disclosed in the financial statements, if considered material.

## 4 CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash and cash equivalents includes cash on demand and term deposits payable on demand (with maturity equal or less than three months) net from bank overdrafts and other equivalent short-term financial liabilities. As of 31 March 2020 and 31 March 2019 the caption cash and cash equivalents is composed as follows:

	<u>31-03-2020</u>	<u>31-03-2019</u>
Cash deposits payable on demand	243,253	275,171

## 5 ACCOUNTING POLICIES, CHANGES IN FORECAST AND MISTAKES

During the period ended 31 March 2020 there aren't changes in the accounting policies, forecast and there aren't registered any mistakes.

## 6 TANGIBLE ASSETS

During the periods ended 31 March 2020 and 31 March 2019 the movements in the carrying amount of tangible assets, as well as in the accumulated depreciation and accumulated impairment losses, were as follows:

	2020		
	Buildings and other constructions	Basix Equipment	Total
<b>Assets</b>			
Opening balance	127,426	304,028	431,454
Aquisitions	-	-	0
Closing balance	127,426	304,028	431,454
<b>Accumulated depreciation and impairment losses</b>			
Opening balance	108,067	199,665	307,732
Depreciation for the year (Note 18)	9,597	15,997	25,593
Closing balance	117,664	215,662	333,325
<b>Net book value</b>	<b>9,762</b>	<b>88,366</b>	<b>98129</b>

  

	2019		
	Buildings and other constructions	Basix Equipment	Total
<b>Assets</b>			
Opening balance	127,426	284,765	412,191
Aquisitions	-	19,263	19,263
Closing balance	127,426	304,028	431,454
<b>Accumulated depreciation and impairment losses</b>			
Opening balance	96,880	185,729	282,609
Depreciation for the year (Note 18)	11,187	13,936	25,123
Closing balance	108,067	199,665	307,732
<b>Net book value</b>	<b>19,359</b>	<b>104,363</b>	<b>123,722</b>

The tangible assets depreciation for the period ended 31 March 2020, amounting to 25,593 Euros (25,123 Euros as of 31 March 2019), was recorded in the profit and loss statement in the caption “Depreciation and amortization of tangible assets” (Note 19).

## 7 GOODWILL

As of 31 March 2020 and 31 March 2019 the Entity’s goodwill corresponds to the goodwill generated with the Land Rover acquisition during the year 2000, and were made up as follows:

2020				
Entity	31-03-2018	Accumulated impairment losse	Depreciation for the year (Note 19)	31-03-2019
Goodwill Land Rover	5,252,259	-	(875,377)	4,376,882

2019				
Entity	31-03-2017	Accumulated impairment losse	Depreciation for the year (Note 19)	31-03-2018
Goodwill Land Rover	5,835,843	-	(583,584)	5,252,259

The main assumptions for test of impairment were the following:

	WACC Rate	Annual increase for Revenue	Rate of growth in perpetuity
Budget 2020	7,10%	9%	2%

The Company annually tests for goodwill impairment analysis that it records in its financial position. The recoverable amounts of the cash flow generating units are determined based on the calculation of usage values and the fair value less cost of sale. These calculations require the use of estimates and assumptions that, in case of change, may have an impact on the estimated recoverable amount.

For the purpose of impairment tests to the Cash Generating Unit (CGU), namely Land Rover, the recoverable amount was determined based on the value in use, according to the Discounted Cash Flow (DCF) method. The calculations were based on the current performance of the entity, as well as the expectations of developing its business with the current organizational and corporate structure, having used the budget for 2020/2021, the business plan for the subsequent 4-year periods and the calculation of perpetuity for the following years..

The standardization of the Ingenium engines with lower CO2 emissions and the commercialization of the new Discovery Sport and Evoque Hybrid plug-in models (along with R.Rover and RR Sport), makes us believe that Land Rover will follow this expected trend for the market and therefore will increase the number of registration respect to the current year 2019-120.

The commercialization of the E-PACE model throughout the year allowed the brand to be present in the segment of the Premium Medium SUV, which is the one with the highest growth in high-end vehicles. This model, together with the commercialization of the I-Pace model (electric vehicle exempt from tax payments and recently winner of the World Car of the Year, World Car Design of the Year and World Green Car awards) makes us believe that Jaguar will definitely increase its sales next year.

## 8 INCOME TAX

In accordance with current Portuguese legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when tax losses have been incurred, tax benefits have been granted or tax inspections, claims or contestations are in progress, in which

case the period can be extended or suspended, depending on the circumstances. Accordingly, the Entity's tax returns for the years from 2016 to 2020 are still subject to review and correction.

The Entity's Management believes that any correction to the tax returns that might result from reviews carried out by the tax authorities to these tax returns will not have a significant effect on the financial statements as of 31 March 2020 and 31 March 2019.

Accordingly to the Corporate Income Tax Code, the Entity is also subject to autonomous taxation on a set of expenses at the tax rates established in the mentioned code.

The temporary differences between assets and liabilities for accounting and tax purposes as of 31 March 2020 were recognized by the Entity, having the corresponding deferred tax assets and liabilities been calculated based on an aggregated income tax rate of 22.5% that corresponds to: (i) income tax rate of 21% and (ii) 1.5% of local tax over the taxable income.

The income tax for the periods ended 31 March 2020 and 31 March 2019 is made up as follows:

	31-03-2020	31-03-2019
Current income and adjustments:		
Current income tax for the period (Note 12)	370,135	99,663
Prior year adjustments		(2,085)
	<u>370,135</u>	<u>97,578</u>
Deferred taxes:		
Deferred taxes related to increase / reversal of temporary differences	12,661	309,175
	<u>12,661</u>	<u>309,175</u>
Income tax for the year	<b><u>382,796</u></b>	<b><u>406,753</u></b>

The numerical reconciliation between the tax expense and the accounting profit multiplied by the applicable tax rate for the years ended 31 March 2020 and 31 March 2019 is as follows:

	31-03-2020	31-03-2019
Income before tax	<u>739,191</u>	<u>947,378</u>
Current income tax expense	155,230	166,537
Temporary differences:		
Others	(11,817)	(208,606)
Provisions	-	-
	<u>143,413</u>	<u>(42,069)</u>
Permanent differences:		
Goodwill amortization	183,829	122,553
Others	7,224	(828)
	<u>334,466</u>	<u>79,656</u>
Autonomous taxation	11,778	12,116
Income statement surplus	23,891	5,805
Prior year adjustment	12,661	309,176
Current income tax	<b><u>382,796</u></b>	<b><u>406,753</u></b>

## Deferred taxes

Deferred taxes for the years ended 31 March 2020 and 31 March 2019 is made up as follows:

	Deferred tax assets	
	31-03-2020	31-03-2019
Accrued expenses (Comercial)	813,113	825,774
	<b>813,113</b>	<b>825,774</b>

The movement occurred in the deferred tax assets captions for the periods ended 31 March 2020 and 31 March 2019 is as follows:

	Deferred tax assets	
	31-03-2020	31-03-2019
Opening balance	825,774	1,134,950
Accrued expenses (Comercial)	(12,661)	(309,176)
Correction tax rate	-	-
Closing balance	<b>813,113</b>	<b>825,774</b>

## 9 INVENTORIES

Inventories for the periods ended 31 March 2020 and 31 March 2019 is made up as follows:

	31-03-2020			31-03-2019		
	Gross value	Impariment loss	Net book value	Gross value	Impariment loss	Net book value
Inventories	3,157,941	(34,574)	3,123,367	4,063,692	(277,550)	3,786,142
"Buy-Back" vehicles			0	1,033,969	-	1,033,969
	<b>3,157,941</b>	<b>(34,574)</b>	<b>3,123,367</b>	<b>5,097,661</b>	<b>(277,550)</b>	<b>4,820,111</b>

## Cost of sales

The cost of goods sold during the periods ended 31 March 2020 and 31 March 2019 is determined as follows:

	Inventories	
	31-03-2020	31-03-2019
Opening balance	5,097,661	5,584,748
Purchases	65,048,561	69,059,628
Closing balance	(3,157,941)	(5,097,661)
Cost of sales	<b>66,988,281</b>	<b>69,546,715</b>

## Impairment losses

During the periods ended 31 March 2020 and 31 March 2019, the movement occurred in impairment losses of inventories is as follows:

	31-03-2020				
	Opening balance	Increases	Decreases	Utilization	Closing balance
Inventories	277,550		(242,976)		34,574

  

	31-03-2019				
	Opening balance	Increases	Decreases	Utilization	Closing balance
Inventories	453,071		(237,630)	62,109	277,550

## 10 FINANCIAL ASSETS

### Captions of financial assets

As of 31 March 2020 and 31 March 2019 these captions are made up as follows:

	31/03/2020			31/03/2019		
	Gross value	Accumulated impairment losses	Net book value	Gross value	Accumulated impairment losses	Net book value
Cash and cash equivalents:						
Cash deposits payable on demand (Note 4)	243,253	-	243,253	275,171	-	275,171
Financial assets at amortised cost:						
Customers	2,494,420	(136,069)	2,358,351	5,157,870	(360,805)	5,157,065
Partners (Note 22)	20,770,873	-	20,770,873	16,011,124	-	16,011,694
Other receivables	31,440	-	31,440	5,940	-	5,940
	23,296,733	(136,069)	23,160,664	21,535,504	(360,805)	21,174,699
	<b>23,539,986</b>	<b>(136,069)</b>	<b>23,403,917</b>	<b>21,810,675</b>	<b>(360,805)</b>	<b>21,449,870</b>

### Customers and other receivables

The detail of accounts receivable captions for the periods ended 31 March 2020 and 31 March 2019 is made up as follows:

	31-03-2019			31-03-2018		
	Gross value	Accumulated	Net book value	Gross value	Accumulated	Net book value
		impairment losses			impairment losses	
Current:						
Customers:						
Trade accounts receivables	2,494,420	(136,069)	2,358,351	5,517,870	(360,805)	5,157,065
Loans granted (Note 24)	20,770,873	-	20,770,873	16,011,694	-	16,011,694
Other receivables:						0
New vehicles tax	-	-	-	-	-	0
Advanced payments to attorneys	-	-	-	-	-	0
Advanced payments to employees	3,000		3,000	4,500		4,500
Other accounts receivable	28,440		28,440	1,440		1,440
	31,440		31,440	5,940	-	5,940
	<b>23,296,733</b>	<b>(136,069)</b>	<b>23,160,664</b>	<b>21,535,504</b>	<b>(360,805)</b>	<b>21,174,699</b>

As of 31 March 2020, the caption "Loans granted" in the amount of 20,770,873 Euros (16,011,694 Euros as of 31 March 2019) corresponds to a cash pooling contract celebrated between the Entity and Jaguar Land Rover Limited during 2008, which bears interest at normal market rates.

### Impairment losses

During the periods ended 31 March 2020 and 31 March 2019, the movement occurred in impairment losses of customers and other receivables is as follows:

	31-03-2019				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Trade accounts receivable	360,805	-	(180,778)	(43,956)	136,069
Suppliers debtor accounts	-	-	-	-	-
New vehicles tax	-	-	-	-	-
	<b>360,805</b>	<b>-</b>	<b>(180,778)</b>	<b>(43,956)</b>	<b>136,069</b>

	31-03-2019				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Trade accounts receivable	-	360,805	-	-	360,805
Suppliers debtor accounts	-	-	-	-	-
New vehicles tax	-	-	-	-	-
	<b>-</b>	<b>360,805</b>	<b>-</b>	<b>-</b>	<b>360,805</b>

During the year ended 31 March 2020, the Entity, after approval at Group level, used old overdue account receivables, proceed to *an impairment* of account receivable from REVOR dealer.

## 11 EQUITY INSTRUMENTS

## Paid up capital

As of 31 March 2020 and 31 March 2019, the Entity's share capital was fully subscribed and realized and was composed by two quota's amounting to 1,329,900 Euros and 100 Euros, owned by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited, respectively.

## Supplementary capital

As of 31 March 2020 and 31 March 2019 the caption "Other equity instruments" corresponds to supplementary capital contributions, in the amount of 10,641,467 Euros. These capital contributions can only be reimbursed to quotaholders as long as the equity does not become less than the sum of the capital and legal reserve, after the reimbursement. The supplementary capital contributions do not bear interests.

## Legal reserve

Portuguese legislation establishes that at least 5% of annual net income must be retained into a legal reserve until the reserve equals the minimum requirement of 20% of the capital. This reserve is not available for distribution, except in the case of liquidation, and may be used to on capital increases or to absorb retained losses once other reserves have been consumed. As of 31 March 2019, this caption amounts to 119,379 Euros.

## Annual Net Result Application

By deliberation of the General Assembly of April 1st 2019, the net profit of the year ended 31 March 2019, in the amount of 356,394.59 Euros, was transferred to retained earnings.

# 12 FINANCIAL LIABILITIES

## Suppliers and other accounts payable

As of 31 March 2020 and 31 March 2019 the breakdown of accounts payable is as follows:

	31/03/2020	31/03/2019
Suppliers:		
Trade accounts payable	12,861,175	11,507,703
Other financial liabilities:		
Other payables	4,030,805	5,197,033
	<u>4,030,805</u>	<u>5,197,033</u>
	<u>16,891,980</u>	<u>16,704,736</u>

As of 31 March 2020 the caption "Trade accounts payable" amounting to 12,861,175 Euros includes 9,341,645 Euros (10,896,117 Euros as of 31 March 2019) related with accounts payable to Group Companies (Note 24).

## Other accounts payable

The breakdown of other accounts payable for the years ended 31 March 2020 and 2019 is made up as follows:

	31-03-2018	31-03-2017
Other accounts payable:		
Rents	-	-
Other creditors	23,113	51,025

	23,113	51,025
Accrued expenses:		
Bonus and incentives granted	3,531,191	3,383,997
Cars "buy back"		947,182
Fixed Marketing	82,644	135,811
Other accrued expenses	387,797	665,847
Vacation payable, social charges	6,061	13,171
	<u>4,007,693</u>	<u>5,146,008</u>
	<b>4,030,805</b>	<b>5,197,033</b>

As of 31 March 2020 and 31 March 2019 the caption "Bonus and incentives to grant" amounting to 3,155,594 Euros and 3,383,997 Euros, respectively, relates essentially to commercial bonuses and incentives conceded to the Entity's dealers, based on the commercial strategy agreed and the annual sales performance.

The caption "Fixed Marketing" amounting to 82,644 Euros and 135,811 Euros as of 31 March 2020 and 31 March 2019, respectively, relates to expenses incurred by the Entity regarding the promotion of its vehicles for which, until the year end, the correspondent invoice from the supplier was not yet received.

As of 31 March 2020 and 31 March 2019 the caption "Other accrued expenses" includes the amount of 387,797 Euros and 665,847Euros related with services obtained for which the Entity has not yet been invoiced.

## 13 STATE AND OTHER PUBLIC ENTITIES

The breakdown of "State and other public entities" for the periods ended 31 March 2020 and 31 March 2019 is made up as follows:

	31-03-2020		31-03-2019	
	Assets	Liabilities	Assets	Liabilities
Corporate Income Tax:	-	(370,135)	870,989	-
Payments on account	-	101,565	(99,663)	-
Income tax (Note 7)	-	(268,570)	771,326	-
Individual income tax	-	(2,941)	-	10,178
Value added tax	-	(1,928,715)	-	4,370,254
Social security contributions	-	(3,203)	-	10,557
New vehicles tax	-	(457,807)	-	300,695
	-	<b>(2,661,237)</b>	<b>771,326</b>	<b>4,691,684</b>

The caption "New vehicles tax" amounting to 457,807 Euros and 300,695 Euros as of 31 March 2020 and 31 March 2019, respectively, relates to taxes to be paid by the Entity over the imported vehicles already sold to its dealers.

The payments on account were calculated based on the income tax declaration submitted for the transitional taxation period of three months from April 1, 2019 and March 31, 2020.

## 14 PROVISIONS

During the years ended 31 March 2020 and 2019, the movement occurred in the caption “Provisions” is as follows:

	31-03-2020				
	Opening balance	Increases	Reversals	(Utilizations	Closing balance
Tax contingencies	199,314	84,429	(53,366)	-	230,377
Litigations and legal processes	680,299	67,300	(75,000)	-	672,599
Restructuring costs provisions	120,000			(120,000)	0
	<b>999,614</b>	<b>151,729</b>	<b>(128,366)</b>	<b>(120,000)</b>	<b>902,977</b>

	31-03-2019				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Tax contingencies	161,710	45,317	(7,713)	-	199,314
Litigations and legal processes	768,487	150,300	(238,488)	-	680,299
Restructuring costs provisions	-	120,000	-	-	120,000
	<b>930,197</b>	<b>315,617</b>	<b>(246,201)</b>	<b>-</b>	<b>999,614</b>

As of 31 March 2020 the amount of 230,377 Euros (199,314 Euros as of 31 March 2019), respects to the estimate of probable tax assessment contingency (stamp tax) valued on 199,314 Euros , and legal contingencies valued on 672,599 Euros (680,299 Euros as of 31 March 2019).

## 15 DEFERRALS

As of 31 March 2020 the caption “Deferrals” is made up as follows:

	31-03-20120		31-03-2019	
	Current	Non current	Current	Non current
Buy back contracts	-	-	20,565	-
Service assistance	177,059	174,508	97,180	78,032
	<b>177,059</b>	<b>174,508</b>	<b>280,607</b>	<b>105,008</b>

During the period ended March 31, 2020 the accounting criteria for the revenue associated with service assistance was reviewed. This service may be used for a three year period, thus the associated revenue is being deferred by this period.

## 16 REVENUE

The breakdown of “Revenue” for the years ended 31 March 2020 and 31 March 2019 is made up as follows:

	31-03-2020	31-03-2019
Sales:		
Automobile	76,976,109	78,964,287
Spare parts	10,083,781	9,105,713
Bonuses and discounts granted	(13,870,842)	(9,774,814)
Services rendered	711,040	718,760
	<b>73,900,089</b>	<b>79,013,946</b>

During the period ended 31 March 2020 the Entity sold: (i) 525 Land Rover vehicles (755 in period ended in 31 March 2019), and (ii) 743 Jaguar vehicles (759 in period ended in 31 March 2019).

## 17 EXTERNAL SUPPLIES AND SERVICES

The breakdown of “External supplies and services” for the periods ended 31 March 2020 and 31 March 2019 is made up as follows:

	31-03-2020	31-03-2019
Publicity and advertising	926,591	2,462,461
Management fees	1,658,481	1,841,293
Specialized works	128,142	403,508
Expenses related to guarantees conceded	2,027,103	1,969,696
Professional fees	245,798	235,951
Merchandise freight	27,724	169,260
Travelling expenses	112,688	76,966
Others	46,802	46,270
Comunication	59,644	54,157
Service vehicles	8,725	7,971
	<b>5,241,698</b>	<b>6,908,481</b>

The caption “Publicity and advertising” amounting to 926,591 Euros and 2,462,461 Euros as of 31 March 2020 and 31 March 2019, respectively, relates to expenses incurred by the Entity for promoting its models, namely throughout events and media advertising (TV and specialized press).

The amounts included in the caption “Management fees” relate to charges from Group companies, regarding administrative, human resources and accounting services rendered by these entities during the years ended 31 March 2020 and 31 March 2019, amounting to 1,658,481 Euros and 1,610,644 Euros, respectively.

The caption “Professional fees”, amounting to 245,798 Euros and 235,951 Euros as of 31 March 2020 and 31 March 2019, respectively, relates, essentially, to audit services, tax and fiscal advisory and legal consulting.

## 18 EMPLOYEES EXPENSES

The breakdown of “Employees expenses” for the years ended 31 March 2020 and 31 March 2019 is made up as follows:

	31-03-2020	31-03-2019
Wages and salaries	153,379	656,772
Social security contributions	37,654	66,135
Social costs	7,174	9,352
	<b>198,207</b>	<b>732,259</b>

During 2020 and 2019 the average number of personnel was 2 and 4 employees.

## 19 DEPRECIATION

The caption "Depreciation and amortization of tangible assets" for the years ended 31 March 2020 and 31 March 2019, is composed as follows:

	31-03-2020	31-03-2019
Fixed Assets (Nota 6)	25,593	25,123
Goodwill (Nota 7)	875,376	583,585
	<b>900,969</b>	<b>608,708</b>

## 20 OTHER OPERATIONAL INCOME

The breakdown of caption "Other operational income" for the years ended 31 March 2020 and 31 March 2019 is made up as follows:

	31-03-2020	31-03-2019
Comissions charged	22,100	20,811
Default interes charged to customers	-	-
Extraordinary income	10,600	17,775
	<b>32,700</b>	<b>38,586</b>

## 21 OTHER OPERATIONAL EXPENSES

The breakdown of "Other operational expenses" for the periods ended 31 March 2020 and 31 March 2019 is made up as follows:

	31-03-2020	31-03-2019
Contractural FGA fee	153.664	154,751
Other	119.825	130,613
	<b>273.489</b>	<b>285,364</b>

As of 31 March 2020 and 2019, the caption "Contractual FGA fee" amounting to 153,664 Euros and 154,751 Euros, respectively, corresponds to interest incurred by the Entity towards the financial institution of Jaguar Land Rover group (named FGA), concerning the funding policy the Entity grants to dealers. Accordingly to this policy, if a Jaguar or Land Rover motor vehicle is not paid by the dealer at the time of property transference, the Entity incurs in interest for a maximum period of 60 days, which can be less if the dealer pays that motor vehicle before.

## 22 INTERESTS AND OTHER SIMILAR INCOME AND EXPENSES

The interests and other similar income for the periods ended 31 March 2020 and 31 March 2019 are made up as follows:

	31-03-2020	31-03-2019
Interest income	8,655	4,661
	<b>8,655</b>	<b>4,661</b>

The caption "Interest income" as of 31 March 2020, amounting to 8,655 Euros (4,661 Euros as of 2019) includes related with interests charged by the Entity for the loan granted to Land Rover Group (Note 25), in the amount of 20,770,873 Euros (16,011,124 Euros as of 2018). Interest rates are charged at normal market rates.

## 23 RELATED PARTIES

The Entity is owned by Jaguar Land Rover Limited in 99.99% and Jaguar Land Rover Holdings Limited in 0.01%. These entities have their headquarters in England. The Entity's financial statements are consolidated in Jaguar Land Rover Limited.

During the periods ended 31 March 2020 and 31 March 2019 the following transactions with related parties were made:

### 2020:

	Inventory purchases	Services obtained	Services rendered	Interest income
JAGUAR LAND ROVER ESPAÑA S.L.U.	10,275,910	1,962,732	-	-
JAGUAR LAND ROVER Limited	54,264,383	249,921	4,319,705	8,655
SPARK 44 ESPAÑA	-	540,051	-	-
SPARK 44 GmbH	-	-	-	-
	<b>64,540,293</b>	<b>2,752,703</b>	<b>4,319,705</b>	<b>8,655</b>

**2019:**

	Inventory purchases	Services obtained	Services rendered	Interest income
JAGUAR LAND ROVER ESPAÑA S.L.U.	8,179,740	1,772,626	-	-
JAGUAR LAND ROVER Limited	59,833,934	245,928	2,547,087	4,661
SPARK 44 ESPAÑA	-	616,388	-	-
SPARK 44 GmbH	-	-	-	-
	<b>68,013,674</b>	<b>2,634,942</b>	<b>2,547,087</b>	<b>4,661</b>

The balances as of 31 March 2020 and 31 March 2019 with group companies are as follows:

**2020:**

	Loans Granted (Note 10)	Suppliers (Note 12)
JAGUAR LAND ROVER ESPAÑA S.L.U.	-	2,460,565
JAGUAR LAND ROVER Limited	20,770,873	6,828,921
SPARK 44 ESPAÑA	-	52,159
SPARK 44 GmbH	-	0
	<b>20,770,873</b>	<b>9,341,645</b>

**2019:**

	Loans Granted (Note 10)	Suppliers (Note 12)
JAGUAR LAND ROVER ESPAÑA S.L.U.	-	2,527,454
JAGUAR LAND ROVER Limited	16,011,124	8,327,332
SPARK 44 ESPAÑA	-	41,331
SPARK 44 GmbH	-	-
	<b>16,011,124</b>	<b>10,896,117</b>

As of 31 March 2020 and 31 March 2019 the transactions with related parties included in "Services rendered", amounting to 4,319,705 Euros and 2,547,087 Euros, respectively, essentially relates with expenditures recharged to the manufacturers of each brand, for vehicles' repairs that are still within the warranty period.

The caption "Loans granted" amounting to 20,770,873Euros and 16,011,124 Euros as of 31 March 2020 and 2019, respectively, corresponds to the cash pooling contract celebrated between the Entity and Jaguar Land Rover Limited during 2008, which bears interest at normal market rates (Note 11).

## 24 GUARANTEES PROVIDED

As of 31 March 2020, the Entity has provided a bank guarantees to Direcção das Alfândegas de Lisboa amounting to 2,000,000 Euros and to PREOF VIII – Gestão e Investimento Imobiliário, S.A. in the amount of 27,670 Euros.

## 25 DISCLOSURES LEGAL REQUIRED BY DIPLOMAS

The fees related with audit services provided to the Entity during the year ended 31 March 2020 amounted to 26,000 Euros.

## 26 SUBSEQUENT EVENTS

There were no events occurred after 31 March 2020 that require adjustments or disclosures in the financial statements.

## 27 OTHER DISCLOSURES

On March 11, 2020, the World Health Organization declared the situation of Coronavirus COVID19 as a pandemic, due to its rapid spread around the world and affecting more than 150 countries. Most governments are taking restrictive measures to contain the spread, which includes, among others: isolation, confinement, quarantine, restrictions on the free movement of people, closure of public and private places except for essential needs, closing of borders and drastic reduction of the air, sea, rail and land transport. In Portugal, on March 18, 2020, the State of Emergency was decreed through the decree of the President of the Republic No. 2-A / 2020 to manage the health crisis situation caused by COVID19.

This situation is significantly affecting the world economy due to the interruption or slowdown in distribution chains and a significant increase in uncertainty in the economy, evidenced by an increase in asset price volatility, exchange rates and changes in long-term interest rates.

To mitigate the economic impacts of this crisis, the Government is publishing several rules with urgent and ex-routine measures to face the economic and social impact of COVID-19.

The consequences due to COVID-19 were considered for a later time horizon, which does not imply an adjustment in the annual (consolidated) accounts for the year 2019/20, without prejudice that should be subject to recognition in the annual (consolidated) accounts. for the year 2020/21.

Even if, at the date of the formulation of the (consolidated) annual accounts, it is not possible to estimate the future impacts due to this crisis on Jaguar Land Rover, the consequences were as follows:

- So far, Jaguar Land Rover is paying off all of its financial debts and payments to its suppliers.
- Forecasts for the Automobile market - For a forecast of 2 months of confinement, the forecast by Banco de Portugal points to a drop in GDP of about 4% for 2020 and the fall of the car market points to values in the order of -40% , although ACAP does not have an official forecast.
- Sales forecast for the coming months was reduced in line with the expected drop in the market (40%).
- Effective social detachment, hygiene and employee health supervision measures were implemented, after a review of all areas of the office and common spaces before gradually returning to normal working hours.
- Gradual reopening of JLR factories from 18 May.
- Jaguar Land Rover Portugal has implemented all the necessary measures so that, within the exceptional situation in which we find ourselves, it can continue to provide the necessary support to its dealer network, creating a special Commercial Aid Plan for this purpose.

Jaguar Land rover has analyzed the impact of soft Brexit on its forecasts, but the change in assumptions to a hard Brexit will not materially affect going concern or deterioration. The possible consequences of the BREXIT are considered a subsequent event that does not require an adjustment in the (consolidated) annual accounts for the 2019/20 financial year, without prejudice to the fact that they must be recognized in the (consolidated) annual accounts for the financial year 2020 / twenty-one.

Although at the date of preparation of the annual accounts (consolidated), it is not possible to make an estimate of the future impacts derived from the agreement finally reached, Jaguar Land Rover UK and Jaguar Land Rover Portugal will put in place the necessary measures so that they can continue to provide service and support to your Dealer Network.

Jaguar Land rover has analysed the impact of soft Brexit on its forecasts, but the change in assumptions to a hard Brexit will not materially affect going concern or deterioration. The possible consequences derived from BREXIT are considered a subsequent event that does not require an adjustment in the (consolidated) annual accounts for the 2019/20 financial year, notwithstanding that they must be recognized in the (consolidated) annual accounts for the financial year 2020 / 21.

Although at the date of preparation of the annual accounts (consolidated), it is not possible to make an estimate of the future impacts derived from the agreement finally reached, Jaguar Land Rover UK and Jaguar Land Rover Portugal will put in place the necessary measures so that they can continue to provide service and support to your Dealer Network.

Jaguar Land Rover Portugal is in a position to implement the plans developed by the Group, and JLR UK has sufficient financial resources to support these measures.

## 28 EXPLANATION ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with Portuguese law and with generally accepted accounting principles in Portugal (“Sistema de Normalização Contabilística – SNC”), which, in some aspects, may not conform to or be required by the law or generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

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