

**JAGUAR LAND ROVER ITALIA S.p.A.**

**LOCAL STATUTORY ACCOUNTS AS AT 31.03.2020**

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## FINANCIAL STATEMENTS AT 31/03/2020

### BALANCE SHEET

ASSETS	31/03/2020		31/3/2019	
	EURO	EURO	EURO	EURO
<b>(B) FIXED ASSETS</b>				
I - Intangible fixed assets:				
(5) Goodwill	2.058.553		3.234.868	
(7) Other	1.121.721		1.562.341	
Total		<b>3.180.278</b>		<b>4.809.471</b>
II - Tangible fixed assets:				
(2) Plant and machinery	182.533		204.960	
(3) Industrial and commercial equipment	594.591		1.006.930	
(4) Other assets	455.910		596.309	
Total.		<b>1.233.034</b>		<b>1.808.199</b>
III - Financial fixed assets:				
(1) Equity investments in: d) Other companies	130		130	
Total.		<b>130</b>		<b>130</b>
Total fixed assets (B)		<b>4.413.442</b>		<b>6.617.800</b>
<b>(C) CURRENT ASSETS:</b>				
I - Inventories:				
(4) Goods	98.221.071		73.935.534	
Total.		<b>98.221.071</b>		<b>73.935.534</b>
II - Receivables:				
(1) Trade receivables due within subsequent FY	443.477		15.370.794	
(4) Receivables from parent companies	188.649.474		149.482.687	
(5) Receivables from companies controlled by parent companies	1.349.329		2.232.042	
(5) - bis) Tax receivables	113.413		113.413	
(5) - ter) Deferred tax asset	15.507.634		13.252.377	
(5) - quater) Other receivables	150.814		269.956	
Totale.		<b>206.214.141</b>		<b>180.721.269</b>
IV - Cash and cash equivalents:				
(1) Bank and postal accounts	39.413.207		10.910.211	
Total.		<b>39.413.207</b>		<b>10.910.211</b>
Total current assets (C)		<b>343.848.419</b>		<b>265.567.014</b>
<b>(D) ACCRUALS AND DEFERRALS</b>		<b>201.906</b>		<b>316.657</b>
<b>TOTAL ASSETS</b>		<b>348.463.767</b>		<b>272.501.471</b>

JAGUAR LAND ROVER ITALIA S.p.A.  
Sede legale in Roma - Viale Alessandro Marchetti, 105  
Capitale sociale Euro 65.000.000,00 i.v.  
R.E.A. n. 944215 - Azionista Unico.  
Codice fiscale, partita IVA e iscrizione nel registro delle imprese di Roma n. 06070621005

## FINANCIAL STATEMENTS AT 31/03/2020

### BALANCE SHEET

	31/03/2020		31/3/2019	
LIABILITIES:	EURO	EURO	EURO	EURO
<b>(A) SHAREHOLDERS' EQUITY:</b>				
I - Share capital		65.000.000		25.000.000
IV - Legal reserve		2.436.847		2.212.526
VII - Other reserves - Merger surplus		2.102.935		2.102.935
VIII - Profit (Loss) carried forward		4.262.104		0
IX - Profit (loss) for the year		7.910.487		4.486.424
Total		81.712.373		33.801.885
<b>(B) PROVISIONS FOR LIABILITIES AND CHARGES:</b>				
(3) Other	50.431.677		43.360.145	
Total.		50.431.677		43.360.145
<b>(C) PROVISION FOR EMPLOYEE SEVERANCE PAY.</b>		2.798.482		2.978.136
<b>(D) PAYABLES:</b>				
(6) Advances	110.000		140.000	
(7) Trade payables	36.658.118		39.706.655	
(11) Payables to parent companies	137.240.727		111.534.915	
(11 bis) Payables to companies controlled by parent companies	12.495		605.443	
(12) Tax liabilities	21.541.441		26.453.997	
(13) Payables to social security authorities	352.794		375.948	
(14) Other payables	10.123.103		9.034.677	
Totale.		206.038.678		187.851.635
<b>(E) ACCRUALS AND DEFERRALS</b>		7.482.557		4.509.670
<b>TOTAL LIABILITIES</b>		<b>348.463.767</b>		<b>272.501.471</b>

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## FINANCIAL STATEMENTS AT 31/03/2020

### INCOME STATEMENT

	31/03/2020		31/3/2019	
	EURO	EURO	EURO	EURO
<b>(A) VALUE OF PRODUCTION:</b>				
(1) Revenue from sales and services		1.130.841.831		1.200.800.230
(5) Other revenue and income		64.650.469		63.574.646
<b>Total value of production (A)</b>		<b>1.195.492.300</b>		<b>1.264.374.876</b>
<b>(B) COST OF PRODUCTION:</b>				
(6) Raw and ancillary materials, consumables and goods		1.060.757.143		1.118.009.945
(7) Services		113.745.020		104.789.862
(8) Lease and rental costs		1.615.635		1.606.278
(9) Personnel costs:				
(a) Wages and salaries	7.735.274		8.064.504	
(b) Social security charges	2.258.360		2.433.080	
(c) Employee severance indemnity	567.938		586.547	
(e) Other costs	0		607.845	
<b>Total personnel costs.</b>		<b>10.561.572</b>		<b>11.691.976</b>
(10) Depreciation, amortisation and write-downs:				
(a) Amortisation of intangible fixed assets	1.646.693		1.643.778	
(b) Depreciation of tangible fixed assets	581.670		583.363	
(d) Write-downs of current receivables and cash and cash equivalents	0		139.928	
<b>Total depreciation, amortisation and write-downs</b>		<b>2.228.363</b>		<b>2.367.069</b>
Changes in inventories of raw and ancillary materials, consumables and goods		(24.285.537)		(6.987.721)
(12) Accruals for risks		154.000		180.000
(13) Other allowances		14.794.169		14.992.128
(14) Sundry operating expenses		1.418.654		1.877.107
<b>Total cost of production (B)</b>		<b>1.180.989.019</b>		<b>1.248.526.644</b>
<b>Difference between value of production and cost of production (A-B)</b>		<b>14.503.281</b>		<b>15.848.232</b>
<b>(C) FINANCIAL INCOME AND CHARGES:</b>				
Other financial income:				
(d) Income other than the above	74.887		68.972	
(17) Interest and other financial expenses	(3.292.352)		(3.862.949)	
(17-bis) Exchange-rate profit and loss	(1.027)		(1.751)	
<b>Total (16-17)</b>		<b>(3.218.492)</b>		<b>(3.795.728)</b>
<b>PROFIT BEFORE TAX (A-B+/-C);</b>		<b>11.284.789</b>		<b>12.052.504</b>
(20) Tax				
(a) Current income tax	(5.631.092)		(5.551.516)	
(b) Prior years tax	1.532		(3.899.915)	
(c) Deferred/prepaid tax	2.255.258		1.885.351	
<b>Total income tax</b>		<b>(3.374.302)</b>		<b>(7.566.080)</b>
(21) Profit (loss) for the year		<b>7.910.487</b>		<b>4.486.424</b>

## **Jaguar Land Rover Italia S.p.A.**

**Jaguar Land Rover Italia S.p.A. –A sole shareholder company (*Azionista Unico*)**  
**Registered office in Rome, Viale Alessandro Marchetti, 105 – Share capital € 65,000,000 fully paid-in**  
**Chamber of Commerce (R.e.a.) reg. No. 944215**  
**Fiscal code, VAT number and Rome Companies Registry reg. No 06070621005**

Notes to the Financial Statements at 31.03.2020

### **Fiscal year**

On 7 March 2016, the Company's articles of association were amended by deed executed by notary public Pierandrea Fabiani and the year-end was changed to 31 March of each year.

### **Layout and content of the Financial Statements**

These Financial Statements, composed of the Balance Sheet, Profit and Loss Account, Notes and Cash Flow Statement, are in line with the relevant Italian Civil Code provisions and EU directives.

The Financial Statements have been drawn up pursuant to the provisions of articles 2423 ff of the Italian Civil Code as amended by Legislative Decree No 139 of 18 August 2015 implementing Directive 2013/34/EU on the annual Financial Statements and consolidated Financial Statements.

The Balance Sheet, Profit and Loss Account and Financial Statements layout is that prescribed by articles 2424, 2425 and 2425 *ter* of the Italian Civil Code.

The corresponding amount for the prior year has been reported next to each item of the Balance Sheet and Profit and Loss Account and, if necessary, has been adjusted for comparison

purposes: a mention of the relevant adjustment, or non-adjustment as the case may be, has been made in the description of each item.

Items of the Balance Sheet and Profit and Loss Account with a nil balance have not been included; their exclusion did not, however, result in changes in the numbering sequence prescribed for the statutory Balance Sheet and Profit and Loss Account layout. All figures of the Balance Sheet and Profit and Loss Account are in whole Euros.

### **Main valuation criteria**

The valuation criteria adopted in the preparation of the Financial Statements at 31 March 2020 are in line with those provided by article 2426 of the Italian Civil Code, having regard, where necessary, to the accounting principles issued by the Italian accounting standard setting board (*Organismo Italiano di Contabilità, O.I.C.*) or, if none are available, to the IAS-IFRS.

More generally, the valuation of Financial Statements items was made on a prudent, accrual and going concern basis.

The Company carries on business pursuant to a distribution agreement with Jaguar Land Rover Limited. Under the agreement, which involves a low business risk for Jaguar Land Rover Italia S.p.A., transfer prices are determined in such a way that the distribution company is guaranteed a profit margin as a percentage of sales revenue (Transactional Net Margin Method – TNMM). Such margin rate is established by specific comparability analyses conducted at group level based on similar transactions carried out between independent parties.

As mentioned in the prior year's Financial Statements, the manufacturer Jaguar Land Rover Limited has been applying this transfer pricing methodology to all group companies since 2012.

No exceptional events occurred in the fiscal year ended 31 March 2020 which made it necessary to adopt one of the derogations pursuant to article 2423(5) of the Italian Civil Code.

The following main valuation criteria have been adopted in the preparation of the Financial Statements:

**Fixed assets**

**Intangible assets**

They are recorded at the historical cost less the amortisation of prior years, the amortisation charge for the year and any write-downs due to permanent value impairments. Amortisation charges have been calculated on a straight line basis having regard to the remaining useful life of the assets.

In particular, the goodwill purchased in the year 2000 has been recorded in the assets section in an amount corresponding to the price paid less amortisation and any write-downs. Goodwill amortisation is calculated on a straight line basis having regard to its remaining useful life (based on remaining term of the distribution agreement entered into with Jaguar Land Rover Limited) expiring 31 December 2021.

As mentioned in prior years, in the Financial Statements at 31/12/2002 the Company had made a goodwill write-down to adjust the value of the asset to its potential recovery value as estimated by an expert.

Pursuant to the terms of article 12 of legislative decree 139/2015, the Company took advantage of the possibility not to apply retroactively the new goodwill amortisation method introduced by the decree.

The “Other intangible assets”, which consist of leasehold improvements, have been amortised on the basis of the remaining term of the relevant property lease agreement.

**Tangible assets**

These have been recorded at their purchase cost adjusted by the corresponding accumulated depreciation. No financial costs have been capitalised either in the year in question or in prior



years. The depreciation charges recorded in the profit and loss account have been calculated having regard to the use and the economic and technical life of the assets based on their remaining useful life. This principle is deemed to be well reflected by the following rates, and have been halved in the year in which the asset entered operation:

<b>Breakdown</b>	
Electronic office machines	20%
Non automatic generic installations	10%
Sundry small tools	25%
Furniture and office furniture	12%
Industrial and commercial equipment	10%

Assets of a minor amount (less than 516 Euro) have been wholly depreciated in the year.

### **Financial fixed assets**

Shareholdings “in other undertakings” have been measured at the subscription or purchase price.

### **Accounts receivable**

Accounts receivable have been recorded at the amortised cost, having regard to time discounting and to their presumed realisable value. The nominal value of the accounts receivable was adjusted, whenever necessary, to their presumed realisable value by a write-down.

### **Cash-in-hand and cash-at-bank**

Cash-in-hand and cash-at-bank has been measured at the nominal value.

### **Accounts payable**

They have been recorded using the amortised cost method, taking into account time discounting.

### **Accrued income/liabilities and prepayments/deferred income**

Accrued income and prepayments consist of income accrued in the year which will be received in future years and costs incurred before the year-end which will accrue in subsequent years; accrued liabilities and deferred income include costs accrued in the year which however will

be paid in future years, and income received before the year-end but accruing in subsequent years.

A detail of prepayments is provided in the relevant section of these Notes.

### **Inventory**

Inventory has been recorded at the lower of purchase cost and realisable value as inferred from market trend at the year-end adjusted by any write-downs. The year-end inventory valuation methods adopted were the specific cost method for cars and the weighted average cost method for spare parts.

The book value of the inventory does not significantly depart from its current costs value at the year-end.

### **Provisions for contingent liabilities and charges**

These provisions are set aside for the coverage of losses or liabilities that are certain or likely to arise, but whose amount and date of occurrence could not be determined at the year-end.

The provisions have been measured on a prudent and accruals basis and the relevant accruals have been determined at the best possible estimate based on the available information.

### **Employees' termination pay**

This item includes the amounts actually accrued to the benefit of Company employees pursuant to article 2120 of the Italian Civil Code, in accordance with the law and the current collective bargaining agreements, taking into account all forms of continuous remuneration.

### **Income taxes**

Current income taxes are determined on the basis of a conservative interpretation of the tax rules in force.

Deferred tax assets and liabilities are calculated based on a reasonable certainty that future taxable amounts may be offset against any temporary differences between the statutory value

and the tax basis of an asset or liability. The impact on the result of operations of this method of recognition is stated in the description of the relevant item of the P&L Account.

### **Financial risks management policies**

The Company aims at managing and containing its financial risks by relying both on the directors' prudent evaluations and on specific risks management processes put in place as part of corporate procedures, as well as through special-purpose centralized group functions.

The Company's financial risks are as follows:

- Liquidity risk: this risk is mainly related to the Company's current financial requirements to carry out its selling activities. This risk is managed by implementing financial plans which estimate future cash flows; in this respect, consider, for example, the Deposit Agreement with Jaguar Land Rover group companies.
- Risk of cash flow changes: this is mainly in connection with the Deposit Agreement, under which interest accrues at variable market rates.
- Credit risk: the risk of the counterparty's insolvency is limited to accounts receivable from the public authorities and some car rental companies which account for a small percentage of the Company's total receivables. Instead, car sales to dealers are only subject to a minor credit risk since the relevant accounts receivable are sold on a without-recourse basis to the factoring companies FCA Bank S.p.A., SG Factoring S.p.A. and Ifitalia S.p.A.. Accounts receivables from the sale of spare parts are sold to Ifitalia S.p.A.. The credit management function estimates the recoverability of accounts receivable and calculates the relevant bad debt reserve to be recorded in the financial statements. At 31 March 2019, the bad debt reserve amounted to approx. 1.4 million Euro.

### **Translation of items in foreign currency**

Accounts receivable and payable originally denominated in foreign currency are recorded at the spot exchange rates ruling at the year-end; any translation gains or losses are recognised in

the profit and loss account and any net gain is set aside to a reserve which is non-distributable until the gain is realized.

Any non-monetary items in foreign currency are recorded at the exchange rate ruling at the time of purchase.

### **Guarantees, engagements, leases and risks**

Any risks in connection with personal guarantees or collaterals for third-party debts have been recognised in these Notes at an amount corresponding to the value of the guarantee; the amount of the guaranteed third-party debt at the reporting date is mentioned in these Notes if lower than the value of the underlying guarantee.

Engagements are recognised at their nominal value as inferred from the relevant documentation.

Given the high probability of customers exercising the buyback option, i.e. the choice for the customer to sell back and the obligation on the Company to repurchase vehicles, relative amounts are included in the Memorandum Accounts in these Notes.

## **ANALYSIS OF THE MAIN FINANCIAL STATEMENTS ITEMS**

Unless otherwise expressly stated, all amounts in these Notes are in Euros.

### **Assets**

We set out below a description of and the main changes in the composition of the Company's assets.

#### **B) Fixed assets**

##### **I. Intangible assets**

At 31 March 2020 and at 31 March 2019 they amounted respectively to Euro 3,180,278 and Euro 4,809,471, with a net decrease of Euro 1,629,193.

The following tables show the composition of and the changes in the value of the single intangible assets:

<b>Concessions, licences and trademarks</b>	<b>Historical cost</b>	<b>Amortisation</b>	<b>Net value</b>
Balance at 31/03/2019	705,352	(693,090)	12,262
Additions for the year	0	0	0
Amortisation for the year	0	(12,258)	(12,258)
Sales and disposals	0	0	0
Balance at 31/03/2020	705,352	(705,348)	4

Item B. I. 4. “Concessions, licences, trademarks”, recorded in the Financial Statements as to Euro 4, refers to software licences.

<b>Goodwill</b>	<b>Historical cost</b>	<b>Amortisation and value adjustments</b>	<b>Net value</b>
Balance at 31/03/2019	36,713,533	(33,478,665)	3,234,868
Additions for the year			0
Amortisation for the year		(1,176,315)	(1,176,315)
Value adjustments			0
Balance at 31/03/2020	36,713,533	(34,654,980)	2,058,553

Item B. I. 5. “Goodwill”, recorded in the Financial Statements as to Euro 2,058,553 reflects the value paid for the goodwill, less amortisation and any value adjustments.

<b>Other intangibles</b>	<b>Historical cost</b>	<b>Amortisation</b>	<b>Net value</b>
Balance at 31/03/2019	2,979,571	(1,417,230)	1,562,341
Additions for the year	17,500		17,500
Amortisation for the year		(458,120)	(458,120)
Sales and disposals		(0)	(0)
Reclassifications			0
Balance at 31/03/20	2,997,071	(1,875,350)	1,121,721

Item B. I. 7. “Other intangible assets” as to Euro 1,121,721, consists of the costs incurred for improvements to the head offices, the Training Academy and the spare parts warehouse which are currently on lease.

The above intangibles did not undergo any write-downs or write-ups either in the current year or in prior years, with the exception of goodwill, which in prior years was written down by Euro 2,141,924.

## II. Tangible assets

At 31 March 2020 and at 31 March 2019 they amounted respectively to Euro 1,233,034 and Euro 1,808,199, with a net Euro 575,165 decrease.

The following tables show the composition of and the changes in the value of the single tangible assets:

Generic installations	Historical cost	Amortisation	Net value
Balance at 31/03/2019	355,636	(150,676)	204,960
Additions for the year			0
Depreciation for the year		(22,427)	(22,427)
Sales and disposals			0
Reclassifications			0
Balance at 31/03/20	355,636	(173,103)	182,533

Industrial and commercial equipment	Historical cost	Amortisation	Net value
Balance at 31/03/19	2,482,659	(1,475,729)	1,006,930
Additions for the year			0
Depreciation for the year		(412,339)	(412,339)
Sales and disposals			0
Reclassifications			0
Balance at 31/03/20	2,482,659	(1,88,068)	594,591

Other assets (furniture, office machines, computers)	Historical cost	Amortisation	Net value
Balance at 31/03/2019	1,577,409	(981,100)	596,309
Additions for the year	6,506		6,506
Depreciation for the year		(146,905)	(146,905)
Sales and disposals	(0)		(0)
Reclassifications			0
Balance at 31/03/2020	1,583,915	(1,128,005)	455,910

### Assets of a unit value lower than 516 Euro

Assets of a unit value lower than 516 Euro have been wholly depreciated in the year in which they were purchased and entered operation. They have in any case been included by category in the above summary tables.

The above tangible assets did not undergo any write-downs or write-ups either in the current year or in prior years.

### III. Financial fixed assets

#### Shareholdings

Description	Value at 31/03/2019	Increases for the year	Decreases for the year	Write-downs for the year	Value at 31/03/2020
Other	130	0	0	0	130

Item B. III. 1 d. “Shareholdings in other undertakings”, in an amount of 130 Euro, is in connection with the purchase of the shareholding in CO.NA.I (the Italian National Packaging Consortium).

#### C) Current assets

##### I. Inventory

At 31 March 2020 inventory amounted to Euro 98,221,071, compared to Euro 73,935,534 at 31 March 2019, with a net increase of Euro 24,285,537. The composition of and changes in the inventory recorded under item C. I. 4. “Goods” can be summarised as follows:

Descrizione	Value at 31/03/2019	Value at 31/03/2020	Difference 31.03.2020 / 31.03.2019
a) Cars	45,547,942	60,606,772	15,058,830
b) Other cars	14,121,921	22,290,038	8,168,117
c) Spare parts	18,322,069	19,754,300	1,432,231
Write-downs	(4,056,398)	(4,430,039)	(373,642)
<b>Total inventory</b>	<b>73,935,534</b>	<b>98,221,071</b>	<b>24,285,537</b>

The item a) “Cars” consists of the stock of new vehicles whereas item b) “Other cars”, consists of cars which, although meant for sale, are used by the Company for a short period of time. Item c) consists of the inventory of spare parts and accessories.

During the year, the inventory write-down – recorded in the Financial Statements to reduce the value of inventory and amounting to Euro 4,430,039 at 31/03/2020 – underwent the following changes during the year:

Description	Value at 31/03/2019	Decreases	Increases	Value at 31/03/2020
a) Cars	0			0
b) Other cars	2,191,328		876,327	3,067,655
c) Spare parts	1,865,070	-502,686		1,362,384
<b>Total inventory</b>	<b>4,056,398</b>	<b>-502,686</b>	<b>876,327</b>	<b>4,430,039</b>

## II. Accounts receivable

### Accounts receivable from customers

Item C. II. 1 consists of the trade accounts receivable to customers and the other group companies recorded in the Financial Statements at 31 March 2020 in an amount of Euro 443,477, with a net year-on-year decrease of Euro 14,927,317 as compared to previous year, mainly as a result of fewer car sales to rental companies near year end.

We set out below a detailed analysis of the changes in this item:

Description	Value at 31/03/2019	Value at 31/03/2020	Difference
Accounts receivable from customers from sale of cars, spare parts and other products	16,977,245	1,839,247	(15,083,998)
Write-down	(1,606,451)	(1,449,770)	156,681
<b>Balance</b>	<b>15,370,794</b>	<b>443,477</b>	<b>(14,927,317)</b>

All accounts receivable from customers fall due within one year.



The nominal value of the accounts receivable was adjusted to their presumed realisable value by a bad debt reserve which during the year underwent the following changes:

Description	Value at 31/03/2019	Decreases for the year	Increases for the year	Value at 31/03/2020
Write-down of accounts receivable	1,606,451	156,681	0	1,449,770
<b>Total write-down</b>	<b>1,606,451</b>	<b>156,681</b>	<b>0</b>	<b>1,449,770</b>

#### Accounts receivable from companies under control by the controlling companies

Item C. II 5, of which balance at 31.03.2020 was Euro 1,349,329 (Euro 2,232,042 at 31.03.2019) consists of the account receivable from Jaguar Land Rover Austria GmbH for spare parts.

#### Tax credits

Item C. II. 5 Bis consists of the tax credit of Euro 113,413 at 31 March 2020 and did not undergo any changes, as shown in the following table:

Description	Value at 31/03/2019	Value at 31/03/2020	Difference
Income tax credits	113,413	113,413	0
<b>Balance</b>	<b>113,413</b>	<b>113,413</b>	<b>0</b>

The balance at 31.03.2020 wholly refers to the *IRES* tax credit for FYs 2007 to 2011 claimed for refund (pursuant to article 2(1-*quater*) of decree law No 201/2011) and arising in connection with the non-deduction of *IRAP* on employee and quasi-employee costs.

#### Deferred tax assets

Item C. II. 5-ter shows the value of deferred tax assets, less deferred tax liabilities, which amounts to Euro 15,507,634. The item can be broken down as follows:

Jaguar Land Rover Italia S.p.A.  
Notes to the Financial Statements at 31 March 2020

Description	Value at 31/03/2019	Value at 31/03/2020	Difference
IRES	11,059,177	13,023,344	1,964,167
IRAP	2,193,200	2,484,290	291,090
<b>Balance</b>	<b>13,252,377</b>	<b>15,507,634</b>	<b>2,255,258</b>

The following table provides a description of the temporary differences for *IRES* and *IRAP* which resulted in the separate posting of the relevant deferred tax assets and liabilities compared to the prior year. For a description of the amounts credited or charged to the P&L account, reference should be made to the comments to item 20 of the Profit and Loss Account. The *IRAP* rate adopted to determine the future tax effect is 4.82%, namely the rate currently in force, whereas the *IRES* rate used to this effect is 24%.

Description	31/03/2020				31/03/2019			
	Temporary differences + deductible differences	Deferred taxes + def. Tax assets (-) def. Tax liabilities			Temporary differences + deductible differences	Deferred taxes + def. Tax assets (-) def. Tax liabilities		
	(-) taxable difference	Ires	Irap	Total	(-) taxable differences	Ires	Irap	Total
tax rate								
<b>Deferred tax assets</b>								
Write-down of fixed assets IRES	2.141.924	514.062		514.062	2.141.924	514.062		514.062
Write-down of fixes assets IRAP	2.141.924		103.241	103.241	2.141.924		103.241	103.241
Provisions for contingent liabilities and charges IRES	50.431.677	12.103.603		12.103.603	43.360.145	10.406.435		10.406.435
Provisions for contingent liabilities and charges IRAP	49.399.366		2.381.049	2.381.049	43.360.145		2.089.959	2.089.959
Write-down of inventory IRES	4.430.039	1.063.209		1.063.209	4.056.398	973.535		973.535
Write-down of accounts receivable	1.449.770	347.945		347.945	1.606.451	385.548		385.548
Other costs with deferred IRES deductibility	11.000	2.640		2.640	0	0		0
<b>Total deferred tax assets</b>		<b>14.031.459</b>	<b>2.484.290</b>	<b>16.515.749</b>		<b>12.279.580</b>	<b>2.193.200</b>	<b>14.472.780</b>
<b>Deferred tax liabilities</b>								
Additional goodwill amortisation for IRES	(4.200.476)	(1.008.114)		(1.008.114)	(5.085.012)	(1.220.403)		(1.220.403)
<b>Total deferred tax liabilities</b>		<b>(1.008.114)</b>	<b>0</b>	<b>(1.008.114)</b>		<b>(1.220.403)</b>	<b>0</b>	<b>(1.220.403)</b>
<b>Total</b>		<b>13.023.344</b>	<b>2.484.290</b>	<b>15.507.634</b>		<b>11.059.177</b>	<b>2.193.200</b>	<b>13.252.377</b>

Impact on the P&L account	2019/20	2018/19
Deferred tax assets at the beginning of the year (B)	14,472,780	12,587,429
Deferred tax assets at the end of the year (A)	16,515,749	14,472,780

<b>Impact on the P&amp;L account (A - B)</b>	<b>2,042,969</b>	<b>1,885,351</b>
Deferred taxes at the beginning of the year (B)	(1,220,403)	(1,220,403)
Deferred taxes at the end of the year(A)	(1,008,114)	(1,220,403)
<b>Impact on the P&amp;L account (A - B)</b>	<b>212,289</b>	<b>0</b>
<b>Total impact on the P&amp;L account</b>	<b>2,255,258</b>	<b>1,885,351</b>

The € 16,515,749 deferred tax assets were recognised on the assumption that the medium term business forecasts - supported by the distribution agreement (based on the TNMM) which ensures the Company's steady profitability – give reasonable certainty that in future years the Company's taxable income will not be lower than the temporary differences that will be reversed.

#### **Accounts receivable from others**

Item C. II. 5 Quater decreased from Euro 269,956 at 31 March 2019 to Euro 150,814 at 31 March 2020, with a year-on-year decrease of Euro 119,142, as detailed below:

<b>Description</b>	<b>Value at 31/03/2019</b>	<b>Value at 31/03/2020</b>	<b>Difference</b>
Accounts receivable from personnel	222,465	109,049	(113,416)
Accounts receivable from others	47,491	41,765	(5,726)
<b>Balance</b>	<b>269,956</b>	<b>150,814</b>	<b>(119,142)</b>

#### **Accounts receivable from controlling companies**

This item includes the account receivable from Jaguar Land Rover Limited in connection with the Deposit agreement, remunerated at market rates, whose balance at 31 March 2020 was Euro

183,235,492 (Euro 144,628,908 at the prior year-end), and the account receivable in connection with the recharge of warranty repair costs.

The decrease is mainly due to the transfer to Jaguar Land Rover Limited of cash flows in connection with the ordinary sale activity.

#### IV. Cash-in-hand and cash-at-bank

The balance of item C. IV. consists of the cash-at-bank, cash-in-hand and cash equivalents at the year-end, as shown below:

Description	Value at 31.03.2019	Value at 31.03.2020	Difference 2020-2019
Bank and P.O. accounts	10,910,211	39,413,207	28,502,996
Cash-in-hand and cash equivalents	0	0	0
<b>Total</b>	<b>10,910,211</b>	<b>39,413,207</b>	<b>28,502,996</b>

#### D) Accrued income and prepayments

This item consists of the portion of costs and income pertaining to more than one accounting period accruing before or after the relevant collection/payment and/or billing. At 31 March 2020 there were no accrued income and prepayments of a duration exceeding five years. The item can be broken down as follows:

Description	Value at 31/03/2019	Value at 31/03/2020	Difference 2020-2019
Excise duty and prepaid insurance premium	118,847	201,906	83,059
Real estate deferred income receivable	197,809	0	(197,809)
<b>Total</b>	<b>316,657</b>	<b>201,906</b>	<b>(114,750)</b>

## Liabilities

We set out below the composition of and the main changes in the liabilities:

## A) Shareholders' equity

The following table summarises the changes in the items of shareholders' equity in FYs 2017/18, 2018/19 and 2019/2020:

Description	Value at 31/03/2018	Increases (Decreases)	Decreases Allocations	Value at 31/03/2019	Increases (Decreases)	Decreases Allocations	Value at 31/03/2020
Share capital	25,000,000			25,000,000	40,000,000		65,000,000
Legal reserve	1,703,688	508,838		2,212,526	224,321		2,436,847
Share exchange surplus	2,102,935			2,102,935			2,102,935
Retained earnings	36,406,734	9,667,931	(46,074,665)	0	4,262,104		4,262,104
Profit (loss) for the year	10,176,769	4,486,424	(10,176,769)	4,486,424	(4,486,424)	7,910,487	7,910,487
<b>Total shareholders' equity</b>	<b>75,390,126</b>	<b>14,663,193</b>	<b>(56,251,434)</b>	<b>33,801,885</b>	<b>40,000,000</b>	<b>7,910,487</b>	<b>81,712,373</b>

The Share capital has been wholly paid-in and at 31 March 2020 amounted to Euro 65,000,000 divided into 65,000,000 shares each having a nominal value of 1 Euro, subscribed by the Sole Shareholder.

The Legal Reserve increased by Euro 224,321 as a result of the allocation of the relevant share of the 2018/19 profit, as resolved by the general meeting in accordance with article 2430 of the Italian Civil Code.

Pursuant to the general meeting resolution, retained earnings increased from 0 to Euro 4,262,104 following the appropriation of the 2018/19 profit.

The item "Other reserves – Share exchange surplus" derives from the 2011 merger and did not undergo any changes in the year.

We set out below the table containing the information required by article 2427(7-bis)(1) of the Italian Civil Code and recommended by the Italian Accounting Standard Setting Board.

Nature/Description	Amount	Possibility of use	Available amount	Summary of amounts used in the three prior fiscal years	
				for loss coverage	for other reasons
Share capital	65,000,000				

Jaguar Land Rover Italia S.p.A.  
Notes to the Financial Statements at 31 March 2020

Equity reserve:				
Reserve for treasury shares				
Reserve for shares or equity interests in the controlling company				
Reserve for share exchange	2,102,935	A,B	2,102,935	
Reserve from conversion of bonds				
Earnings reserves:				
Legal reserve	2,436,847	B	2,436,847	
Reserve for treasury shares				
Reserve from net exchange gains				
Reserve from valuation of shareholdings using the Net Equity method				
Reserve from derogations pursuant to article 2423(4)				
Retained earnings	4,262,104	A,B,C	4,262,104	
<b>Total</b>			8,801,885	
Non-distributable amount			4,539,782	
Remaining distributable amount			4,262,104	

Legend:

A: share capital increase

B: loss coverage

C: distribution to the shareholders

## B) Provisions for contingent liabilities and charges

### Other provisions

Item B. 3. “Other Provisions for contingent liabilities and charges” amounts to Euro 50,431,677 at 31 March 2020, with a year-on-year increase of Euro 7,071,533.

These provisions are set aside for the coverage of losses, liabilities, risks and charges related to the conduct of business, that are certain or likely to arise, but whose amount and date of occurrence could not be determined at the year-end. The following table shows the composition of and changes in this item:

Description	Value at 31.03.2019	Increases for the year	Decreases/ Allocation	Value at 31.03.2020
Provision for maintenance and warranty costs	59,384		5,282	54,102
Provision for miscellaneous contingent liabilities and charges	43,300,761	47,119,150	40,042,335	50,377,575
<b>Total B.3</b>	43,360,145	47,119,150	40,047,617	50,431,677

The “*Provision for maintenance and warranty costs*,” of Euro 54,102 at 31.03.2020, has been set aside to cover for the estimated maintenance costs for vehicles sold in prior years to the Public Authorities.

No amount was accrued in the year, whereas the amount used in the year is Euro 5,282.

The balance of the “*Provision for miscellaneous contingent liabilities and charges*”, of Euro 50,377,575, consists of provisions for legal risks as to Euro 418,389, for commercial costs as to Euro 46,627,577 for costs regarding the possible return of worn-core replacement parts by dealers and authorised repair shops as to Euro 2,250,411, for employee bonuses as to Euro 1,032,311.

Commercial costs are partly deducted directly from sales revenue as they consist of discounts and allowances granted to dealers on the cars purchased from the Company during the year and partly recorded under item B13 “Other accruals”.

### C) Employees’ termination pay

The provision recorded under item C of the liabilities section of the Balance Sheet reflects the amount due by the Company to its employees on payroll at 31 March 2020:

<b>Descrizione</b>	<b>Value at 31.03.2019</b>	<b>Increases for the year</b>	<b>Decreases for the year</b>	<b>Value at 31.03.2020</b>
Employees' termination pay	2,978,136	335,125	514,778	2,798,482
<b>Total</b>	<b>2,978,136</b>	<b>335,125</b>	<b>514,778</b>	<b>2,798,482</b>

Pursuant to law 296/2006 and relevant implementation decrees, we inform you that 68 employees decided to keep their termination pay with the Company, whereas 31 employees opted for its allocation to the relevant pension funds.

The balance at 31.03.2020 is adequate to meet the relevant legal and collective bargaining agreement obligations.

## Headcount information

The Company's average headcount, broken down by category, is as follows:

Headcount	at 31/03/2019	at 31/03/2020
Managers/Executives (Dirigenti)	20	19
Employees	84	80
<b>Total</b>	<b>104</b>	<b>99</b>

## D) Accounts payable

Accounts payable have been measured at their nominal value and can be broken down as follows by due date:

Description	Balance at 31/03/2019	Balance at 31.03.2019			Difference 2020/2019	
		31.03.2020	falling due within one year	falling due after more than one year		falling due after more than 5 years
D (6) Advances	140,000	110,000	110,000		(30,000)	
D (7) Accounts payable to suppliers	39,706,655	36,658,118	36,658,118		(3,048,537)	
D (11)Accounts payable to controlling companies	111,534,915	137,240,727	137,240,727		25,705,812	
D (11 bis) Accounts payable to undertakings under control by the controlling companies	605,443	12,495	12,495		(592,948)	
D (12) Tax liabilities	26,453,997	21,541,441	21,541,441		(4,912,556)	
D (13) Accounts payable to social security agencies	375,948	352,794	352,794		(23,154)	
D (14) Other accounts payable	(9,034,677)	10,123,103	10,123,103		1,088,426	
<b>Balance</b>	<b>187,851,635</b>	<b>206,038,678</b>	<b>206,038,678</b>	<b>0</b>	<b>0</b>	<b>18,187,043</b>

The "Accounts payable to suppliers", item D. 7., fall due within one year and are in connection with trade payables to third party suppliers for the purchase of goods and services.



Item D.11 "Accounts payable to controlling companies", which amounted to Euro 137,240,727 at 31 March 2020, mainly consists of the payable to Jaguar Land Rover Limited for cars and spare parts purchased but still unpaid for at 31.03.2020.

Item D.11 bis "Accounts payable to undertakings under control by controlling companies", totalling Euro 12,495 at 31.03.2020 (Euro 605,443 at 31.03.2019), is mainly in connection with the payable to Jaguar Land Rover Deutschland GmbH and Jaguar Land Rover Belux NV.

Item D. 12. "Tax liabilities" amounted to Euro 21,541,441 at 31 March 2020 and can be broken down as follows:

Description	Balance at 31/03/2020
VAT liabilities (March 2020)	19,139,204
IRES and IRAP payable	2,262,006
Withholding levied from employees and self-employed (March 2020)	140,231
<b>Total</b>	<b>21,541,441</b>

Item D. 13. consists of "Accounts payable to social security agencies" which at 31 March 2020 amounted to Euro 352,794.

Item D. 14. "Other accounts payable" amounts to Euro 10,123,103 with a net increase of Euro 1,088,426, mainly resulting from an increase in accounts payable to dealers in connection with outstanding commercial incentives. This item may be broken down as follows:

Description	Value at 31/03/2019	Value at 31/03/2020	Difference
Accounts payable to employees in respect of accrued holidays and other dues	1,415,903	1,343,379	(72,524)
Accounts payable to dealers	7,606,242	8,772,737	1,166,494
Other accounts payable	12,532	6,987	(5,545)
<b>Totale</b>	<b>9,034,677</b>	<b>10,123,103</b>	<b>1,088,426</b>

## E) Accrued liabilities and deferred income

This item consists of deferred revenue from the sale of “Connected car” services, included in the sale price of car accessories, which will accrue in future years.

Description	Value at 31/03/2019	Value at 31/03/2020	Difference
Deferred income scheduled maintenance packages	1,711,948	1,870,831	158,883
Deferred revenue on "connected car" service	2,797,722	5,611,726	2,814,004
<b>Totale</b>	<b>4,509,670</b>	<b>7,482,557</b>	<b>2,972,887</b>

### Memorandum accounts

At 31 March 2020 memorandum accounts can be broken down as follows:

Description	Value at 31/03/2019	Value at 31/03/2020	Difference
Third party guarantees issued on our behalf	7,824,179	7,781,800	(42,379)
Guarantees issued to third parties	0	511,331	511,331
Commitments for the repurchase of cars sold under the buyback clause	36,591,034	29,618,518	(6,972,515)
<b>Total</b>	<b>44,415,212</b>	<b>37,911,649</b>	<b>(6,503,563)</b>

Third party guarantees issued on our behalf consist of bank guarantees issued to third parties on our behalf.

### Comments to and analysis of Profit and Loss Account items

In view of the itemised presentation of costs and income in the P&L Account and of the description of Balance Sheet items set out above, in this section we will deal with the main cost and revenue items; for a detailed analysis of operating costs and income, reference should be made to the Directors’ report.

#### A) Revenue

The item Revenue from sales and services consists of revenue from the sale of cars, spare parts and other assets, and from the provision of services, as set out below.

### Revenue by category of business

The following table shows a breakdown of revenue from sales and services:

Description	Value at 31/03/2019	Value at 31/03/2020	Difference
Sale of cars	1,105,049,252	1,008,993,972	-96,055,280
Sale of spare parts and accessories	95,750,978	121,847,859	26,096,881
Total	1,200,800,230	1,130,841,831	-69,958,399

Revenue from sales of goods and service supplies is stated after deduction of discounts, allowances and premiums. Revenue decreases from Euro 1,200,800,230 to Euro 1,130,841,831, with a net year-on-year decrease of Euro 69,958,399.

The difference is mainly due to the decrease in car sales and to the increase in sale of spare parts.

### B) Expenditure

#### Costs for raw materials, subsidiary materials, consumables and goods and Costs for services

Costs for raw materials, subsidiary materials and consumables decreased from 1,118,009,945 at 31 March 2019 to Euro 1,060,757,143 at 31 March 2020, i.e. a decrease of Euro 57,252,802.

The costs for services amount to Euro 113,745,020, with Euro 8,955,158 increase mainly due to the costs for cars' repair under warranty.

#### Personnel costs

This item includes all costs for employees including performance increases, promotions, cost of living increases, untaken holidays and any accruals made in accordance with the law and the collective bargaining agreements, for a total amount of Euro 10,561,572.

### C) Financial income and costs

### Other financial income

This item refers to the interest income accrued on the Deposit agreement with Jaguar Land Rover Limited as to Euro 70,425 and to bank interest income as to Euro 4,462.

### Interest and other financial costs

The item “Interest and other financial costs” amounts to Euro 3,292,352, with a year-on-year decrease of Euro 570,597, and is in connection with the interest payable to factoring companies and with the fees due to American Express.

### Income taxes

The taxes for the year amount to Euro 3,374,302. The following table shows the current and deferred taxes for the year:

Description	Value at 31/03/2019	Value at 31/03/2020
Current taxes		
IRES	4,406,571	4,592,986
IRAP	1,144,945	1,038,106
Deferred tax assets		
IRES	(1,541,234)	(1,964,168)
IRAP	(344,117)	(291,090)
Deferred tax liabilities		
IRES		
IRAP		
Taxes of prior years	3,899,915	(1,532)
<b>Total income taxes</b>	<b>7,566,080</b>	<b>3,374,302</b>

The taxes for the year, accounting for about 30% of the pre-tax result (63% in the prior year), have decreased by Euro 4,191,778.

Deferred tax assets and liabilities are calculated on the temporary differences between statutory values and tax bases, at the tax rate in force at the time such differences are reversed. For a detailed analysis, see the table providing a breakdown of item C II 5 ter.

In order to outline in detail the effects of deferred assets, we set out below a reconciliation of the statutory profit with the notional tax liability:

#### Determination of the IRES taxable amount

Description	Value	Tax
<b>Pre-tax result</b>	11,284,789	
Notional tax liability (24%)		2,708,349
Temporary differences deductible in subsequent years	54,263,934	
Temporary differences deductible from prior years	(46,079,905)	
Permanent differences that will not be reversed in subsequent years	(331,377)	
Taxable amount	19,137,441	
<b>Current IRES on the result of operations</b>		4,592,986

#### Determination of the IRAP taxable amount

Description	Value	Tax
<b>Difference between revenue and expenditure (A-B)</b>	14,503,281	
Costs non relevant for IRAP	25,509,741	
<b>Total</b>	<b>40,013,022</b>	
Notional tax liability (4,82%)		1,928,628
Temporary differences deductible in subsequent years	31,915,288	
Temporary differences from prior years	(39,862,823)	
Permanent differences that will not be reversed in subsequent years	(10,391,914)	
Taxable amount	<b>21,673,573</b>	
levied on the taxable amount attributable to <i>Regione Lazio</i>	<b>20,960,512</b>	1,010,297
levied on the taxable amount attributable to <i>Regione Emilia</i>	<b>713,061</b>	27,809
<b>Current tax on the IRAP taxable amount</b>		1,038,106

#### F) Related-party transactions

All related-party transactions carried out by Jaguar Land Rover Italia S.p.A., including intragroup transactions, are ordinary day-by-day transactions made at arm's length conditions.

There are no unusual, non-arm's length related-party transactions of a significant amount that fall outside the Company's ordinary course of business.

## Other information

No Directors' fees are payable.

Pursuant to article 2427(16-bis)(1) of the Italian Civil Code, the fees payable to the Board of Statutory Auditors amount to Euro 70,000, the Auditor's fee for the annual audit of the accounts is Euro 35,000 and the fees for consulting services amount to Euro 71,500.

For significant events that have occurred after the year-end, reference should be made to the Directors' Report.

The parent company which prepares the consolidated Financial Statements is Tata Motors Limited, a company organized and existing under the laws of India, with registered office in Mumbai (India). The consolidated Financial Statements are available at Tata Motors Limited.

## Distribution of revenue by geographical area

Geographical area	2018/19		2019/20	
	Revenue	%	Revenue	%
Northern Italy	684,456,131	57%	644,579,844	57%
Central and Southern Italy and the Isles	516,344,099	43%	486,261,987	43%
<b>Total</b>	<b>1,200,800,230</b>		<b>1,130,841,831</b>	

## Information relating to management and coordination pursuant to art. 2497 and subsequent of the Italian Civil Code

Main financial data relating to the latest approved Financial Statements of the parent company

Jaguar Land Rover Limited:

Value at 31.03.2019	Million of pounds (GBP)
Non current assets	12,367
Current assets	9,468
<b>Total assets</b>	<b>21,835</b>
Current liabilities	10,990
Non current liabilities	5,694
<b>Total liabilities</b>	<b>16,684</b>

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<b>Net assets</b>	<b>5,151</b>
Revenues	20,870
Net profit (loss) in the year	-3,464

Dear Shareholder,

the Financial Statements we are submitting to you for approval show a profit of euro 7,910,487 which we propose be appropriated as follows:

- Euro 395,524, accounting for 5% of the profit for the year, to the legal reserve as required by article 2430 of the Italian Civil Code;
- Euro 7,514,963 to retained earnings.

Rome, 3 June 2020

For and on behalf of the Board of Directors

The Managing Director

**CASH FLOW STATEMENT**

*Cash flow determined using the direct method*

	<b>April 2019-March 2020</b>	<b>April 2018-March 2019</b>
<b>A. Cash flow from operating activities</b>		
Payments from customers	1.486.859.730	1.619.555.844
Other payments received	0	0
(Payments to suppliers for goods and services)	(295.652.532)	(281.337.138)
(Payments to personnel)	(4.830.521)	(4.547.925)
(VAT payments)	(230.557.091)	(260.338.837)
(Other payments)	(385.282)	(286.993)
(Income taxes paid)	(12.805.714)	(14.714.206)
Interest received / (paid)	(8.125.595)	(2.464.325)
<b>Cash flow from operating activities (A)</b>	<b>934.502.995</b>	<b>1.055.866.419</b>
<i>Tangible assets</i>		
(Tangible assets - investments)	0	0
<i>Intangible assets</i>		
(Intangible assets - Investments)	0	0
<i>Other investment activities</i>		
(Loans made to) controlling company - "Deposit agreement"	(1.047.000.000)	(1.176.800.000)
Repayment of loans made to controlling company - "Deposit agreement"	141.000.000	104.000.000
<b>Cash flow from investment activities (B)</b>	<b>(906.000.000)</b>	<b>(1.072.800.000)</b>
<b>C. Cash flow from financing activities</b>		
<b>Cash flow from financing activities (C)</b>	<b>0</b>	<b>0</b>
Increase (decrease) of cash-in-hand and cash-at-bank (A ± B ± C)	28.502.995	(16.933.581)
<b>Cash-in-hand and cash-at-bank at 1 April</b>	<b>10.910.211</b>	<b>27.843.792</b>
<b>Cash-in-hand and cash-at-bank at 31 March</b>	<b>39.413.207</b>	<b>10.910.211</b>

Differences in cash 28.502.995 (16.933.581)



## **Jaguar Land Rover Italia S.p.A.**

### **A sole shareholder company (*Azionista Unico*)**

**Registered office in Rome, Viale Alessandro Marchetti, 105 – Share capital € 65,000,000 fully paid-in**

**Chamber of Commerce (*R.e.a.*) reg. no. 944215**

**Fiscal code, VAT number and Rome Companies Registry reg. No 06070621005**

## **DIRECTORS' REPORT FOR FY 2019/20**

Dear Shareholders,

The financial statements at 31 March 2020 of Jaguar Land Rover Italia S.p.A. showed a profit of Euro 7,910,487, after amortisation, depreciation and value adjustments of approx. 2.2 million Euro and after current and deferred taxes of approx. 3.4 million Euro.

During the period April 2019 – March 2020, 1,737,181 vehicle registrations were made in the Italian car market, of which 88,823 were effected by Jaguar Land Rover, with a decrease of 8.3% compared to the same period of the prior year.

In this market scenario, the Land Rover brand totalled 15,560 vehicle registrations, accounting for an 17.5% share of the SUV market.

In particular, the Range Rover Evoque model retained its sound market position with 7,058 registrations and a 17.3% market share; the same applies to the Range Rover Sport model, with 2,209 registrations and a 22.9% market share.

The Jaguar brand totalled 6,557 vehicle registrations, accounting for a 7.4% market share.

Specifically, the Jaguar E-Pace was quite a success with the public, with 3,964 registrations accounting for a 9.7% market share, whereas the Jaguar F-Pace reached a total of 1,361 new registered vehicles accounting for a 10.2% market share.

In March 2020, following the lockdown resulting from the spread of COVID-19 pandemic, the Italian automotive market reached the total number of 28,597 car registrations, with a decrease of 85.4% in respect of the same period of the previous year. In particular, in the reference segments of Jaguar Land Rover, the decrease was of 71%. Land Rover brand reached 561 car registrations, with a decrease of 61%, while Jaguar brand reached 173 car registrations, with a decrease of 74.1% in respect of the same period of 2019.

In the period April 2019 – March 2020, Jaguar Land Rover Italia invoiced 23,019 vehicles, of which 16,541 Land Rover branded vehicles and 6,478 Jaguar branded vehicles.

As regard the composition of the main items of the profit and loss account, we set out below some financial information concerning FY 2019/2020.

The net revenue from sales and services in 2019/2020, for a total of 1,131 million Euro, can be broken down as follows:

- car sales amounted to 1,009 million Euro, of which 767 million Euro for Land Rover branded vehicles and 242 million Euro for Jaguar branded vehicles;
- sales of Land Rover and Jaguar spare parts and accessories amounted to 98 and 24 million Euro respectively.

The cost of goods sold was in line with the trend of revenue.

For information on amortisation, depreciation and value adjustments, see the exhaustive comments made in the notes to the financial statements.

The company makes use of Factoring as a financial instrument for the realization of accounts receivable from the sale of cars, spare parts and accessories through the dealer network. Accounts receivables are sold on a without-recourse basis to FCA Bank SpA and to a limited extent, principally on a without-recourse basis, to other finance companies. Therefore, the company's credit and financial risk is simply in connection with accounts receivable from direct sales to Public Authorities and to major car rental companies. For a detailed description of the company's financial risk management policies, see the Notes to the financial statements

The company's commercial transactions are almost exclusively in euro and therefore there are no particular exchange risks.

The Company is a commercial entity and therefore did not engage in R&D activities which are conducted at the Group level.

As regards relationships with the direct controlling company Jaguar Land Rover Limited and the other group companies, we remind you that the company has been a Tata group company since June 2008 and that in FY 2019/20 it entered into financial and commercial relationships with several group companies.

In particular, the costs incurred in FY 2019/20 for the purchase of cars from Jaguar Land Rover Limited and from Jaguar Land Rover Slovakia s.r.o. amounted to approx. 899 million Euro.

The purchase of spare parts from Jaguar Land Rover Limited and other group companies amounted to approx. 109 million Euro.

During FY 2018/19 the company started to distribute spare parts to Jaguar Land Rover Austria GmbH.

The net result from financial activities was a 3.3 million Euro loss.

As regards financial relationships, the company entered into a 'Deposit Agreement' with Jaguar Land Rover Limited, as described in the Notes, which during the year generated about Euro 75,000 in financial income.

As regards commercial transactions during the year, purchases of both Jaguar and Land Rover vehicles and spare parts were mainly made from the controlling company Jaguar Land Rover Limited, thus mitigating the price risk.

The company carries on business pursuant to a distribution agreement with Jaguar Land Rover Limited.

Under the agreement, which involves a low business risk for Jaguar Land Rover Italia S.p.A., transfer prices are determined in such a way that the distribution company is guaranteed a profit margin as a percentage of sales revenue (Transactional Net Margin Method – TNMM). Such margin rate is established by specific comparability analyses conducted at group level based on similar transactions carried out between independent parties.

With regard to the main highlights and indicators for FY 2019/20, enclosures 1, 2 and 3 provide the information required by article 2428, paragraph 2 of the Italian Civil Code.

FY 2020/21 has begun when COVID-19 pandemic was in full progress and in April 2020 the Italian automotive market reached 4,235 car registrations, with a decrease of 97.5% in respect of the same month of previous year. Land Rover reached 56 car registrations, with a decrease of 95.7% in respect of the same month of the previous year. Jaguar reached 13 car registrations, with a decrease of 98.2% in respect of the same month of the previous year.

The company has promptly adopted all necessary measures to safeguard the health of its employees, customers and suppliers by setting up ad-hoc procedures and updating them as the pandemic progressed and on the basis of guidelines provided by the Government.

The current negative economic situation caused by the COVID-19 pandemic has not affected the balance-sheet and income statement as reported in the Financial Statements and, as of now, it is not considered to be an element affecting the ability of the company to operate as a going concern.

Jaguar Land Rover car dealers have closed down, following the Decree of the President of the Council of Ministers of 10.3.2020, until 3 May 2020, while workshops of Jaguar and Land Rover cars have regularly provided their assistance services.

Starting from May 2020 there have been evident signs of recovery in the sector, as regards either the sale of new motor vehicles and their assistance; in particular, the latter has basically reached normal operation as prior to lockdown.

With the launch of New Defender model in June 2020, a significant recovery of transactions and sales of car dealers is expected.

We inform you that personal data are processed in accordance with the Italian Privacy Code (Decree Law No 196/2003), supplemented and amended by Legislative Decree No 51/2018 following the implementation of the European Regulation No 679/2016.

For an on behalf of the Board of Directors  
The Managing Director



**Jaguar Land Rover Italia S.p.A.**

Independent auditor's report pursuant to  
article 14 of Legislative Decree n. 39

Financial Statements as at March 31, 2020

*This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.*

Prot. RC073892020BD0119



## Independent auditor's report pursuant to article 14 of Legislative Decree n. 39

To the Shareholder of Jaguar Land Rover Italia S.p.A.

### Report on the financial statements

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#### Opinion

We have audited the financial statements of Jaguar Land Rover Italia S.p.A. (the Company), which comprise the balance sheet as at March 31, 2020, the income statement and the cash flow statement for the year then ended and the explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2020 and of the result of its operations and its cash flows for the year then ended in accordance with the Italian regulations and accounting principles governing financial statements.

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#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the financial statements* section of this report. We are independent of the company in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### Other matters

The Company, as requested by the Italian Law, included in the explanatory notes the key figures from the latest financial statements of the company that exercises the management and coordination activities over it. Our opinion on Jaguar Land Rover Italia S.p.A. financial statements does not extend to such figures.

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#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations and accounting principles governing financial statements and, within the limits of the law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) 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 the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non 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 and 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 Company's internal control;
- Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made management;
- Conclude on the appropriateness of management's use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level as required by the ISA Italia, 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.

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## Report on other legal and regulatory requirements

### Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10.

The directors of Jaguar Land Rover Italia S.p.A. are responsible for the preparation of the report on operations of Jaguar Land Rover Italia S.p.A. as at March 31, 2020, including its consistency with the financial statements and the compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the financial statements of Jaguar Land Rover Italia S.p.A. as at March 31, 2020 and on its compliance with the applicable laws and regulations, and in order to assess whether its contain material misstatements.

In our opinion, the report on operations is consistent with the financial statements of Jaguar Land Rover Italia S.p.A. as at March 31, 2020 and is compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, June 3, 2020

BDO Italia S.p.A.

Signed by Alessandro Fabiano

Partner