

Jaguar Land Rover Deutschland GmbH, Kronberg im Taunus

Balance sheet as at 31.03 2023

Assets			Liabilities		
	31.03.2023 EUR	31.03.2022 EUR		31.03.2023 EUR	31.03.2022 EUR
<b>A. Fixed Assets</b>			<b>A. Equity</b>		
<b>I. Intangible Assets</b>			<b>I. Share Capital</b>	2.556.459,41	2.556.459,41
1. Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	432.547,08	881.234,47	<b>II. Capital reserve</b>	15.810.755,25	15.810.755,25
			<b>III. Profit brought forward</b>	28.525.778,56	28.601.709,45
	<u>432.547,08</u>	<u>881.234,47</u>	<b>IV. Loss for the year</b>	<u>-12.429.753,80</u>	<u>-75.930,89</u>
<b>II. Property, Plant, Equipment</b>				<u>34.463.239,42</u>	<u>46.892.993,22</u>
1. Land and Buildings	38.658.482,51	68.566.365,07	<b>B. Provisions</b>		
2. Operating and Office Equipment	1.348.332,16	1.637.726,63	1. Pension Provisions	23.578.984,00	21.482.488,00
3. Advance payments and assets under construction	3.758.578,55	0,00	2. Tax Provisions	21.620.446,44	32.086.578,63
	<u>43.765.393,22</u>	<u>70.204.091,70</u>	3. Other Provisions	<u>86.312.625,71</u>	<u>118.730.296,89</u>
	<u>44.197.940,30</u>	<u>71.085.326,17</u>		<u>131.512.056,15</u>	<u>172.299.363,52</u>
<b>B. Current Assets</b>			<b>C. Liabilities</b>		
<b>I. Inventories</b>			1. Liabilities from goods and services thereof less than one year: EUR 14.310.698,91 (prior year: EUR 7.949.997,77)	14.310.698,91	7.949.997,77
Merchandise	68.287.253,86	74.792.796,80	2. Liabilities to affiliated companies thereof less than one year: EUR 149.501.360,16 (prior year: EUR 185.930.355,69) of which to the Shareholder: EUR 125.112.192,87 (prior year: EUR 177.540.161,61)	149.501.360,16	185.930.355,69
<b>II. Receivables and other assets</b>			3. Other Liabilities thereof less than one year: EUR 57.668.492,66 (prior year: EUR 73.442.573,49) of which taxes: EUR 0,00 (prior year: EUR 9.899.842,85)	57.668.492,66	73.442.573,49
1. Trade account receivable	21.815.545,14	17.604.066,50		<u>221.480.551,73</u>	<u>267.322.926,95</u>
2. Receivables from affiliates of which to the shareholders: EUR 237.117.872,64 (prior year: EUR 320.981.661,09)	251.923.962,78	321.606.904,81	<b>D Deferred Income</b>	9.264.842,11	5.791.608,96
3. Other assets	8.884.607,14	6.619.475,57		<u>396.720.689,41</u>	<u>492.306.892,65</u>
	<u>350.911.368,92</u>	<u>420.623.243,68</u>			
<b>III. Cash in-hand and bank transfers</b>	<u>1.125.149,04</u>	<u>161.434,32</u>			
	<u>352.036.517,96</u>	<u>420.784.678,00</u>			
<b>C. Prepaid expenses</b>	486.231,15	436.888,48			
	<u>396.720.689,41</u>	<u>492.306.892,65</u>			

**Jaguar Land Rover Deutschland GmbH, Kronberg im Taunus****Income Statement for the period from 01.04.2022 to 31.03.2023**

	2022/23 EUR	2021/22 EUR
1. Revenue	1.232.462.075,27	996.711.940,50
2. Other Operating Income	60.966.686,27	81.685.818,79
of which Income from currency translation		
EUR 8.833,56 (prior year: EUR 31.983,56)		
3. Cost of sales		
a) Cost of purchased goods	1.059.584.556,07	806.260.239,36
b) Cost of purchased services	35.254.320,73	65.630.974,45
4. Personnel expenses		
a) Wages and salaries	30.356.624,82	29.158.804,72
b) Social security, post-employment costs and other employee benefits	3.710.315,15	3.916.965,95
of which post-employment costs:		
EUR 1.934.817,90 (prior year: EUR 2.271.459,39)		
5. Depreciation and write-downs on property, plant and equipment	30.923.064,85	3.015.022,13
6. Other operating expenses	146.940.581,64	157.817.554,28
of which expenses from currency translation		
EUR 47.838,42 (prior year: EUR 47.166,25)		
7. Other interest and similar income	3.450.297,71	478.482,91
of which from affiliated companies:		
EUR 2.813.155,36 (prior year: EUR 74.048,75)		
8. Interest and similar expenses	1.312.385,97	4.769.636,59
of which from accumulation of interest on provisions:		
EUR 386.847,00 (prior year: EUR 418.311,00)		
9. Taxes on income	1.100.867,26	8.238.517,15
10. Profit after Tax	-12.303.657,24	68.527,57
11. Other taxes	126.096,56	144.458,46
12. Loss for the period	-12.429.753,80	-75.930,89

## **Jaguar Land Rover Deutschland GmbH, Kronberg im Taunus**

### ***Notes to the financial statements for the period 1 April 2022 to 31 March 2023***

#### **A. GENERAL INFORMATION**

The Jaguar Land Rover Deutschland GmbH with its registered office in Kronberg im Taunus is registered with the commercial register in Königstein im Taunus under the number HRB 2408.

The annual financial statements as of 31 March 2023 were prepared in compliance with the regulations of the German Commercial Code applicable to large firms organized in a corporate form as well as in compliance with the regulations of the German Law on Limited Liability Companies.

#### **B. ACCOUNTING AND VALUATION METHODS**

##### **Accounting Methods**

The annual financial statements were prepared in compliance with the general recognition requirements of sections 246 to 251 of the German Commercial Code (HGB) as well as the special accounting regulations for firms organized in a corporate form in accordance with sections 268 to 274a, 276 to 278 of the German Commercial Code (HGB).

Vehicles sold within the scope of buyback contracts to car rental companies are recognised as other assets because the economic ownership remains with the Company and the sale of the vehicles is subject to the short-term retention period of the car rental companies. The buyback commitments are shown under other liabilities. Revenues are only recognised after the buyback transactions have ended, when the vehicles are finally sold to dealers.

For sales transactions in several parts, such as online services, the revenues are split according to their estimated current value. The revenues from these contracts are accrued by forming a deferred revenue item and recognized in profit or loss over the contract duration.

The entity does not take advantage of the option under Sec 274 (I) Sentence 2 of the German Commercial Code (HGB) to recognise the excess in deferred tax assets on accounting of arising tax reliefs.

## Valuation principles

The financial statements were prepared taking into accounting the general valuation principles in Secs 252 to 256a of the German Commercial Code (HGB).

In detail the following valuation principles apply:

## FIXED ASSETS

### Property, plant and equipment

Property, plant and equipment is stated at acquisition cost, including incidental acquisition costs less discounts, and is reduced, to the extent that it can be worn away, by scheduled depreciation. Depreciation is carried out according to the straight-line method according to the expected, individually estimated useful lives as follows:

	years
IT-Software	2 to 4
Operating Equipment	3 to 5
Office Equipment	4 to 10
Vehicle Fleet (new)	4
Vehicle Fleet (used)	3
Leaseholds	5 to 10
Buildings	33

Low-value assets with acquisition or production costs of up to € 250.00 are expensed in the year of acquisition. Low-value assets with acquisition or production costs of more than € 250.00 up to a maximum of € 1,000.00 are collected as a compound item which is recognized and depreciated over 5 years on a straight-line basis.

In the event of a probable permanent impairment in value, impairment losses are recognised and these assets are carried at the lower fair value.

## CURRENT ASSETS

### Inventories

Vehicles and spare parts are valued at cost in accordance with the strict lower-of-cost-or-market principle. In principle, the average valuation method was applied. Appropriate valuation allowances were made for vehicles that are difficult to sell. In total, the valuation allowance on the vehicle stock amounted to k€ 1,275 (prior year: k€ 683). The number of used vehicles increased year-on-year, while the total number of vehicles on the road decreased once again. The average discount rates for used cars increased again slightly compared with the previous

year, mainly due to an improved supply situation for new cars. The valuation discount mainly relates to the Land Rover Velar and Jaguar I-Pace models.

### **Receivables and other assets**

Trade receivables and receivables from affiliated companies are recognised at cost. Specific value adjustments were made for doubtful receivables. Foreign currency receivables with a term of less than one year are valued at the average spot exchange rate on the balance sheet date in accordance with 256a of the German Commercial Code (HGB). The valuation differences are recognised in profit or loss.

Except for the vehicles with buy-back commitments, other assets are recognised at cost. Vehicles with buyback commitments are recognized at cost reduced by specific allowances for single vehicles depending on the sales expectations on the market for used cars.

### **Bank balances**

Bank balances are recognized at nominal values.

### **Prepaid Expenses**

Prepaid expenses are shown in accordance to Sec 250 (I) of the German Commercial Code (HGB) for expenses related to costs for a period subsequent to the balance sheet date.

## **PROVISIONS**

### **Pension provisions**

The pension commitments were determined using the projected unit credit method by applying actuarial principles with an interest rate of 1.79% based on Prof. Klaus Heubeck's 2018 G Standard Tables that were published in 2018.

Provisions for pension obligations are discounted in accordance with Section 253 (2) of the German Commercial Code (HGB) on a flat-rate basis with the average market interest rate of the last ten years determined by the Deutsche Bundesbank, which results assuming a residual term of pension obligations of 15 years. This took into account salary increase of 2.20% p.a. and an annual pension increase of 3.0%, annual rises of the assessment ceiling of 2.20%. In order to take account of fluctuation, age- and gender-dependent fluctuation probabilities were used.

### **Tax provisions and other provisions**

Tax provisions and other provisions were recognised at the settlement amount that is necessary according to reasonable commercial judgement. Provisions with a remaining term of more than one year are measured taking into account future price and cost increases and discounted at the average market interest rate determined by the Deutsche Bundesbank based on the

past seven years in accordance with their remaining term. The provisions for sales programs are calculated for each model within the QFMAR process (Quarterly Forecast and Market Activation Review) on the basis of the individual list prices and program costs. The residual value provision is calculated using Eurotax Schwacke market data supplemented by Jaguar Land Rover specific market development data.

## **LIABILITIES**

Trade payables, liabilities to affiliated companies and other liabilities are stated at the repayment amounts. All trade payables have a remaining term of less than one year. Foreign currency liabilities with a term of less than one year are valued at the mean spot exchange rate on the balance sheet date in accordance with § 256a HGB.

### **Deferred Income and Expenses**

Deferred income is recognized for investment grants received and income from partial services, such as online services, which are provided by the Company over a certain performance period after the balance sheet date.

## **C. NOTES TO THE BALANCE SHEET**

### **1. Fixed Assets**

The movements in fixed assets in the Fiscal Year 2022/2023 are presented in the statement of movements in fixed assets (Appendix to the Notes).

### **2. Receivables**

The receivables are exclusively short-term receivables with a remaining term of less than 12 months. Receivables are mainly receivables from affiliated companies in the amount of k€ 251,924 (prior year: k€ 321,607), thereof mainly cash pool receivables in the amount of k€ 237,118 (prior year: k€ 320,982), and trade receivables in the amount of k€ 21,816 (prior year: k€ 17,604). Other assets in the amount of k€ 8,885 (prior year: k€ 6,620) include vehicles with buyback obligations in the amount of k€ 7,342 (prior year: k€ 6,620). The associated repurchase obligations amounting to k€ 7,793 (prior year: k€ 7,023) are recognised under other liabilities. There is a sales tax credit of k€ 1,543 against the tax office in this year (prior year k€ 0).

### **3. Deferred Taxes**

Deferred taxes are calculated for temporary differences between the commercial and tax valuations of assets, liabilities and deferred income, which are reduced in later financial years. There were no negative differences as of the balance sheet date. Positive differences mainly result from differences in the carrying amounts of pension provision and other provisions. Deferred taxes are calculated based on the company's combined income tax rate of 28.825% and include corporation tax, trade tax and the solidarity surcharge. The financial year in total resulted in a deferred tax asset, not shown in the balance sheet.

### **4. Equity**

The fully paid-up share capital amounts to DM 5,000,000.00 (corresponds to € 2,556,459.41). Sole shareholder is Jaguar Land Rover Limited, Coventry /UK.

### **5. Pension provision**

The difference between the recognition of the pension provision in accordance with the corresponding average market interest rate from the past seven financial years pursuant to Section 253 (6) sentence 1 of the German Commercial Code (HGB) with an interest rate of 1.50% was k€ 1,627. The residual value is blocked for payout.

Due to the option provided for in Article 67 (1) sentence 1 EGHGB, k€ 94 (being 1/15 of the difference determined as of April 1, 2011) was added to the pension provisions in the financial year. Due to the proportional additions over 15 years, pension obligations amounting to k€ 187 (prior year: k€ 281) as of March 31, 2023, are not included in the balance sheet.

### **6. Tax provisions**

The tax provisions of k€ 21,620 (prior year k€ 32,086) were recognised at the necessary settlement amount according to reasonable commercial judgement. The tax provisions relate to outstanding assessments by the tax authorities.

## 7. Other provisions

The largest individual items under other provisions are the provision for marketing programs (k€ 44,263; prior year k€ 63,601), for outstanding invoices (k€ 8,469; prior year k€ 24,096), for variable dealer margin (k€ 14,861; prior year k€ 12,522), for support of newly appointed dealers (dealer start-up; k€ 5,459; prior year k€ 6,594) and for dealer compensation in accordance with § 89b HGB (k€ 1,250; prior year k€ 525). The provision for marketing programs includes residual value provisions (k€ 13,578; prior year k€ 29,089) and other marketing programs (k€ 30,685; prior year k€ 34,512).

## 8. Liabilities

The liabilities are exclusively short-term liabilities with a remaining term of less than 12 months. These are comprised of:

- Trade Payables for goods and services (k€ 14,311; prior year k€ 7,950)
- Liabilities to affiliated companies in the amount of k€ 149,501 (prior year k€ 185,930), mainly liabilities to the shareholder Jaguar Land Rover Limited in the amount of k€ 125,112 (prior year: k€ 177,540), Jaguar Land Rover France in the amount of k€ 8,982 (prior year: k€ 7,432), Jaguar Land Rover Italy in the amount of k€ 1,100 (prior year k€ 957) and Jaguar Land Rover plc in the amount of k€ 0 (prior year: k€ 0,5), each trade related
- Other liabilities (k€ 57,668; prior year k€ 73,443) mainly consist of import VAT liabilities (k€ 23,007; prior year k€ 26,700) and liabilities from buyback transactions with car rental companies (k€ 7,793; prior year k€ 7,023). There were no VAT liabilities in the year under review (prior year k€ 9,900).

## D. NOTES TO THE INCOME STATEMENT

### 1. Revenue

As in the prior year, revenues were generated mainly in Germany with the Jaguar and Land Rover brands and are analysed by fields of activity as follows:

	01.04.2022- 31.03.2023	01.04.2021- 31.03.2022
	k€	k€
New Vehicles	1,000,591	736,590
Used Vehicles	27,434	63,082
Spare Parts and Accessories	143,953	105,096
Services	60,486	91,944
	1,232,462	996,712



## **2. Other operating income**

Other operating income mainly consists of income from warranty expense recharges (k€ 37,941; prior year k€ 49,539); as well as income from the release of provisions for sales promotion (k€ 16,882, prior year k€ 17,552), charges passed on to dealers and group allocations (k€ 4,928; prior year k€ 6,093), as well as income from the provision release of inventory (k€ 0; prior year k€ 6,536) and receivables (k€ 32; prior year k€ 32) revaluation.

## **3. Depreciation and write-downs on property, plant and equipment**

Depreciation and write-downs on property, plant and equipment mainly consist of impairment losses on non-current assets (k€ 27,987; prior year: k€ 0).

## **4. Other operating expenses**

Other operating expenses notably comprise the following items:

- Warranty expenses (k€ 40,337; prior year k€ 48,512)
- Selling expenses and sales promotions (k€ 72,311; prior year k€ 78,530)
- Other distribution costs (k€ 4,202; prior year k€ 3,829)
- Advertising costs (k€ 19,063; prior year k€ 16,745)
- Other sundry administration costs (k€ 9,516; prior year k€ 8,357)

Other operating expenses include expenses in the amount of k€ 94 (prior year: k€ 94) These are proportional additions to the pension provisions over 15 years in accordance with Article 67 (1) Introductory Law to the German Commercial Code (EGHGB).

## **E. OTHER DISCLOSURES**

### **1. Other financial commitments**

The rental obligations for exhibition and storage space as well as for office and training rooms and parking spaces in Essen until the end of the rental period on 31 May 2032 amount to k€ 8,249 (k€ 75 p.m.). The rental obligations for the office building in Kronberg im Taunus until the end of the rental period on 31 August 2027 amount to k€ 4,346 (k€ 82 p.m.).

Order commitments amounting to k€ 22,025 are due to current purchase orders.

In total, the company has other financial obligations of k€ 35,386, of which k€ 24,113 are due within one year.

## **2. Number of employees**

The annual average of employees in the reporting period for the entity is 258 (prior year: 208), there of 76 female (prior year 69) and male 182 (prior year 139).

## **3. Auditor's fees**

A fee of k€ 256 (solely audit services) is recognised as an expense for the auditor in the financial year 2022/2023.

## **4. Members of the Company Board**

### **Managing Directors**

Mr. Johannes Kasper van der Stelt, Managing Director, Ingolstadt

Mr. Dmitry Kolchanov, Managing Director, Regional Director Jaguar Land Rover Europe, Summertown Oxford, United Kingdom

## **5. Total remuneration paid to Management**

The total remuneration paid to management in the reporting period has not been disclosed in accordance with Section 286 (4) of the German Commercial Code (HGB).

## **6. Proposal for the appropriation of profit**

With the shareholder resolution of September 07, 2022, the loss from the previous year has been transferred to the following financial year. Financial year 2022/2023 resulted in an annual loss.

## **7. Consolidated financial statements**

The Company is included in the consolidated financial statements of Jaguar Land Rover Automotive PLC, Coventry, UK (UK Register No. 6477691, [www.jaguarlandrover.com](http://www.jaguarlandrover.com), smallest circle of companies) included in the consolidated financial statements of TATA Motors Ltd., Mumbai, India, which in turn is part of the consolidated financial statements of Tata Sons Ltd., Mumbai, India (SEC Register No. 926042, [www.tata.com](http://www.tata.com), largest circle of companies).

## **8. Post-Balance sheet events**

There were no other significant events after the balance sheet date with a material effect on the presentation of the net assets, financial position and results of operations.

Kronberg im Taunus, May 25, 2023

Dmitry Kolchanov  
Managing Director

Johannes Kasper van der Stelt  
Managing Director

Movement in Fixed Assets for the period ended 31 March 2023

HGB	Acquisition Cost					Accumulated Depreciation					Net Book Value	
	01.04.2022	Additions	Disposals	Transfer	31.03.2023	01.04.2022	Depreciation of the fiscal year	Disposals	Transfer	31.03.2023	31.03.2023	31.03.2022
	€	€	€	€	€	€	€	€	€	€	€	€
<b>Intangible Assets</b> Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	2.261.560,47	13.864,00	0,00	0,00	2.275.424,47	1.380.326,00	462.551,39	0,00	0,00	1.842.877,39	432.547,08	881.234,47
	2.261.560,47	13.864,00	0,00	0,00	2.275.424,47	1.380.326,00	462.551,39	0,00	0,00	1.842.877,39	432.547,08	881.234,47
<b>Property, Plant and Equipment</b>												
1. Land and Buldings	74.577.318,71	58.626,00	85.595,28	141.436,32	74.691.785,75	6.010.953,64	30.022.349,60	0,00	0,00	36.033.303,24	38.658.482,51	68.566.365,07
2. Operating and Office Equipment	10.167.186,87	126.105,99	1.622.642,70	37.029,00	8.707.679,16	8.529.460,24	438.163,86	1.608.277,10	0,00	7.359.347,00	1.348.332,16	1.637.726,63
3. Prepayments	0,00	4.510.563,68	573.519,81	178.465,32	3.758.578,55	0,00	0,00	0,00	0,00	0,00	3.758.578,55	0,00
	84.744.505,58	4.695.295,67	2.281.757,79	356.930,64	87.158.043,46	14.540.413,88	30.460.513,46	1.608.277,10	0,00	43.392.650,24	43.765.393,22	70.204.091,70
<b>Fixed Assets</b>	87.006.066,05	4.709.159,67	2.281.757,79	356.930,64	89.433.467,93	15.920.739,88	30.923.064,85	1.608.277,10	0,00	45.235.527,63	44.197.940,30	71.085.326,17

# Jaguar Land Rover Deutschland GmbH, Kronberg im Taunus

## Management Report for the Fiscal Year from April 1, 2022 to March 31, 2023

The business purpose of Jaguar Land Rover Deutschland GmbH is the distribution of vehicles and spare parts of the Jaguar and Land Rover brands in the Federal Republic of Germany. The company purchases new vehicles exclusively from the parent company, Jaguar Land Rover Limited in the UK. The majority of sales to end customers are made through a network of independent dealers.

In the current market environment, major influences on business performance are to be seen above all in the availability of product components such as semiconductors, which currently have a strong impact on satisfying demand for passenger cars. The strategic orientation of Jaguar Land Rover Deutschland GmbH is determined by its embedding in the overall strategy of the Group. The Group's realignment, "Re-Imagine", published in February 2022, is setting the direction and is described in more detail in the forecast report with reference to current developments in the fiscal year.

### A. Business Development

The fiscal year 22/23 continued to be characterized by supply chain disruption as an after-effect of the pandemic and due to geopolitical conflicts. The scarce availability of semiconductors and other product components had a significant impact on the production volume of goods with electronic components. These macroeconomic conditions also impacted the automotive industry and Jaguar Land Rover Deutschland GmbH. While gross domestic product in Germany increased by 1.8%<sup>1</sup> year-on-year in calendar year 2022, the German passenger car market also gained +1.1%<sup>2</sup> in the same period (+3.9% in the fiscal year). In the last quarter of the fiscal year (January to March 2023), the German passenger car market recorded an increase of 6.5%<sup>3</sup> compared to the same period of the previous year.

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<sup>1</sup> <https://de.statista.com/statistik/daten/studie/74644/umfrage/prognose-zur-entwicklung-des-bip-in-deutschland/#professional>

<sup>2</sup> Statistik Kraftfahrtbundesamt (KBA)

[https://www.kba.de/DE/Statistik/Fahrzeuge/Neuzulassungen/Jahresbilanz\\_Neuzulassungen/jahresbilanz\\_node.html](https://www.kba.de/DE/Statistik/Fahrzeuge/Neuzulassungen/Jahresbilanz_Neuzulassungen/jahresbilanz_node.html)

<sup>3</sup> Statistik Kraftfahrtbundesamt (KBA)

[https://www.kba.de/DE/Statistik/Fahrzeuge/Neuzulassungen/MonatlicheNeuzulassungen/monatl\\_neuzulassungen\\_node.html?yearFilter=2023&monthFilter=03\\_maerz](https://www.kba.de/DE/Statistik/Fahrzeuge/Neuzulassungen/MonatlicheNeuzulassungen/monatl_neuzulassungen_node.html?yearFilter=2023&monthFilter=03_maerz)

## 1. Sales volume and revenue development<sup>4</sup>

The total German passenger car market amounted 2.692.211 units (registrations) in the period April 2021 to March 2022, compared with 2.591.634 units in the same period of the prior year. This represents an increase in the total market of 100,587 units, or 3.9%. By contrast, the relevant segment of the overall market for the Jaguar and Land Rover brands increased by 17% from 486,686 to 567,463 units in the same period. The Jaguar and Land Rover brands achieved increases in volume by 16.33% year-on-year to 16,929 units in the year under review. At the same time, their share of the relevant segment decreased by 0.2 percentage points to 2.98%.

The shortage of preliminary and intermediate products, the high energy and raw material prices as well as the general uncertainty due to the war in Ukraine had considerably dampened the market and production throughout the year - but especially in the first half of the year - so that significant declines were recorded especially in spring and summer 2022. Compared to the pre-crisis year 2019, a significant sales gap of around 26.5 % remains in 2022.

Due to the semiconductor crisis described in the business review and the associated shortage of new vehicles, vehicle sales in fiscal year 22/23 were higher than in the previous year but could not yet return to the pre-crisis level. An increase in the volume of confirmed vehicle orders as of March 2023 was avoided by increasing the production volume compared to the previous year.

Segment	Carlines JLR
Estate4	Jaguar XF Sportbrake
Sedan3	Jaguar XE
Sedan4	Jaguar XF
Sport 2	Jaguar F-TYPE
SUV2	Jaguar E-PACE Land Rover Range Rover Evoque
SUV3	Jaguar F-PACE Jaguar I-PACE Land Rover Discovery Sport Land Rover Range Rover Velar
SUV4	Land Rover Defender Land Rover Discovery Land Rover Range Rover Sport
SUV5	Land Rover Range Rover

The Estate4 market segment (Jaguar XF Sportbrake) realised an increase of 15% in 2022/23. The market share of the Jaguar XF Sportbrake decreased by 20% with a registration volume of 97 vehicles in the fiscal year.

The Sedan4 segment recorded a 37% increase. Mercedes and BMW achieved 20% of market shares. The Jaguar XF recorded a decrease of 8% to 133 units at last count.

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<sup>4</sup> JLR European Segment Report [https://eu-west-1a.online.tableau.com/#!/site/jlrradar/views/EuropeanSegmentReport-IHS\\_16057093078370/SegmentAnalysis?iid=121](https://eu-west-1a.online.tableau.com/#!/site/jlrradar/views/EuropeanSegmentReport-IHS_16057093078370/SegmentAnalysis?iid=121) (based on Kraftfahrtbundesamtes – KBA, German Federal Motor Transport Authority)

The Sedan3 market segment (Jaguar XE) decreased by 9.4% in 2022/23. With a registration volume of 289 vehicles, compared to 402 vehicles in the prior year, a decline of 28% was recorded for the Jaguar brand, corresponding to a reduction in market share of 0.16 percentage points to 0.44%.

In the Sport2 segment, which increased by 23%, the Jaguar F-Type registered 603 units, an increase of 4% or 25 units. As a result, the Jaguar F-Type achieved a 4.8% share in this Porsche-dominated segment.

The SUV2 segment recorded an 14% increase in 2022/2023. The Jaguar E-Pace showed with 602 registrations units a decrease of 42%. The Land Rover Range Rover Evoque recorded an increase of 53% with 3,722 units compared to 2,435 units in the previous year. Jaguar Land Rover's market share in this segment was stable at 3.6%.

The SUV3 segment recorded an increase of 37.3%. The Jaguar I-Pace achieved a decline of 23.0% or -111 units with 372 registered units. Tesla's Model Y achieved a market share of 26.9%. Among the SUV3 models of the Group brands, the Velar recorded 2,106 units with a market share of 1.2%. The other models in the segment range Land Rover Discovery Sport and the Jaguar still lagged behind the Velar's results.

The SUV4 market segment recorded an increase of 15.6%. Audi models achieved a total market share of 29.4% in this segment. Sales of the Land Rover Discovery increased by 47.3% to 520 units. The Land Rover Defender also saw an increase of 35.6% to 3,809 units. In contrast, the Land Rover Range Rover saw a decline of 39.8% to 871 units.

The SUV5 segment showed an increase of 37.2% by 15.7% compared to 2021/2022. Land Rover Range Rover registrations are up 24% with 1,224 units. The segment is dominated by Mercedes G-Class with a market share of 50.1%.

Jaguar Land Rover's market share in the relevant segment for new registrations was 2.98% in fiscal year 2022/2023 (prior year 3%), corresponding to a volume of 16.929 new registrations.

The last quarter of fiscal year shows an increase of 127.36% (+3.868 units) for Jaguar Land Rover registrations compared to the prior year.

The above figures are based on data from the German Federal Motor Transport Authority. The segmentation and allocation of individual models to segments is subject to regular adjustments, so that prior-year figures may not correspond to the prior-year report.

In the past fiscal year, sales revenue of € 1,232.5 million was achieved, compared to € 996.7 million in the prior year. Revenues are derived from sales of new vehicles (81.2%, € 1,000.6 million, prior year € 736.6 million), sales of spare parts and accessories (11.7%, € 144.0 million, prior year € 105.1 million), sales of Jaguar and Land Rover used vehicles to the dealer network

(2.2%, € 27.4 million, prior year € 63.1 million) and services (4.9%, € 60.5 million, prior year € 91.9 million).

The price increases included in new and used car sales did not compensate the production-related decline in new car volumes due to the ongoing global semiconductor crisis.

## **2. Employees**

As of March 31, 2023, Jaguar Land Rover Deutschland GmbH had 265 employees under permanent contract (March 31, 2022: 222). Of the 265 employees, 164 employees (March 31, 2022: 104) were engaged in central functions for other European Jaguar Land Rover companies. The expenses for the central functions are charged to Jaguar Land Rover Limited.

## **B. Situation of the company**

### **1. Control of the company**

The financial performance indicators according to which the company is managed are revenue from sales and profit before taxes.

### **2. Results of Operations**

In the reporting year, sales amounted to k€ 1,232,462, an increase of k€ 235,750 compared to the prior year. The predominant reason for this increase was a production-related increase in the volume of new car sales due to improved availability of necessary components in vehicle production. As a result, more existing vehicle orders were serviced.

The gross margin ((sales revenue - cost of materials) / sales revenue) deteriorated in fiscal 2022/23 to 11.2% compared with 12.5% in the prior year. The movement is mainly driven by the increase in vehicle revenues due to the adjustment of transfer prices in proportion to the increase in procurement costs, which led to a disproportionately low decrease in the cost of materials.

Other operating income decreased by k€ 20,719 compared with the prior year. The decrease in other operating income is mainly the result of decreased income from the release of provisions for sales promotion (k€ 16,882; prior year: k€ 17,552) and partially offset by the decrease in income from warranty expense recharges amounting to (k€ 37,941; prior year: k€ 49,539).

The increase in personnel expenses compared to the previous year by T€ 991 from T€ 33,076 to T€ 34,067 results from the annual salary adjustment and an increase in the number of employees.



Other operating expenses decreased by k€ 10,877 compared to the prior year. The main reason for this is a significant decrease in warranty expenses by k€ 8,176 to k€ 40,337 and decrease in sales promotion expenses by k€ 6,219 to k€ 72,311.

This was partially offset by increasing of advertising costs by k€ 2,318 to k€ 19,063.

The Company's earnings situation is characterized by the agreement on the determination of transfer prices with Jaguar Land Rover Limited, Coventry/UK. The transfer prices are calculated in such a way that the ratio of the pre-tax profit from the sale of vehicles, spare parts and accessories of the Jaguar and Land Rover brands to the net revenues of these areas as defined in the agreement stands up to an industry comparison. The Company generated transfer price expense of k€ 44,942 in fiscal year 2022/23 (prior year: k€ 44,898).

In the management report for the prior year, we assumed a moderate increase in sales and profit before taxes<sup>5</sup> in a market environment that was difficult to assess.

In fact, an increase in sales of 23.7% was realized in the financial year 2022/23 and a decrease in profit before taxes of -238.79% to k€ -11,329 loss. This sharp decline in pre-tax profit is related to the impairment of fixed assets k€ 27,987 (prior year: k€ 0).

### **3. Financial situation**

Group-wide financial management is managed centrally by the treasury organization of Jaguar Land Rover Limited. Locally, financial management focuses on the cash management of Jaguar Land Rover Deutschland GmbH, in the context of which cash requirements and surpluses are determined. For this purpose, the Company maintains a cash pool with Jaguar Land Rover Limited, in which the Company's surplus cash is concentrated.

As of the balance sheet date, Jaguar Land Rover Deutschland GmbH had a cash pool balance of k€ 237,118 (prior year: k€ 320,982).

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<sup>5</sup> The profit before taxes is defined as the annual result before taxes on income and thus already includes expenses from other taxes.

The financial development of the company is shown in the cash flow statement with indirect determination of the cash flow from operating activities:

	2022/2023	2021/2022
	k€	k€
Profit for the Period	-12,430	-76
Amortisation/depreciation/write-downs on fixed assets	30,923	3,015
Increase/decrease (-) in provisions	-41,888	-30,985
Loss on disposal of fixed assets	0	0
Increase (-)/decrease in inventories, trade receivables and other assets that are not allocatable to investing or financing activities	-14,201	51,061
Increase/decrease (-) in trade payables and other liabilities that are not allocated to investing or financing activities	-43,682	90,705
Interest income	-3,450	-478
Interest expense	1,312	4,770
Income Tax expense	1,101	8,239
<b>Cash Flow from operating activities</b>	<b>-82,315</b>	<b>126,250</b>
Cash outflow from the acquisition of intangible fixed assets	-14	-63
Cash outflow from the acquisition of property, plant and equipment	-4,695	-225
Cash outflow from the acquisition of investments	673	520
Cash outflow on account of cash investments in the cash pool	83,864	-127,831
Interest received	3,450	478
<b>Cash Flow from investing activities</b>	<b>83,278</b>	<b>-127,121</b>
Paid dividends to shareholders	0	0
<b>Cash Flow from financing activities</b>	<b>0</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>	<b>964</b>	<b>-870</b>
Opening balance of cash and cash equivalents	161	1,032
<b>Closing balance of cash and cash equivalents (=liquid funds)</b>	<b>1,125</b>	<b>161</b>

The negative cash flow from operating activities of k€ -82,315 resulted mainly from a significant decrease in trade payables, especially to the shareholder from vehicle purchases, and a decrease in other provisions. This was partly compensated by the increase in depreciation on fixed assets, which mainly resulted from the impairment on a property in the amount of k€ 27,987.

The decrease in other provisions and accruals of k€ 41,888 mainly relates to lower accruals for marketing programs of k€ 19,338 offset by an increase of k€ 15,627 in accruals for outstanding invoices.

Equity amounted to k€ 34,463 at the balance sheet date (prior year: k€ 46,893).

The equity ratio was 8.69% compared to 9.5% in the prior year.

In total, the company has other financial obligations amounting to k€ 35,386, mainly trade related as well as from rental obligations, of which k€ 24,113 are due within one year.

#### **4. Net assets**

The Company's assets mainly comprise non-current assets in the amount of k€ 44,198, inventories in the amount of k€ 68,287, trade receivables in the amount of k€ 21,816 and receivables from affiliated companies in the amount of k€ 251,924.

Fixed assets mainly include the land in Munich and the building erected on it in the amount of k€ 38,685.

Compared to the previous year, there was a decrease of k€ 6,506. The decrease was mainly attributable to the decrease in the new vehicle inventory in the amount of k€ 16,196 and is due to higher availability of transport capacities for the delivery of vehicles at the end of the fiscal year. The higher volume of used cars in the inventory resulting from this development is also reflected in the valuation discounts for vehicles that are difficult to sell, which increased by k€ 592 compared to the previous year.

A vehicle book value of k€ 7,342 in other assets results from buyback agreements with car rental companies (prior year: k€ 6,620). The offsetting balance sheet items of k€ 7,793 (prior year: k€ 7.023) were recognized under buyback obligations in other liabilities.

In addition, this year there is a VAT credit in the amount of k€ 1,543 resulting from an input tax surplus.

Receivables from affiliated companies mainly consist of the aforementioned cash pool receivables against Jaguar Land Rover Limited amounting to € 237.1 million (prior year € 321 million).

The increase in trade payables of k€ 6,361 compared with the prior year is related to posted vendor invoices, in line with a decrease in the accrual for outstanding invoices of k€ 15,627

In summary, the past financial year was characterised by special challenges for Jaguar Land Rover Deutschland GmbH. In addition to the special challenges of the automotive industry (see risks), production bottlenecks made the sales situation more difficult. However, the improved production situation in the second half of the year compared to the previous year enabled the company to increase sales and improve delivery times for customers.

The cancellation of the Jaguar and Land Rover dealer network in November 2022 had no negative impact on the business result, as almost all dealer partners have signed the new dealer contracts offered to all partners by January 2023.

## **C. Future development with significant risks and opportunities**

### **1. Risk management objectives and methods**

Jaguar Land Rover Deutschland GmbH is included in the consolidated financial statements of Jaguar Land Rover Automotive PLC, Coventry, United Kingdom (UK Register No. 6477691, [www.jaguarlandrover.com](http://www.jaguarlandrover.com), smallest group of companies), which is included in the consolidated financial statements of TATA Motors Ltd, Mumbai, India, which in turn is part of the consolidated financial statements of Tata Sons Ltd, Mumbai, India (SEC Register No. 926042, [www.tata.com](http://www.tata.com), largest group of companies). Due to the listing of the parent company on the NYSE, the Group and the Company are required to implement U.S. regulations on internal control over financial reporting.<sup>6</sup> For this reason, and in connection with the introduction of SAP, a complete process documentation was already created in the 2012/13 financial year, which is constantly updated. In addition, as part of the Jaguar Land Rover Group, the company is subject to reporting requirements regarding internal control over financial reporting and is supported and monitored by the Group's internal audit department and business assurance.

In order to harmonize and digitalize the documentation of the test of design and test of operating effectiveness of the internal control system within the Tata Motors Group and its subsidiaries, the control documentation and monitoring tool "HighBond" was implemented in the fiscal year 2019/2020. This supports the internal control system to ensure the accuracy and completeness of the representation of the business activities of Jaguar Land Rover Deutschland GmbH in the Company's books.

As part of the monthly reporting system, discrepancies are explained through reports and analyses reported to the management, the European Operations region, and the Jaguar Land Rover Group. Furthermore, ad hoc inquiries and evaluations are answered in Finance and in other departments.

### **2. Risks**

To secure liquidity risks, the company is integrated in the Jaguar Land Rover Group's internal cash pool system. This ensures the coverage of short-term financing requirements at all times and the offset of incoming and outgoing payments on an ad hoc basis. The management keeps itself regularly informed about the financial and earnings situation of the other cash pool participants in order to be able to identify any risks that may arise at an early stage. Particularly against the background of the current crises (aftermath of COVID-19 pandemic, semiconductor crisis, resulting disruption to various supply chains), special attention is paid to the liquidity of the Group. Both Jaguar Land Rover Deutschland GmbH and the other cash pool participants are closely monitoring cash. Jaguar Land Rover Deutschland GmbH is dependent on Group financing.

There is no financial risk for Jaguar Land Rover Deutschland GmbH arising from vehicle sales related receivables. The risk was covered by the purchase financing of FCA Bank Deutschland

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<sup>6</sup> Despite the delisting from the New York Stock Exchange on 23 January 2023, there is still an obligation to report in accordance with the US regulations on internal control over financial reporting.  
[https://www.sec.gov/Archives/edgar/data/926042/000156459023000617/tm-ex991\\_6.htm#:~:text=After%20January%2023%2C%202023%2C%20there,prior%20to%20July%2024%2C%202023.](https://www.sec.gov/Archives/edgar/data/926042/000156459023000617/tm-ex991_6.htm#:~:text=After%20January%2023%2C%202023%2C%20there,prior%20to%20July%2024%2C%202023.)

GmbH, Heilbronn, until 31 December 2022. Since 01.01.2023, BNP Paribas, Munich, has provided the dealer purchase financing.

Risks from the free delivery of vehicles to direct customers are borne by Jaguar Land Rover Deutschland, whereby the creditworthiness of customers is regularly checked or verified via regular credit checks. Risks from the free supply of spare parts sales are borne by Jaguar Land Rover Germany. The defined credit limits resulting from the creditworthiness check are consulted prior to each invoicing and may only be increased or exceeded in exceptional cases and after obtaining separate approval from Group headquarters.

Both the liquidity risk and the financial risk from receivables are of minor importance compared to the individual risks mentioned below.

All of the Company's significant business transactions are concluded in EUR. There are no foreign currency risks in this respect.

We consider the following risks to be the most significant risks to the results of operations, net assets and financial position of Jaguar Land Rover Deutschland GmbH, with all risks assumed to be probable or very probable:

1. the still ongoing public attention in the discussion on diesel driving bans, especially after the rulings issued in 2018 to date on driving bans in inner cities (medium risk, also against the backdrop of the ongoing electrification of the Jaguar Land Rover portfolios).
2. future developments of the regulations set by the EU regarding the total CO2 emissions of the vehicle fleet (medium risk due to the vehicle segments occupied, partly compensated by the progressing electrification).
3. the recent German government's plans to eliminate government subsidies for plug-in hybrids and lower the price limit for eligible all-electric vehicles. (Medium risk: direct competitors are equally affected).
4. ongoing production and delivery delays due to global supply constraints for semiconductors and other components and resulting price increases on the raw materials markets. (medium risk)
5. the war in Ukraine and the resulting supply bottlenecks at suppliers as well as increased crude oil and energy prices due to economic sanctions. (medium risk, in particular in winter)
6. Continuing general inflation and weakening of purchasing power in Germany. (medium risk)

The following should be added to point 1:

In November 2022 the company became aware of preliminary investigations by the public prosecutor's office Frankfurt am Main in connection with the potential non-conformity of Diesel vehicles with European regulations. The company is cooperating with the authorities. Since the company operates as a sales company and its cost and earnings side is integrated into the group strategies of the parent company, any potential risks for fines and /or possible negative financial effects are manageable in our view. At present such potential risks cannot be assessed.

Further significant risks from the current business do not exist at present. In the opinion of the company, there are also no identifiable risks that could threaten the existence of the company.

### **3. Opportunities**

In the past fiscal year, with the market launch of the new Range Rover and numerous model refreshes and new engines, the Jaguar Land Rover Group strengthened its position in particular as a manufacturer of vehicles with electric and hybrid drives, in a segment that is becoming increasingly relevant in the German market. With the start of the new dealer contracts and the specification of the Re-Imagine strategy aimed at a market positioning of Modern Luxury, a basis for future, more profitable business has been created. This will allow for future growth in turnover and access to new customer groups.

### **4. Forecast Report**

Based on the economic situation of Jaguar Land Rover Ltd., the global programs CHARGE and ACCELERATE were launched with the aim of optimizing the company's profit and cash situation. The release of the Re-Imagine strategy by JLR's global CEO, Thierry Bolloré, in February 2021 combines and extends the priorly existing cash and profit optimization programs with a new brand strategy for Jaguar and Land Rover. This has been continued by the interim CEO, Adrian Mardell, unchanged since November 2022.

The target of a double-digit EBIT margin at Group level will be flanked by the establishment of the Jaguar and Land Rover brands as modern, sustainable luxury brands. From 2025, the Jaguar product range will be fully electric and by 2039, JLR aims to be CO2 neutral.

In the past fiscal year, Jaguar Land Rover Deutschland GmbH continued to contribute to the achievement of the milestones of the above-mentioned multi-year programs and Group strategy by reducing fixed costs and making various optimizations. Under the impact of continuing supply constraints and inflation, the coming fiscal year will continue to be dominated by optimization and prioritization in order to also ensure the medium- and long-term success of the brands.

According to statistics from the Federal Motor Transport Authority, the passenger car market in Germany grew 8% in registrations in the period January-April 2023 compared with the same

period last year.<sup>7</sup> In April, the figure was as much as 12.6%. The German Association of the Automotive Industry (VDA) expects the overall market in calendar year 2023 to be around 2.8 million new passenger car registrations, an increase of around 4% year-on-year.<sup>8</sup> According to estimates by the ifo Institute, the DIW and the Council of Experts of the Federal Statistical Office, the forecasts for gross domestic product in Germany in 2022 range between -0.1% and +2.9%.<sup>9</sup> In this context, it is difficult for Jaguar Land Rover Deutschland GmbH to assess the extent to which this will affect the automotive industry in general and the premium segment in particular.

With regarding to revenue, the company expects a moderate increase in the coming financial year compared to the same period of the previous year. The prerequisites for this are, above all, the return to normality of the supply bottlenecks for vehicle components as well as a decline in inflation. Since the earnings before taxes are determined by transfer prices, we expect an increase for the 2023/24 financial year compared to the reporting year.

The negative result in the 2022/2023 financial year was primarily determined by the impairment. In the coming financial year, the company forecasts a strong increase towards positive earnings before taxes compared to the negative result in this year, without comparable special charges.

Kronberg im Taunus, May 25, 2023

Dmitry Kolchanov

Managing Director

Jaguar Land Rover Deutschland GmbH

Johannes Kasper van der Stelt

Managing Director

Jaguar Land Rover Deutschland GmbH

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7 KBA Zulassungsstatistik April 2022:

[https://www.kba.de/DE/Presse/Pressemitteilungen/Fahrzeugzulassungen/2022/pm17\\_2022\\_n\\_04\\_22\\_pm\\_komplett.html?nn=3504038&fromStatistic=3504038&yearFilter=2022&monthFilter=04\\_April&fromStatistic=3889316&yearFilter=2022&monthFilter=04\\_April](https://www.kba.de/DE/Presse/Pressemitteilungen/Fahrzeugzulassungen/2022/pm17_2022_n_04_22_pm_komplett.html?nn=3504038&fromStatistic=3504038&yearFilter=2022&monthFilter=04_April&fromStatistic=3889316&yearFilter=2022&monthFilter=04_April)

8 VDA Marktprognose Pkw Neuzulassungen: <https://www.dw.com/de/vda-deutscher-automarkt-w%C3%A4chst-2022-um-sieben-prozent/a-60709954>

9 DIW Prognose BIP 2022 <https://de.statista.com/statistik/daten/studie/74644/umfrage/prognose-zur-entwicklung-des-bip-in-deutschland/#:~:text=Im%20Jahr%202022%20wird%20das,von%20%2C9%20Prozent%20prognostiziert>  
Sachverständigenrat des Statistischen Bundesamtes Prognose BIP 2022 [https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/Konjunkturprognosen/2022/KJ2022\\_Gesamtausgabe.pdf](https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/Konjunkturprognosen/2022/KJ2022_Gesamtausgabe.pdf)

BIP 2022 Prognose Ifo-Institut: <https://www.ifo.de/node/68622>