

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

JAGUAR LAND ROVER FRANCE

A French limited company in the form of a *Société par Actions Simplifiée*

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II. Introduction

Jaguar Land Rover France SAS was created on 10 November 2008 with share capital of €3,115,880 comprising 311,588 shares with a par value of €10 per share.

The following notes apply to the company's financial statements including a balance sheet (before appropriation of net income) as at 31 March 2020 disclosing total assets of €139,960,046 and an income statement for the period disclosing net income of €4,613,377.

The financial year comprised twelve months from 1st April 2019 to 31 March 2020.

The financial statements have been authorised for publication by the company's Chairman. The main events of the period, in terms of volume of activity and results, have been commented on in the Chairman's Report to shareholders.

For its 2019/20 financial year, Jaguar Land Rover France (hereafter JLR France) recorded net sales of €812,827,842, operating costs of €812,611,271 and net financial expense of €1,929,771. Net income for the period amounted to €4,613,377.

III Economic and market environment

The French automobile market experienced a strong acceleration in vehicle registrations at the end of 2019, the result of the changes in progress in CO² emission standards. December 2019 proved the highest December for the last 9 years. In contrast, the domestic market contracted by 70% between March 2019 and March 2020 as a result of the Covid-19 pandemic.

In the short term, JLR France's performance will reap the benefit of the launch of 2 new models namely the hybrid rechargeable versions of the Range Rover Evoque and Discovery Sport SUVs, important innovations awaited by our customers and which promise future enhanced performance. The Chairman's report provides additional details of the performance of the market and of JLR.

IV Main events of the period

A. Environmental standards

As just mentioned, the market's successive objectives in January and then in March 2020 were to limit the impacts of the successive changes in the standards governing CO² emissions.

B. Covid-19

The context was thus one of massive disposal of all car manufacturers' vehicle inventories, which however was brutally interrupted by the Covid-19 pandemic which imposed drastic measures of confinement on populations throughout the world. Vehicle distributors and repair shops were obliged to close and vehicles could no longer be delivered to points of sale. The closure of intra-European frontiers also blocked any movement between the Group's manufacturing plants in the UK, Austria and Slovakia and its distribution hubs in Belgium and France. The consequence was a total absence of vehicle sales via the traditional channels until the end of the Company's tax year and beyond.

C. Brexit

Brexit has been eclipsed from the news by the Covid-19 crisis, despite having dominated the UK for a large part of the eighteen previous months. Yet the issues associated with Brexit have not disappeared. Following its exit from the EU on 31 January 2020, the UK is now in a period of transition still possessing de facto Member State status, with the consequent requirement to comply with EU rules, but no longer intervening in EU decision-taking. Negotiations are underway to determine the future relationship between the UK and the EU, which may take the form of a Canadian-type agreement or of a similar relationship to that prevailing with Australia (i.e. the WTO terms).

The EU and the UK have exchanged preliminary versions of free trade agreements. Both parties would appear to agree on a certain number of points, but there remain significant and not easily reconcilable differences such as, for example, the provisions applicable to equal terms of competition (i.e. regulatory alignment) and the role of the CJEU. Since July 2017, a Brexit Steering Group (BSG) has been in place with the aim of ensuring that JLR be rapidly Brexit-ready at the level of all enterprise functions. The Group remains conscious of the potential market and distributor/ customer impacts within the EU. It has the necessary support from specialist companies to cope with any consequences in terms of customs duties and supply chain operations.

V. Financial statements

BALANCE SHEET – ASSETS

(in euro)	Accounting period ended 31 March 2020			31-Mar-19
	(12 months)			(12 months)
	GROSS	DEPRECIATION, AMORTIZATION, PROVISIONS	NET	NET
NON-CURRENT ASSETS				
INTANGIBLE ASSETS				
Concessions, patents, licenses, software, and similar rights	19,000	19,000		3,355
Goodwill	5,858,846		5,858,846	5,858,846
PROPERTY, PLANT AND EQUIPMENT				
Buildings	44,209	19,165	25,043	27,005
Industrial and technical plant	516,771	285,334	231,437	274,962
Other plant and equipment	2,321,300	703,245	1,618,055	1,740,500
PP&E under construction	21,923		21,923	
FINANCIAL ASSETS				
Guarantee deposits	184,235		184,235	175,395
TOTAL	8,966,284	1,026,744	7,939,540	8,080,067
CURRENT ASSETS				
INVENTORIES AND WORK-IN-PROGRESS				
Bought-in goods	59,009,857	4,432,468	54,577,389	65,461,193
Payments on account – inventories				
ACCOUNTS RECEIVABLE				
Trade receivables and related accounts	30,379,795	170,805	30,208,989	46,922,723
Other receivables	45,436,562		45,436,562	95,323,812
OTHER CURRENT ASSETS				
Cash and cash equivalents	1,138,445		1,138,445	939,640
Prepayments	659,120		659,120	788,841
TOTAL	136,623,780	4,603,273	132,020,506	209,436,212
Deferred charges				
Bond redemption premiums				
Unrealized foreign exchange losses				
GRAND TOTAL	145,590,065	5,630,018	139,960,045	217,516,280

BALANCE SHEET – LIABILITIES & SHAREHOLDERS' EQUITY

(in euro)	Accounting period ended 31 March 2020 (12 months)	31-Mar-19 (12 months)
SHAREHOLDERS' EQUITY		
Share capital	3,115,880	3,115,880
Additional paid-in capital	1,086,826	1,086,826
Legal reserve	311,588	311,588
Retained earnings		4,449,142
Net income (loss) for the period	4,613,377	3,978,840
Tax-driven provisions		
TOTAL	9,127,672	12,942,277
PROVISIONS FOR CONTINGENCIES AND LOSSES		
Provisions for contingencies	2,854,723	3,388,078
Provisions for losses	2,318,707	2,935,351
TOTAL	5,173,430	6,323,429
LIABILITIES		
Operating liabilities		
Trade payables and related accounts	66,765,635	109,538,529
Tax and employee-related liabilities	13,219,267	22,012,622
Other liabilities		
Other liabilities	45,254,189	61,046,373
Deferred income and miscellaneous		
Deferred income	419,850	5,653,043
TOTAL	125,658,943	198,250,569
Unrealized foreign exchange gains		
GRAND TOTAL	139,960,046	217,516,277

INCOME STATEMENT FOR THE YEAR

(in euro)			Accounting period ended 31 March 2020	31-Mar-19
			(12 months)	(12 months)
OPERATING REVENUES	France	Export		
Sales of bought-in goods	595,765,639	177,705,772	773,471,412	803,463,868
Sales of own services	8,870,242	30,486,189	39,356,432	34,432,904
NET SALES	604,635,881	208,191,962	812,827,842	837,896,773
Operating subsidies				9,000
Reversals of dep'n and provisions, reclassification of expenses			8,853,859	2,717,059
Other revenues				
TOTAL			821,681,701	840,622,832
OPERATING EXPENSES				
Purchases of bought-in goods (including customs duties)			693,971,288	707,677,232
Change in inventories of bought-in goods			11,282,762	15,807,880
Other purchases and external charges			86,683,388	88,355,483
Duties and taxes other than corporate income tax			4,113,285	3,569,471
Wages and salaries			5,674,690	6,678,900
Employee welfare contributions and similar charges			2,998,628	3,307,866
Depreciation and amortization			299,727	240,272
Impairment of current assets			6,589,722	2,326,651
Charges for provisions			997,764	1,012,897
Other charges			14	74
TOTAL			812,611,271	828,976,729
NET OPERATING INCOME			9,070,430	11,646,102
Financial income			24,998	12,808
Financial expenses			1,954,770	2,302,132
NET FINANCIAL EXPENSE			(1,929,771)	(2,289,323)
NET INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX			7,140,658	9,356,779
Exceptional income - operating items			668	111,600
Exceptional income - capital items			30,000	
Exceptional income - reversal of provisions and reclassification of expenses			882,755	115,000
Exceptional income			913,423	226,600
Exceptional charges - operating items			326,126	59,017
Exceptional charges - capital items				3,303
Exceptional charges for impairment and provisions			385,000	1,949,436
Exceptional charges			711,126	2,011,756
NET EXCEPTIONAL ITEMS			202,298	(1,785,155)
Statutory employee profit-sharing scheme			395,867	644,916
Corporate income tax			2,333,710	2,947,865
NET INCOME (LOSS) FOR THE PERIOD			4,613,377	3,978,840

VI Accounting policies

The financial statements for the period ended 31 March 2020 have been prepared in accordance with French regulation ANC n° 2014-03 and with French generally accepted accounting principles.

The following accounting conventions have been applied:

- Going concern;
- Consistency of accounting policies;
- Accrual basis.

Unless otherwise stated, the historical cost basis of valuation has been applied.

The company's main accounting policies are as follows:

A/ Intangible assets and property, plant and equipment

- . Intangible assets are recorded at acquisition cost.
- . Goodwill is not amortised but is subject to impairment depending on the economic environment.
- . Computer software is amortised on a straight-line basis over five years.

Property, plant and equipment are recorded at historical cost, inclusive of directly attributable expenses but excluding any borrowing costs, and depreciated on a straight-line basis using the following estimated useful lives:

- | | |
|---------------------------|----------------|
| - Fixtures and fittings | 10 to 20 years |
| - Equipment and tools | 8 to 10 years |
| - Technical installations | 1 to 3 years |
| - Furniture | 1 to 10 years |

Property, plant and equipment contributed at the time of the company's creation were recognised as second-hand assets.

B/ Non-current financial assets

Non-current financial assets comprise guarantee deposits, in particular for the company's leasehold premises in Colombes, and do not require the recognition of any impairment. The company has no equity investments.

C/ Inventories

Spare part inventories are measured at average cost. Impairment allowances are recognised when the estimated net realisable value is below cost (e.g. for slow-moving items based on recent sales or consumption). In particular, impairment is recognised for parts without movement over the past three years, with the exception of the company's action service or all-time buy references.

Vehicles are measured on the basis of individual historical cost.

D/ Impairment of inventories

Vehicle impairment allowances are recognised when the estimated net realisable value is below historical cost less costs to sell.

E/ Receivables and payables

Trade receivables are measured on the basis of the applicable invoice amounts less any impairment based on the legal and financial appraisal of debtors as at the balance sheet date.

Vehicles are billed to dealers when they leave the factory. Direct sales are billed on delivery. Spare parts despatched are billed at the end of each week.

F/ Sales incentive programmes

The cost of sales incentive programmes is accrued as appropriate and recognised as part of other liabilities.

G/ Factoring

Receivables arising from sales of vehicles to dealers are transferred on a daily basis to FCA France which is responsible for collection and assumes the applicable risks.

VII Provisions

A/ Buyback contracts

Vehicles for buyback contracts are subject to the recognition of provisions if applicable given the applicable buyback prices and expected resale proceeds.

B/ Product warranty

No warranty is provided for by Jaguar Land Rover France SAS since all warranty costs for vehicles and spare parts are borne by Jaguar Cars Limited and Land Rover Limited in the UK.

Dealers receive warranty credits from Jaguar Land Rover France SAS based on the amounts granted by Jaguar Land Rover Limited (UK). In parallel, Jaguar Land Rover France SAS recognises credits from its parent company net of its margin on the original sales of parts to the dealers.

C/ Post-employment and long-service benefits

Post-employment and long-service benefits are provided for over employees' expected working lives, using the projected unit credit method, and recognised as part of provisions for contingencies.

The main actuarial assumptions applicable at 31 March 2020 to post-employment benefits are as follows:

- Retirement assumed to be voluntary;
- Discount rate of 0.5%;
- Social contribution loading factors of 47.2% for senior executives, 47.2% for other managers and 47.2% for employees/technicians;
- Annual salary increases of 5% for employees aged 20-29, 4% for employees aged 30-39, 3% for employees aged 40-49, 2% for employees aged 50-59 and 1% for employees aged 60-65;
- Retirement at 65 for senior executives and other managers and 62 for employees/technicians;
- Staff turnover rates by age band as follows: <25 (20%), 25-29 (14%), 30-34 (10%), 35-39 (8%), 40-44 (4%), 45-49 (2%), 50-54 (1%) and 55-65 (0%);
- Mortality per the INSEE table for 2012-2014.

VIII Miscellaneous items

A/ Transactions denominated in foreign currencies

Income and expenses denominated in foreign currencies are recognised at the exchange rates prevailing on the transaction dates. Receivables and payables are adjusted to the applicable closing rates at the year-end. Unrealised losses are charged to profit or loss.

B/ Directors' remuneration and advances to directors:

- a. As the Chairman of JLR France is not an employee of the company, he receives no remuneration from JLR France.
- b. As stipulated by the French code of commercial law, no form of advance has been made to directors of the company.

C/ Cash and cash equivalents:

Cash on hand or at bank is measured at its nominal amount. The company has no foreign currency holdings.

IX Financial statement disclosures

A. ADDITIONAL INFORMATION IN RESPECT OF ASSETS

NON-CURRENT ASSETS

Breakdown of non-current assets

	Intangible assets	Tangible assets	Financial assets	Total
Gross opening balance	5,877,846	2,753,842	175,395	8,807,084
Additions		150,360	8,840	159,200
Disposals				
Gross closing balance	5,877,846	2,904,202	184,235	8,966,285

1. Intangible assets

Intangible assets essentially comprise the company's €5,858,846 of goodwill representing the value of the Jaguar and Land Rover trademarks.

The impairment test performed as at 31 March 2020, by DCF analysis assuming indefinite useful lives with a detailed 3-year projection of revenue and operating costs, did not reveal any impairment.

2. Tangible assets

The acquisitions of €150,360 are essentially related to the fitting out of our Flévy (Metz) spare parts warehouse depreciated as already described.

3. Financial assets

Financial assets comprise the guarantee deposit for the company's Colombes lease.

4. Depreciation and amortisation

	Intangible assets	Tangible assets	Total
Opening balance	15,645	711,373	727,018
Straight-line charges	3,355	296,372	299,727
Eliminated for disposals			
Closing balance	19,000	1,007,745	1,026,745

5. Current assets

Breakdown of inventories

	Gross	Impairment	Balance at 3/31/2019
New vehicles	5,210,592		5,210,592
Company & second-hand vehicle	21,300,283	-534,867	20,765,416
Spare parts & accessories	31,772,120	-3,527,821	28,244,299
Promotional materials etc.	726,862	-369,780	357,082
TOTAL	59,009,857	-4,432,468	54,577,388

The impairment of company and second-hand cars (€534,867) has been calculated on the basis of the historical selling price and costs to sell as already defined.

Impairment of promotional materials reflects the cost of destruction of obsolete items at the year-end.

Receivables

	Gross amount	≤ 1 year
Trade receivables	30,379,795	30,379,795
Other receivables	45,436,562	45,436,562
Prepaid expenses	659,120	659,120
Total receivables	76,475,477	76,475,477

Details of impairment

	Balance at 3/31/2019	Increases	Write-offs	Decreases	Balance at 3/31/2020
Impairment of inventories	4,831,425	6,575,005		-6973962	4,432,468
Impairment of trade receivables	200,693	14,719		-44606	170,805
TOTAL	5,032,119	6,589,724		-7,018,568	4,603,274

Details of other receivables

	Balance at 3/31/2020
Valued added tax	10,392,678
Group cash pooling balance	32,489,910
Intercompany balances	2,338,732
Staff committee	68,814
Miscellaneous items	146,427
Total	45,436,562

By “related parties” are meant all Jaguar and Land Rover entities with which Jaguar Land Rover France SAS concludes transactions.

Jaguar Land Rover France SAS has a cash pooling agreement with Jaguar Land Rover Ltd in the UK enabling the company to invest its cash surpluses and fund its cash requirements.

As at 31 March 2020 Jaguar Land Rover France SAS had a cash pooling balance of €32,489,910 in its favour.

Intercompany receivables are for sales of spare parts and accessories to Group subsidiaries in Germany, Benelux and Austria via the Févy (Metz) warehouse.

Details of accrued income

	Balance at 3/31/2020
Accrued revenue (trade receivables)	1,222,640
Accrued intercompany credit note (other receivables)	820,380
TOTAL	2,043,020

Details of prepaid expenses

	Balance at 3/31/2020
Marketing expenses	25,446
Rent for Q2 2020	503,705
Other expenses	129,970
TOTAL	659,120

B. ADDITIONAL INFORMATION IN RESPECT OF EQUITY AND LIABILITIES

1. Share capital

The company's opening and closing share capital comprised 311,588 shares with a par value of €10 each.

Statement of changes in equity

Opening equity at 1st April 2019:	
- Share capital	3,115,880
- Share premium	1,086,826
- Legal reserve	311,588
- Retained profits	8,427,983
	12,942,278
Net income for the year	4,613,377
Dividends paid	(8,427,983)
Change in tax-driven provisions	
Closing equity at 31 March 2020	9,127,672

The net income for the financial year ended 31 March 2019 was allocated in total to retained profits. A dividend of €8,427,983 paid during the financial year ended 31 March 2020.

2. Provisions

Breakdown of provisions

	Provisions for contingencies and losses	Provisions for restructuring	Total
Opening balance	4,373,994	1,949,436	6,323,429
Charges for the period	997,764	385,000	1,382,764
Use	(150,700)	(882,755)	(1,033,455)
Write-back	(1,499,308)		(1,499,308)
Closing balance	3,721,750	1,451,681	5,173,430

The €1,382,764 of charges for the period comprised:

- €313,734 for standard returns of spare parts;
- €595,385 of payments under litigation;
- €385,000 for restructuring;
- € 88,645 for long-service benefits.

The €1,033,455 of use for the period comprised:

- 150,700 for payments under litigation;
- €882,755 for restructuring.

The €1,499,308 of write-back for the period comprised:

- € 207,533 of actuarial adjustment for post-employment and similar obligations;
- €1,291,775 for litigation favourable to JLR France.

3. Current liabilities

Payables

	Gross amount	≤ 1 year
Trade payables	66,765,636	66,765,636
Tax and payroll liabilities	13,219,267	13,219,267
Other liabilities	45,254,189	45,254,189
Deferred revenue	419,850	419,850
Total payables	125,658,943	125,658,943

Trade payables include €54,760,650 of purchases of vehicles and spare parts from JLR Ltd.

Details of tax and payroll liabilities

	Balance at
	3/31/2020
Accrued holiday pay	595,189
Accrued profit-sharing bonus	391,868
Accrued extra leave, vacation bonus etc.	150,761
Accrued other bonus etc.	318,728
Other payroll charges	295,824
Social contributions for accrued holiday pay	313,014
Other accrued social contributions	273,102
Accrued sales tax	1,664,848
Accrued payroll taxes	32,030
Accrued vehicle taxes	120,642
Accrued business taxes	449,231
VAT payable	8,540,358
Accrued miscellaneous taxes	53,838
Accrued corporate income tax	19,835
TOTAL	13,219,267

Details of other liabilities

	Balance at
	3/31/2020
Customer rebates	43,946,701
Credit balances with customers	1,307,487
TOTAL	45,254,189

Details of accrued expenses

	Balance at
	3/31/2020
Accrued 3rd party trade expenses	8,639,680
Accrued intragroup expenses	9,904,631
Accrued customer credit notes (VME programme)	43,946,702
TOTAL	62,491,013

Details of deferred revenue

	Balance at
	3/31/2020
Vehicles not yet delivered to customers	56,950
Loan programme	297,666
Marketing products	65,233
TOTAL	419,849

C. ADDITIONAL INFORMATION IN RESPECT OF THE CHAIRMAN'S STATEMENT

1. Calculation of outstanding sales invoices as at 31 March 2020

Outstanding trade invoices

	Amount
Vehicle sales	6,039,024
Spare parts sales	20,828,952
Miscellaneous sales	1,139,825
Doubtful sales	328,975
Accrued revenue	2,043,020
Doubtful sales adjustment	(328,975)
Accrued revenue adjustments	(2,153,541)
TOTAL	27,897,280

2. Calculation of outstanding purchase invoices as at 31 March 2020

Outstanding trade invoices

	Amount
Vehicle purchases	28,078,003
Spare parts purchases	16,778,016
Miscellaneous purchases	3,365,306
Accrued expenses	18,544,310
Accrued expenses adjustment	(18,544,310)
TOTAL	48,221,326

D. ADDITIONAL INFORMATION IN RESPECT OF THE INCOME STATEMENT

1. Net sales

Breakdown of net sales

	Balance at 3/31/2020
Domestic sales	604,635,881
Vehicles	525,680,157
Spare parts	70,085,480
Service	8,870,242
Export sales	208,191,960
Vehicles	22,443,371
Spare parts	155,262,402
Service	30,486,188
TOTAL	812,827,842

2. Other income and expenses

Cash pooling financial items

	Balance at 3/31/2020
Intercompany financial income	15,901
Intercompany financial expense	571

Exceptional items

	Balance at
	3/31/2020
Exceptional income	913,423
Reversal of provision for a staff dispute	882,755
Miscellaneous items	30,667
Exceptional expense	501,448
Restructuring	385,000
Penalties & fines	73,248
Corporate sponsorship & gifts	43,200

3. Corporate income tax

Breakdown of corporate income tax

	Balance at
	3/31/2020
Total tax charge	2,380,353
Basic charge	2,328,685
Surcharge	51,668
Total tax credit	31,494
Family	5,574
Corporate sponsorship	25,920
Prior year credit adjustment	15,148
TOTAL	2,333,711

The tax on current profit amounted to €2,312,204 and that on exceptional profit amounted to €68,149.

E. EMPLOYEES

Breakdown of average employees

	3/31/2020
Average employees:	
- Managers	71
- Employees and technicians	2
- Apprentices	1
Total	74

Average employees under contract are calculated on a quarterly basis (at the end of each quarter).

F. CONTINGENT ASSETS & LIABILITIES

Contingent assets

	Balance at
	3/31/2020
Guarantees provided by dealers and authorised repairers	34,014,938

Contingent liabilities

	Balance at
	3/31/2020
Lease commitment	362,909
Buyback commitment	3,300,353
Suppliers	1,822,882
TOTAL	5,486,144