

JAGUAR LAND ROVER COLOMBIA S.A.S.

Financial Statements

As of December 31, 2021

With the Statutory Auditor's report



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STATUTORY AUDITOR'S REPORT

To the shareholders of
Jaguar Land Rover Colombia S.A.S.:

Report on the audit of the financial statements

Opinion

I have audited the accompanying financial statements of Jaguar Land Rover Colombia S.A.S. (the Company), which comprise the statement of financial position as of December 31, 2021, and the statements of comprehensive income, changes in net equity and cash flows for the year then ended, and their accompanying notes that include the summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements referred to above, taken fairly from the books and attached to this report, present fairly, in all material respects, the financial position of the Company as of December 31, 2021, the results of its operations and its cash flows for the year then ended in accordance with Colombian Accounting and Financial Reporting Standards for entities that do not comply with the going concern assumption.

Basis of opinion

I have conducted my audit under the International Audit Standards accepted in Colombia (NIAs). My responsibilities in compliance with such standards are described in the section on Auditor's Responsibilities when Auditing Financial Statements in this report. I am independent of the Company, in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Standards of Information Assurance accepted in Colombia along with the ethical requirements that are relevant to my audit of the financial statements established in Colombia and I have complied with my other ethical responsibilities in accordance with these requirements and the aforementioned IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to note 2. "c" to the financial statements, which indicates that these financial statements are the first that the Company prepared applying the net liquidation value accounting basis established in Decree 2101 of 2016, as in 2021 the shareholders made the decision to liquidate the Company, and, therefore, they are not presented with comparative information. My opinion is not modified in relation to this matter.

Responsibilities of the Management and those in charge of the entity governance in relation to the financial statements

Management is responsible for the preparation and correct presentation of the financial statements in accordance with the Accounting and Financial Information Standards for entities that do not comply with the going concern assumption. This responsibility comprises designing, implementing and maintaining internal that management considers necessary to allow the preparation of financial statements free of material errors, whether due to fraud or error, selecting and applying the appropriate accounting policies, and establishing reasonable accounting estimates under the circumstances.

In preparing the financial statements, management is responsible for the determination of the Company's non-continuance as a going concern and for disclosing, as applicable, the related matters giving rise to such decision, as well as for using the net liquidation value basis of accounting set forth in Decree 2101 of 2016.

Those responsible for corporate governance are in charge of overseeing the Company's financial reporting process.

Auditor's responsibility in the Financial Statements Audit

My objective is to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing my opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with IAS will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit carried out under IAS, I exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:

- Identifying and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to address those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement due to fraud is greater than that resulting from error, because fraud may involve collusion, falsification, intentional omissions, misstatements, or bypassing the internal control system.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances.

- Assessing the appropriateness of the accounting policies used, the reasonableness of accounting estimates and the respective disclosures made by Management.
- Concluding on the appropriateness of management's use of the net liquidation value basis of accounting established in Decree 2101 of 2016. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may result in the reactivation of the Company.
- Evaluating the overall presentation, structure, and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

I communicate to those responsible for the Company's governance, among other matters, the planned scope and timing of the audit, significant findings of the audit, as well as any significant internal control deficiencies identified during the audit.

Report on other legal and regulatory requirements

Based on my test result, I believe that during 2021:

- a) The Company's accounting has been kept in accordance with legal regulations and appropriate accounting techniques.
- b) The transactions recorded in the books are in accordance with the bylaws and the decisions of the Shareholders' Meeting.
- c) Correspondence, journal entries, minute books and share registry books are properly kept and maintained.
- d) There is concordance between the accompanying financial statements and the management report prepared by the directors, which includes the management's acknowledgement of the free circulation of invoices issued by vendors or suppliers.
- e) The information contained in the declarations of self-settlement of contributions to the integral social security system, specially the one relating to affiliates and their contribution base income, has been taken from the accounting records and supporting information. The Company is not in arrears for contributions to the integral social security system.



In order to comply with the requirements of Articles 1.2.1.2. and 1.2.1.5. of the Single Regulatory Decree 2420 of 2015, in developing the Statutory Auditor's responsibilities contained in numerals 1º and 3º of Article 209 of the Code of Commerce, relating to the assessment of whether the acts of the Company's administrators are in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting and whether there are adequate measures of internal control, conservation and custody of the Company's assets or those of third parties under its possession. I issued a separate report dated April 20, 2020.

Samuel Jerónimo Avendaño Armijo
Statutory Auditor of Jaguar Land Rover Colombia
S.A.S.
P.C. 264270 - T
Member of KPMG S.A.S.

April 20, 2022



**INDEPENDENT REPORT OF THE STATUTORY AUDITOR ON COMPLIANCE WITH
PARAGRAPHS 1) AND 3) OF ARTICLE 209 OF THE CODE OF COMMERCE**

Shareholders of
Jaguar Land Rover Colombia S.A.S.:

Description of the Main Subject Matter

As part of my duties as Statutory Auditor and in compliance with Articles 1.2.1.2 and 1.2.1.5 of the Single Regulatory Decree 2420 of 2015, as amended by Articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with paragraphs 1) and 3) of Article 209 of the Code of Commerce, detailed as follows, by Jaguar Land Rover Colombia S.A.S., hereinafter "the Company", as of December 31, 2021, in the form of an independent reasonable assurance conclusion that the actions of the administrators have complied with the provisions of the Bylaws and the Shareholders' Meeting and that there are adequate internal control measures, in all material respects, in accordance with the criteria indicated in the paragraph entitled Criteria of this report:

1º) Whether the acts of the Company's administrators are in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting and

3º) Whether the internal control, conservation, and custody measures of the Company's assets or those of third parties under its possession are in place and adequate.

Management Responsibility

The Company's management is responsible for compliance with the bylaws and the decisions of the Shareholders' Meeting, as well as for designing, implementing, and maintaining adequate internal control measures for the conservation and custody of the Company's assets and those of third parties under its possession, as required by the internal control system implemented by the management.

Statutory Auditor Responsibility

My responsibility consists of examining whether the acts of the Company's administrators are in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting, and whether the internal control, conservation, and custody measures of the Company's assets or those of third parties under its possession are adequate, and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements 3000 accepted in Colombia (International Standard on Assurance Engagements – ISAE 3000, translated into Spanish and issued in April 2009 by the International Auditing and Assurance Standard Board - IAASB).

Such standard requires that I plan and perform procedures I deem necessary to obtain reasonable assurance as to whether the actions of the directors are in accordance with the bylaws and the decisions of the Shareholders' Meeting and whether the internal control, conservation and custody measures of the Company's or third parties' assets under its possession are in place and adequate, as required by the internal control system implemented by the management in all material respects.

The accounting firm to which I belong, and which appointed me as the Company's statutory auditor, applies International Quality Control Standard No. 1 and, consequently, maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements, applicable legal and regulatory professional standards.

I have complied with the independence and ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants - IESBA, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The procedures selected depend on my professional judgment, including the evaluation of the risk that the acts by the administrators do not comply with the bylaws and the decisions of the Shareholders' Meeting and that the internal control measures, conservation and custody of the Company's assets or third parties under its possession are not adequately designed and implemented, as required by the internal control system implemented by the management.

This reasonable assurance work includes obtaining evidence as of December 31, 2021. The procedures include:

- Obtaining a written representation by the Management as to whether the acts of the directors are in accordance with the bylaws and the decisions of the Shareholders' Meeting and whether there are adequate measures for internal control, conservation and custody of the Company's or third parties' assets under its possession, as required by the internal control system implemented by management
- Reading and verification of compliance with the Company's bylaws.
- Obtaining a certification by management of the Shareholders' Meeting, documented in the minutes.
- Reading the minutes of the Shareholders' Meeting and the bylaws and verifying whether the acts of the administrators are in accordance therewith.

- Inquiries to management regarding changes or draft modifications to the Company's bylaws during the period covered and validation of their implementation.
- Assessment as to whether there are adequate internal control, conservation, and custody measures for the Company's or third parties' assets under its possession, in accordance with the requirements of the internal control system implemented by management, which includes:
 - Design, implementation, and operating effectiveness tests of the relevant controls over internal control components over financial reporting and the elements established by the Company, such as: control environment, risk assessment process by the entity, information systems, control activities and control oversight.
 - Assessment of the design, implementation, and operating effectiveness of relevant manual and automatic controls over key business processes related to significant accounts in the financial statements.

Inherent limitations

Due to the inherent limitations in any internal control structure, it is possible that effective controls may exist at the date of my examination that may change in that condition in future periods because my report is based on selective testing and because the assessment of internal control is at risk of becoming inadequate because of changes in conditions or because the degree of compliance with policies and procedures may deteriorate. Furthermore, inherent limitations in internal control include human error, failures due to collusion by two or more persons, or inappropriate bypassing of controls by management.

Criteria

The criteria considered for the assessment of the matters mentioned in paragraph Description of the main issue include: a) the Company's bylaws and the minutes of the Shareholders' Meeting and, b) the internal control components implemented by the Company, such as the control environment, risk assessment procedures, its information and communications systems and the monitoring of controls by management and those charged with corporate governance, which are based on what is established in the internal control system implemented by management.

Conclusion

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations set forth in this report. I consider that the evidence obtained provides a reasonable basis of assurance to support the conclusion I express below:



In my opinion, the acts of the administrators are in accordance with the bylaws and the decisions of the Shareholders' Meeting and the measures of internal control, conservation and custody of the Company's assets or those of third parties under its possession are adequate, in all material respects, as required by the internal control system implemented by the management, except that the 2021 financial statements were not available to the Shareholder considering the deadlines established by law and the Company's bylaws.

Samuel Jerónimo Avendaño Armijo
Statutory Auditor of Jaguar Land Rover Colombia
S.A.S.
P.C. 264270 - T
Member of KPMG S.A.S.

April 20, 2022

JAGUAR LAND ROVER COLOMBIA S.A.S.
Statement of Net Assets
(Expressed in thousands of Colombian pesos)

	<u>Note</u>	<u>December 31,</u> <u>2021</u>
Assets		
Cash	11	\$ 14.581.512
Trade accounts receivable and other receivables	12	245.691
Current tax assets	13	804.178
Other non-financial assets	14	<u>68.591</u>
Total assets		<u>15.699.972</u>
Liabilities		
Trade accounts payable and other payables	17	484.580
Other non-financial liabilities	18	<u>4.260</u>
Total liabilities		<u>488.840</u>
Net assets		
Subscribed and paid-in capital	16	100.000
Issue premium		21.999.999
Profit or loss of the period		14.067.989
Retained earnings		<u>(20.956.856)</u>
Total net assets		<u>15.211.132</u>
Total liabilities and net assets		<u>\$ 15.699.972</u>

The notes are an integral part of the financial statements.

Luis Issaid Reyes
Velázquez
Legal Representative
(See attached certificate)

Gloria Yuceli Arias Romero
Accountant
P.C. 245371 - T
Member of PricewaterhouseCoopers
Asesores Gerenciales S.A.S.
(See attached certificate)

Samuel Jerónimo Avendaño Armijo
Revisor Fiscal
P.C. 264270 - T
Member KPMG S.A.S.
(See my report April 20, 2022)

JAGUAR LAND ROVER COLOMBIA S.A.S.
Statement of Operations
(Expressed in thousands of Colombian pesos)

Year ended December 31:	<u>Note</u>	<u>2021</u>
Income from ordinary activities	4	\$ 58.642.009
Cost of sales	5	<u>(37.880.768)</u>
Gross profit		<u>20.761.241</u>
Distribution expenses	7	(3.274.386)
Administration expenses	6	(2.978.254)
Other income, net	8	<u>3.389.184</u>
Profit from operating activities		<u>17.897.785</u>
Financial costs, net	9	<u>(3.829.469)</u>
Pre-tax profit		14.068.316
Income tax	10	<u>(327)</u>
Total comprehensive income of the period		\$ <u>14.067.989</u>

The notes are an integral part of the financial statements.

Luis Issaid Reyes
Velázquez
Legal Representative
(See attached certificate)

Gloria Yuceli Arias Romero
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P.C 264270 - T
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(See my report from April 20, 2022)

JAGUAR LAND ROVER COLOMBIA S.A.S
Statement of Changes in Net Assets
(Expressed in thousands of Colombian pesos)

	Note	Subscribe d and paid-in capital	Issue premium	Profit of loss of the period	Retained earnings	Total assets, net
Balance as of December 31, 2020	16	100.000	21.999.999	(3.682.182)	(17.274.674)	1.143.143
Transfer of profit of previous periods		-	-	3.682.182	(3.682.182)	-
Profit or loss of the period		-	-	14.067.989	-	14.067.989
Balance as of December 31, 2021		100.000	21.999.999	14.067.989	(20.956.856)	15.211.132

The notes are an integral part of the financial statements.

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(See my report April 20, 2022)

JAGUAR LAND ROVER COLOMBIA S.A.S.
Statement of Cash Flows
(Expressed in thousands of Colombian pesos)

Year ended December 31:	Note	2021
Cash flows from liquidation activities		
Profit or loss of the year		14.067.989
Adjustments to reconcile net profit with net cash provided from operating activities:		
Depreciation	7	15.219
Accrual Recovery	8	(3.134.730)
Inventory accrual recovery	8	(306.031)
Loss on sale of equipment	8	1.117
Income tax	10	327
Changes in assets and liabilities:		
Inventories		8.675.058
Trade accounts receivable and other receivables	12	31.662
Accounts receivable with related parties		2.635.048
Other non-financial assets	14	(31.221)
Contractual liabilities		(3.960.840)
Trade accounts payable and other payables	17	(2.072.758)
Accounts payable with related parties		(29.519.452)
Other non-financial liabilities	18	(1.313.410)
Employee benefits		(480.231)
Estimated liabilities		(1.604.831)
Tax advance payments	33	<u>2.787.010</u>
Net cash used in operating activities		<u>(14.210.074)</u>
Cash flows from investing activities:		
Proceeds for sale on equipment		<u>247.546</u>
Net cash provided from investing activities		<u>247.546</u>
Cash and cash equivalents as of January 1		28.544.038
Net cash increase		<u>(13.962.528)</u>
Cash as of December 31		<u>14.581.510</u>

The notes are an integral part of the financial statements.

Luis Issaid Reyes
Velázquez
Legal Representative
(See attached certification)

Gloria Yuceli Arias Romero
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(See my report of April 20, 2022)

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements
As of December 31, 2021
(Expressed in thousands of Colombian pesos)

1. Reporting entity

Jaguar Land Rover Colombia S.A.S. (the Company) was incorporated in accordance with the Colombian legislation by means of a private document of the shareholders meeting, registered on August 11, 2016 under Number 02133074 of Book IX. The Company has its place of business in Colombia at Carrera 14 # 93-68, Office 702, and it has an indefinite duration.

The company's business purpose is the exploitation or development of all kinds of businesses with motor vehicles, spare parts, and accessories, as well as the import and export of such goods. In developing its business purpose, the company may sign and execute all types of contracts and transactions that are directly related to it. Similarly, the company may obtain and grant loans to third parties without being deemed a financial entity. As of December 31, the controlling entity is Jaguar Land Rover Limited.

At the end of 2021, Jaguar Land Rover Colombia S.A.S. had no employees.

2. Basis for preparation of the financial statements

a. Regulatory Technical Framework

The financial statements have been prepared under the Financial Reporting Standards accepted in Colombia, contained in Decree 2101 of 2016, which regulates the financial reporting standards for entities that do not meet the going concern assumption, as indicated in Section b of this document.

b. Going concern

Until December 31, 2020, the Company complied with the going concern assumption and as indicated in note 2 (a) as of the first quarter of 2021 the Parent Company made the decision to change the business model in Colombia and suspend the commercial operation. To this end, as from July 2021, the commercialization of Jaguar and Land Rover products began through the scheme of an importer, which is responsible for the distribution of such products nationwide, considering that its commercial operation has decreased. Therefore, given the intention to initiate the liquidation of the Company, the financial statements as of December 31, 2021 have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia for Entities that do not meet the Going Concern Assumption.

As of this date, there is no decision to liquidate the Company, which is why the legal, tax and accounting administration and compliance will be carried out in accordance with the corresponding regulations.

c. Comparative information

The financial statements as of and for the year ended December 31, 2021, prepared at net realizable or liquidation value, are not presented on a comparative basis with the financial statements as of and for the year ended December 31, 2020, which were prepared under the going concern assumption.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

d. Application of the going concern assumption

Definition

The going concern assumption is a fundamental principle in the preparation of an entity's general purpose financial statements. Under this principle, an entity is considered to have the ability to continue its operations for the foreseeable future without the need to be liquidated or to cease operations and, therefore, its assets and liabilities are recognized on the basis that assets will be realized and liabilities settled in the normal course of business.

The going concern assumption is a fundamental principle for the preparation of financial statements, based on which management must evaluate financial, operational, and legal aspects in order to make decisions on the going concern assumption.

For applying the going concern assumption in the company, the parent company's decision to suspend the direct commercial operation in Colombia as of July 2021 was taken into account. This decision was made in the first quarter of 2021.

Conclusion

It was concluded that the Company should apply Decree 2101 of 2016 for issuing its year-end financial statements as of December 31, 2021, using the accounting basis of the net liquidation value.

3. Disclosure principles

a. Financial statements

According to the provisions of Decree 2101 of 2016 in its subparagraph G, an entity that uses the accounting basis of the net liquidation value will need to present the following financial statements:

- Statement of net assets: it is a statement in which all assets and liabilities of the entity are presented at their net value.
- Statement of changes in net assets: it is a statement that presents the changes in assets and liabilities during the reporting period.

In addition to these, the Company presents these financial statements, which are optional according to the decree 2101 of 2016 in its subparagraph G:

- Statement of cash flows: it is a statement that breaks down the cash inflows and outflows of an entity using the accounting basis of net worth.
- Statement of operations: it is a statement that breaks down the income and expenses incurred during the period, and the effects of changes in the value of assets and liabilities of the entity using the accounting basis of net worth.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

b. Functional and presentation currency

The items included in the Company's financial statements are expressed in the currency of the primary economic environment in which the entity operates (Colombian pesos), which is the functional currency of the Company and the presentation currency. All information is presented in thousands of pesos and has been rounded to the nearest thousand.

c. Use of estimates and judgments

In accordance with the Decree 2101 of 2016, management is required to make estimates and judgments on identifiable assets, contingent liabilities and assumed liabilities that meet, at the initial date of liquidation, the criteria for recognizing assets and liabilities contained in the standard.

4. Income from ordinary activities

The Company generated income primarily from the sale of Jaguar and Land Rover vehicles and accessories to authorized car dealerships in Colombia.

The following is a breakdown of income from ordinary activities for the years ended December 31st:

		<u>2021</u>
Sale of goods – Vehicles	\$	55.969.975
Provision of services LACRO (1)		<u>2.672.034</u>
	\$	<u><u>58.642.009</u></u>

(1) The LACRO recovery relates to income that the Company charges to its parent company for marketing support services to group companies in the LATAM region.

5. Cost of Sales

The following is the detail of the selling costs for the years ending December 31st:

		<u>2021</u>
Sale of goods (Vehicles)	\$	36.505.170
Guarantee (1)		1.380.568
Loss/Claim (2)		172.085
Other costs (3)		<u>22.945</u>
	\$	<u><u>37.880.768</u></u>

- (1) It corresponds to the collection of the warranties made by the car dealerships.
- (2) It corresponds to the cost for the write-off of vehicles involved in accidents.
- (3) It corresponds to the costs charged by the Parent Company for miscellaneous items.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

6. Administration expenses

The following is the detail of the administration expenses for the years ended December 31st:

	<u>2021</u>
Staff expenses (1)	\$ 740.364
Fees	600.521
Taxes	572.981
Recovery of Spain staff expenses (2)	358.871
Operating Lease	188.688
Insurance	144.335
Utilities	130.293
HR Consulting (3)	91.994
OUV management fleet expenses	63.345
Colombia operation termination expenses (4)	48.889
Travel expenses	29.404
Miscellaneous	6.499
Legal expenses	<u>2.070</u>
	<u>\$ 2.978.254</u>

(1) The following is the breakdown of employee benefits:

	<u>2021</u>
Salaries	\$ 299.587
Expatriate benefits	195.660
Housing allowance	100.132
Social security contributions	41.739
Social benefits	36.259
Setting allowance	28.681
Parafiscal contributions	20.231
Medical expenses and laboratory tests	12.183
Salaries – employee events	3.023
Allowance	<u>2.869</u>
	<u>\$ 740.364</u>

During 2021 the Company had 8 employees under indefinite-term contracts. By July 2021, all employment contracts were terminated due to the closure of operations.

- (2) It corresponds to the recovery of the General Manager's salaries to carry out activities for JLR Colombia.
- (3) Daily monitoring and follow-up of the employees of Jaguar and their families, medical assistance, training, and health and safety support.
- (4) It corresponds to expenses incurred for the closing of the operation, including travel expenses of staff transferred to Mexico.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

7. Distribution expenses

The following is the detail of distribution expenses for the years ended December 31st:

		<u>2021</u>
Staff expenses (1)	\$	1.926.012
Marketing and advertising		857.890
Utilities		196.781
Training		180.511
Contributions and affiliations		88.743
Depreciation expense		15.219
Vehicle surcharges		3.555
Miscellaneous		2.446
Legal expenses		2.310
Travel expenses		919
	\$	<u><u>3.274.386</u></u>

(1) The following is the breakdown of staff expenses:

		<u>2021</u>
Salaries	\$	1.247.609
Social security contributions		195.627
Setting allowance		99.954
Social benefits		95.292
Termination benefits plan		87.615
Parafiscal contributions		86.717
Bonus		49.010
Allowance		39.997
Indemnities		16.874
Country allowance		4.862
Medical leave		2.455
	\$	<u><u>1.926.012</u></u>

8. Other income

The following is the detail of other income, net, for the years ended December 31st:

		<u>2021</u>
<u>Other income:</u>		
Accruals and other expenses recovery (1)	\$	3.134.730
Inventory recovery		306.031
Sale of equipment (2)		247.546
Miscellaneous		21.980
Other income		8.839
Utilities		1.346
Total income	\$	<u><u>3.720.472</u></u>
<u>Other expenses:</u>		
Equipment disposal (2)		248.663
Miscellaneous		79.602
Assumed taxes		3.023
Total other expenses		<u><u>331.288</u></u>
Total income, net	\$	<u><u>3.389.184</u></u>

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

- (1) It corresponds to the recovery of warranty accruals to be assumed by the Parent Company.
(2) Due to the closing of the operations of the Colombia office, Jaguar sold its fixed assets.

9. Financial costs

The following is the detail of financial costs, net, for the years ended December 31st:

		<u>2021</u>
<u>Exchange rate difference, net:</u>		
Realized	_____	<u>3.226.051</u>
	\$	3.226.051
 <u>Financial costs:</u>		
Bank charges		484.483
Commissions		92.186
Discounts	_____	<u>26.749</u>
		<u>603.418</u>
	\$	<u>3.829.469</u>

Income tax

10. Income tax

Under current tax regulations, the Company is subject to income tax and additional taxes. The applicable rate for 2021 was 31%.

Tax revenues from the windfall profit tax are taxed at the 10% rate.

The basis for determining income tax may not be less than 0,5% in 2020 of its net worth on the last day of the immediately preceding taxable year (presumptive income). For 2021, the minimum taxable income determined through presumptive income was eliminated.

Act 1819 of 2016 set forth by means of Article 22 that for fiscal year 2017 and subsequent years, the determination of income tax and additional taxes, on the value of assets, liabilities, equity, income, costs and expenses, for taxpayers of such taxes obliged to keep accounting records, will apply the recognition and measurement systems, in accordance with the technical accounting normative frameworks in force in Colombia, when the tax law expressly refers to them and in the cases where the law does not regulate the matter. In any case, the tax law may expressly provide for a different treatment, in accordance with Article 4 of Act 1314 of 2009.

In addition:

- i) The income tax returns for the taxable years 2017, 2018, 2019 and 2020 are open for tax review by the tax authorities. No additional taxes are expected in case an inspection is carried out.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

ii) The following is a breakdown of the tax losses to be offset in the income tax as of December 31, 2021. (It is worth noting that the formula contained in paragraph 5 of article 290 of Act 1819 of December 29, 2016 must be applied to the losses to be offset as of December 31, 2016):

<u>Origin years</u>	<u>2021 balance</u>
2019	3.257.499

The tax losses of 2019 may be offset at maximum against the net income of the twelve (12) years following their occurrence.

As of December 31, 2021, the Company has no excess presumptive income to be offset.

The general term for the final acceptance of tax returns is unified in three (3) years. As for companies under the situations listed below, the final acceptance will be contingent upon the following:

Tax returns	Final acceptance term
2015	Tax returns in which losses are settled and/or compensated will become finally accepted five (5) years from the date of filing the declaration.
2016 to 2018	Tax returns that result in tax losses are finally accepted in a term of twelve (12) years. If tax losses are offset, or if they are subject to the transfer pricing system, the final acceptance term is six (6) years.
As from income tax of 2019	In tax returns settling and/or compensating tax losses or that are subject to the transfer pricing system, the final acceptance term will be five (5) years.

Income tax expense

The following is the breakdown of the income tax expense for the years ended December 31st:

	2021
Income tax	\$ — <u>327</u>
	<u>327</u>

Uncertainties over open tax positions

As of December 31, 2021, the company has no tax uncertainties, and no additional taxes are expected in case of possible visits by the tax authorities.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

Transfer Pricing

In accordance with Acts 788 of 2002 and 863 of 2003, the Company prepared a transfer pricing study on the operations carried out with foreign economic affiliates during 2019. The study did not result in adjustments affecting the Company's revenues, costs, and tax expenses.

Although the 2021 transfer pricing study is under preparation, no significant changes are expected from the previous year's study.

Social Investment Law and Economic Growth Law - (Latest Tax Reforms)

In September 2021, the Colombian tax law was revised through Act 2155 (Social Investment Act), which increased the income tax rate to 35% as from 2022 and for following years.

On the other hand, Act 1943 of December 28, 2018 (Economic Growth Act) was declared unenforceable in Constitutional Court Ruling, C-481 of 2019, a situation that led the National Government to present a new tax reform initiative, which was approved by the Congress of the Republic and issued through Act 2010 of December 27, 2019.

This Act includes the provisions of Act 1943 of 2018 that were considered essential for the reactivation of economic growth and competitiveness in the country and introduced some modifications which we outline below:

- For taxable year 2021, the applicable income tax rate is 31%. For the taxable year 2020 it is 32%. As from 2022 and subsequent years, upon the issuance of Act 2155 of 2021 (Social Investment Act) the rate is 35%.
- The Economic Growth Law, for purposes of calculating income tax under the presumptive income system, continues to gradually dismantle the 0.5% rate for 2020, and it will be 0% as from 2021 and for following years.
- 100% of the taxes, rates and contributions effectively paid in the taxable year, which have a causal relationship with the generation of income (except for income tax) will continue to be deductible; 50% of the tax on financial transactions (GMF for its Spanish acronym) will be deductible, regardless of whether it has a causal relationship with the income-generating activity.
- 50% of the industry and commerce tax may be treated as a tax discount in the income tax in the taxable year in which it is actually paid and to the extent that it has a causal relationship with its economic activity.
- VAT paid on the import, formation, construction, or acquisition of real productive fixed assets including services necessary for their construction and start-up remain as tax discounts. This discount may only be used by those who are responsible filing the sales tax. (ii) The industry and commerce tax is under the terms indicated in the preceding paragraph.

As for tax on dividends, the following changes were introduced:

- The withholding tax rate on non-taxed dividends declared for the benefit of foreign companies and entities, non-resident individuals and permanent businesses increased to 10%.
- The table applicable to non-taxed dividends declared for the benefit of individuals resident in the country and unsettled inheritances of deceased persons who were residents in the country was modified, providing for a marginal rate of 10% for dividends exceeding 300 UVT (Tax Value Units).

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- The tax on dividends will be determined by: (i) applying the income rate corresponding to the year in which they are declared (32% in 2020; 31% in 2021 and 35% in 2022 and following years) and (ii) on the remainder, the rate corresponding to the non-taxed dividend will be applied, depending on the beneficiary (if it is a resident individual or an unsettled inheritance of deceased persons who were residents, the table will be applied and for the other cases a 7.5% rate will be applied).
- The 7.5% withholding rate will be recorded only on the first distribution of dividends among Colombian companies and may be credited against the tax on dividend once borne by the individual resident shareholder or the foreign resident investor.
- Dividends declared from the profits of 2016 and prior years will maintain the treatment in force at that time; and those corresponding to the profits of 2017 and 2018 and 2019 that are declared as from 2020 will be governed by the rates set forth in Act 2010.
- The Economic Growth Law specifies that taxpayers may opt for the mechanism of works for taxes, as a way to settle the tax obligation, provided for in Article 238 of Act 1819 of 2016, or through the mechanism of the direct investment agreement set forth in Article 800-1 of the Tax Statute.
- The Growth Act establishes that the final acceptance term for income tax returns of taxpayers that determine or offset tax losses, or that are subject to the transfer pricing system, will be five (5) years from the date of filing the income tax returns.
- The correction term for taxpayers who file corrections that increase the tax or decrease the credit balance is modified since the term that the taxpayer had to voluntarily correct their tax returns was two (2) years. The Growth Act changed this term and unified with the general acceptance term of the tax returns, setting it to three (3) years.

The audit benefit is extended for income tax returns corresponding to taxable years 2020 and 2021 for which the increase in the net income tax over the previous year is required for the return to become final in six months (30%) or in twelve months (20%), as provided in Act 1943 of 2018 for the returns of taxable years 2019 and 2020. The provisions set forth in Act 1943 of 2018 on the audit benefit will have the effects established therein for taxpayers who have chosen the audit benefit for the taxable year 2019.

Assets

11. Cash

The following is a detail of cash balances as of December 31st:

		<u>2021</u>
Banks	\$	8.565.141
Clearing account		<u>6.016.371</u>
	\$	<u><u>14.581.512</u></u>

As of December 31, 2021, there are no cash restrictions.

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12. Trade accounts receivable and other receivables

The following is a breakdown of trade accounts receivable and other receivables as of December 31st:

		<u>2021</u>
Other receivables (1)	\$	202.000
Domestic clients 2)		<u>43.691</u>
	\$	<u><u>245.691</u></u>

(1) It relates to the vehicle collateral that will be paid by Banco Agrario de Colombia during 2022.

(2) It corresponds to the account receivable for the Fixed Assets sale invoicing and reimbursement of policies for \$35.171.

13. Current tax assets

The following is the current tax assets detail as of December 31st:

		<u>2021</u>
Withholding at source	\$	560.877
Income tax self-withholding		243.628
Income tax accrual		<u>(327)</u>
	\$	<u><u>804.178</u></u>

14. Other non-financial assets

The breakdown of other non-financial assets as of December 31st is as follows:

		<u>2021</u>
Advance payments (1)	\$	20.209
Consumption tax		<u>48.382</u>
	\$	<u><u>68.591</u></u>

(1) It relates to advance payments for market studies amounting to \$20.209.

15. Equipment

The following is the equipment detail as of December 31st:

		<u>Machinery and Equipment</u>
Balance as of January 1, 2021		263.882
Depreciation charge		(15.219)
Derecognition of assets		<u>(248.663)</u>
Balance as of December 31, 20192021		<u><u>-</u></u>

(1) As of December 31, 2021, the company sold \$247.546 and derecognized its fixed assets for \$248.663 due to the closing of its operations.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

Liabilities and equity

16. Equity

The authorized capital as of December 31, 2021 was represented by 3,600,000 shares, at a face value of \$1,000 each, for a total of \$3,600,000. The subscribed and paid-in capital is \$100,000 million.

17. Trade accounts payable and other payables

The following is the detail of trade accounts payable and other payables as of December 31st:

		2021
Others (1)		439.580
Fees (2)		45.000
	\$	484.580

The company paid all its obligations with third parties for the closing of the operations.

- (1) It relates to the amount payable to the car dealerships and booked in December 2021 for VDM Bonus Performance Program - FY 2021/22 Q2
- (2) It corresponds to the accrual for statutory audit services as of December 31, 2021.

18. Other non-financial liabilities

The breakdown of other non-financial liabilities at December 31st is as follows:

		2021
Withholding at source		3.417
Industry and commerce tax		762
VAT receivable balance		81
		4.260

19. Related Parties

The transactions with the Company's related parties are listed below, Jaguar LandRover Limited (UK) and Jaguar Land Rover Spain carried out during 2021:

		Jaguar Land Rover Lt.	Jaguar Land Rover Spain
Service income (Note 5)	\$	2.672.034	-
Inventory purchases (vehicles)		25.597.607	324.979

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

20. Contingencies

The following processes are qualified as eventual.

As of December 31, 2021, there is a civil tort liability process with the third-party Premier Motor Group Colombia S.A.S. where Jaguar Land Rover Colombia S.A.S. is obliged to maintain a compensation. The approximate amount of the dispute is \$201,016. The process will depend on its progress in the second half of 2022.

The civil tort liability process with the third party, Joyce Alessandra Lima Ohsward, in which Jaguar Land Rover Colombia S.A.S. is obliged to maintain a compensation. The approximate amount of the dispute is \$465,116. There is a hearing scheduled for May 19, 2022.

21. Subsequent events

There are no subsequent events between January 1, 2022 and the date of issuance of these financial statements that could significantly affect the financial position and/or income of the Company as of December 31, 2021.

22. Recognition and measurement principles

The assets and liabilities of an entity that applies the accounting basis of net liquidation value must be measured at their net liquidation value.

a) Assets

All assets are recognized at their net liquidation value, this is, the estimated value of cash or other consideration that the Company expects to obtain from the sale or forced disposal of an asset upon carrying out its liquidation plan, less the estimated costs of completion and estimated costs necessary to make the sale. The assets of the Company will be represented by all the items that are expected to be sold, liquidated, or used to settle the liabilities in the liquidation process, provided that such items will generate a flow of resources for the Company.

b) Liabilities

All liabilities are recognized at their net settlement value, that is, the undiscounted value of cash or cash equivalents plus the necessary estimated costs that would be incurred to settle or be exempted from the liability under the negotiation conditions generated by a process of settlement. Estimated liabilities and accruals will be recognized provided there is a reliable measurement and a reasonable basis for their estimation.

c) Transactions in foreign currency

Transactions in foreign currencies are translated into the respective functional currency of the Company at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency translation differences are generally recognized in profit or loss and presented as part of financial costs.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

Differences in foreign currency arising during translation are recognized in profit and loss.

d) Income

Income comprises the fair value of the consideration received or to be received for the sale of goods in the normal course of the Company's activities. Income is shown net of the value-added tax, returns, reimbursements and discounts.

The Company recognizes income when its amount can be measured reliably, it is likely that future economic benefits will flow to the Company, and specific criteria are met for each of the activities, as described below.

i) Sales of goods

The company sells all types of motor vehicles and their accessories of the Jaguar and Land Rover brands to authorized car dealerships in Colombia. The sales of these assets are recognized in the financial statements when the ownership of the asset and all associated risks have been transferred.

Sale price of goods

The sale price of new vehicles includes the maintenance service plan concept, which is recognized as deferred income for a five-year term.

Clarification regarding performance obligations.

The contracts deem as a performance obligation the sale of vehicles and/or parts, which are evaluated, analyzed and accrued according to the corporate policy and the distributor's compliance evidence. The sale of parts is not carried out by the Company. However, for purposes of determining the achievement of goals, the performance of the parts business that each of the car dealerships has is taken into consideration. The parts that are sold to the car dealerships are sold directly by the parent company.

The Company ensures the availability of the vehicles according to client requirements and contract provisions. The control transfer takes place with the physical dispatch of the products.

Price determination

The total prices per product are detailed in each of the contracts. The company management sets the prices and approved by its Parent Company and include the base prices of the vehicles and their options as the suggested sale price. The Company shares the prices of available inventory with each of the car dealerships.

Variable consideration

In case of returns and discounts of goods sold, they should also be considered as a variable component.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

Price distribution in performance obligations

In order to identify the sale price for each of the performance obligations, the Company evaluates the amounts associated with the Service Plan concept for each type of product to be sold. It is determined by identifying the cost of the Service Plan and associating a margin to which the impact of inflation and market rates is added. This methodology applies to all products sold by the Company based on the associated cost for each new model. The price allocated to the vehicle sale corresponds to the difference between the total price of the product and the price allocated to the Service Plan.

The Company evaluates the amounts of discounts and refunds in previous years in order to recognize the corresponding performance obligation and support their calculation under IFRS 15.

ii) Service provision

Scheduled Service – Maintenance Plan: It is an agreement with the end customer to provide scheduled services and/or maintenance for an established term (typically between 1 to 5 years). This may include service plans, maintenance plans, wear and tear plans, etc., and is incremental to the standard vehicle warranty.

e) Employee benefits

Employee benefits include all types of compensation that the Company provides to employees, including senior management, in exchange for their services.

The benefits to which employees are entitled resulting from the services provided to the entity, whose payment will be made within the twelve months following the end of the period are recognized at the reporting date as liabilities after deducting the amounts that have been paid directly to employees, which are expensed.

f) Financial income and costs

The Company's interest income and interest costs include the following:

- Interest expense
- Bank charges
- Discounts
- Interest
- Commissions
- Gain or loss on translation of financial assets and liabilities in foreign currency

Interest income or expense is recognized using the effective interest method.

g) Recognition of costs and expenses

The Company and its subordinates recognize their costs and expenses to the extent that the economic events occur in such a way that they are systematically booked in the corresponding accounting period (accounting record), independent of the flow of monetary or financial resources (cash).

An expense is recognized immediately when a disbursement does not generate future economic benefits or when it does not meet the necessary requirements.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

h) Taxes

i) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit and loss, except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and, therefore, accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

ii) Current taxes

The current tax is the amount payable or recoverable for current income and additional taxes and is calculated based on the tax laws enacted at the date of the statement of financial position. Management periodically evaluates the position assumed in tax returns with respect to situations in which the tax laws are subject to interpretation and, if necessary, makes accruals for the amounts it expects to pay to tax authorities.

In determining the provision for income and additional taxes, the Company makes its calculation based on the greater of taxable income or presumptive income (minimum profitability on equity for the previous year that the law presumes to establish income tax).

The Company only offsets current income tax assets and liabilities if it has a legal right to do so before the tax authorities and intends to settle the resulting debts for their net amount, or to realize the assets and settle the debts simultaneously.

i) Cash

Cash consists of bank balances and clearing accounts with original maturities of three months or less from the date of acquisition, which are subject to insignificant risk of changes in fair value and are used by the Company in managing its short-term obligations.

j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effect.

k) Accruals

An accrual is recognized if: it is the result of a past event, the Company has a legal or implicit obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be necessary to resolve the obligation. Accruals are determined by discounting the cash flow expected in the future at the pre-tax rate, which reflects the current market assessment of the value of money over time and the specific risks of the obligation. The reversal of the discount is recognized as a financial cost.

JAGUAR LAND ROVER COLOMBIA S.A.S.
Notes to the Financial Statements

Certification of the Company's Legal Representative and Accountant

April 20, 2022

To the Shareholders of Jaguar
Land Rover Colombia S.A.S

The undersigned legal representative and public accountant of Jaguar Land Rover Colombia S.A.S. (hereinafter the Company), under whose responsibility the financial statements were prepared, certify that for the issuance of the financial statements as of December 31, 2021 and the summary of the significant accounting policies and others explanatory notes (hereinafter the financial statements), which according to regulations are made available to shareholders and third parties, have previously verified the statements contained therein and that the figures have been taken faithfully from the books.

Such statements, explicit and implicit, are as follows:

- a. All assets and liabilities included in the Company's financial statements do exist as of the cutoff date and all transactions included in those statements have been carried out during the year.
- b. All economic events carried out by the Company have been recognized in the financial statements.
- c. Assets represent probable future economic benefits (rights) and liabilities represent probable future economic sacrifices (obligations), obtained or paid by the Company as of the cutoff date.
- d. All items have been recognized for their appropriate amounts.
- e. All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.

The certification is limited to each of the parties who sign it to the functions that are within their competence. In accordance with the above, and as for the certification by the accountant, an officer of PricewaterhouseCoopers Asesores Gerenciales S.A.S. (PwC AG), the certifications are limited exclusively to accounting matters and it is subject to their knowledge taking into account the information provided by the Company to PwC AG for the development of its Accounting Outsourcing functions.

Luis Issaid Reyes
Velázquez
Legal Representative

Gloria Yuceli Arias Romero.
Public Accountant
Professional Card No. 245371-T
Member of PricewaterhouseCoopers
Asesores Gerenciales S.A.S.