

ROYAL ENFIELD BRASIL COMÉRCIO DE
MOTOCICLETAS LTDA.

Independent auditors' report

Financial statements
As of March 31, 2022

ROYAL ENFIELD BRASIL COMÉRCIO DE MOTOCICLETAS LTDA.

Financial statements
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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the
Shareholders and Management of
Royal Enfield Brasil Comércio de Motocicletas Ltda.
São Paulo - SP

Opinion on the financial statements

We have audited the financial statements of Royal Enfield Brasil Comércio de Motocicletas Ltda. ("Company"), which comprise the statement of financial position as of March 31, 2022 and the respective statements of operations, comprehensive income (loss), changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022, its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Basis for opinion on the financial statements

We conducted our audit of the financial statements in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the statements of financial position" section of our report. We are independent of the Company in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Brazilian accounting practices, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal control relevant to the audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

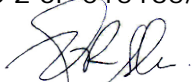


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the planned audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

São Paulo, May 13, 2022.



BDO RCS Auditores Associados Ltda.
CRC 2 SP 015165/O-8


Viviane Alves Bauer
Accountant CRC 1 SP 253472/O-2

ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA

Balance Sheet

For the years ended March 31, 2022 and 2021

(In Reals)

Assets				Liabilities and equity			
	Note	31/03/2022	31/03/2021		Note	31/03/2022	31/03/2021
Current assets				Current liabilities			
Cash and equivalents	5	2,730,165	2,534,114	Loan	13	-	58,078,544
Clients - trade receivables	6	1,000,875	1,334,527	Intercompany payable	14	39,035,198	27,156,546
Inventories	7	42,747,716	17,952,473	Expenses payable		1,831,437	484,521
Loans & deposits	8	3,894,448	1,357,950	Accrued expenses	15	319,109	373,662
Loans & advances to employee		35,867	27,930	Provisions - employee related	16	898,582	695,902
Tax credit	9	12,108,660	3,975,585	Taxes payable	17	2,787,952	1,534,656
		<u>62,517,731</u>	<u>27,182,580</u>	Other current liabilities		-	17,144
				Leasing		-	-
						<u>44,872,279</u>	<u>88,340,974</u>
Non-current				Net Equity			
Fixed assets	10	154,650	251,750	Share capital	18	79,041,570	4,713,570
Intangible	12	1,581,385	1,780,906	Accumulated deficit		(59,660,082)	(63,839,308)
Rental Agreement (Right of use)	11	-	-			<u>19,381,487</u>	<u>(59,125,738)</u>
		<u>1,736,035</u>	<u>2,032,656</u>				
Total assets		<u><u>64,253,766</u></u>	<u><u>29,215,236</u></u>	Total liabilities and equity		<u><u>64,253,766</u></u>	<u><u>29,215,236</u></u>
The accompanying notes are an integral part of these Financial Statements							

ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA

Income Statement

For the years ended March 31, 2022 and 2021

(In Reals)

	Note	31/03/2022	31/03/2021
Revenue	19	96,509,549	34,536,948
Cost	20	(84,168,781)	(31,773,921)
		<u>12,340,768</u>	<u>2,763,027</u>
General administrative expenses			
Expenses with personnel	21	(5,380,805)	(4,214,745)
Depreciation and amortization		(454,109)	(520,892)
Professional fees	22	(2,335,284)	(1,520,926)
Rent		(133,577)	(66,685)
Marketing expenses	23	(3,505,412)	(2,300,000)
Other general and administrative expenses	24	(7,933,826)	(3,491,450)
Other revenues/(expenses)		(46,036)	22,470
Total - General and administrative expenses		<u>(19,789,049)</u>	<u>(12,092,227)</u>
Operation loss before finance income		<u>(7,448,281)</u>	<u>(9,329,200)</u>
Finance income and expense	25	11,627,506	(10,240,929)
Profit/Loss for the period		<u><u>4,179,225</u></u>	<u><u>(19,570,129)</u></u>
Profit/Loss per lot of one thousand shares		0.05	(4.15)
The accompanying notes are an integral part of these Financial Statements			

ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA

Statement of comprehensive income

For the years ended March 31, 2022 and 2021

(In Reals)

	<u>31/03/2022</u>	<u>31/03/2021</u>
Profit/Loss for the period	4,179,225	(19,570,129)
Other comprehensive income	-	-
Total - General and administrative expenses	<u>4,179,225</u>	<u>(19,570,129)</u>
The accompanying notes are an integral part of these Financial Statements		

ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA

Statement of changes in net equity

For the years ended March 31, 2022 and 2021

(In Reals)

	Share Capital				Total
	Subscribed	To be paid	Paid-up	Accumulated deficit	
Balances as of December 31st, 2020	4,713,570	-	-	(44,269,179)	(39,555,609)
Capital increase	-	-	-	-	-
Loss for the financial period ended March 31, 2021	-	-	-	(19,570,129)	(19,570,129)
Balances as of March 31st, 2021	<u>4,713,570</u>	<u>-</u>	<u>-</u>	<u>(63,839,308)</u>	<u>(59,125,738)</u>
Capital increase	-	-	74,328,000	-	74,328,000
Profit for the financial period ended March 31, 2022	-	-	-	4,179,225	4,179,225
Balances as of March 31st, 2022	<u>4,713,570</u>	<u>-</u>	<u>74,328,000</u>	<u>(59,660,082)</u>	<u>19,381,487</u>
The accompanying notes are an integral part of these Financial Statements					

ROYAL ENFIELD BRASIL COMERCIO DE MOTOCICLETAS LTDA

Statement of cash flows

For the years ended March 31, 2022 and 2021

(In Reals)

	31/03/2022	31/03/2021
Loss/Profit for the period	4,179,225	(19,570,129)
Items that do not affect operation cash		
Accrued interests	-	1,425,353
Accrued expenses	(54,552)	106,775
Exchange variation	(19,587,960)	4,399,547
Depreciation	454,109	414,948
Adjusted loss for the financial period	(15,009,178)	(13,223,506)
Increase and reduction of asset and liability accounts		
Clients - trade receivables	333,652	3,047,977
Inventories	(24,795,243)	(6,334,075)
Loans & deposits	(2,536,498)	(282,049)
Loans & advances to employee	(7,937)	(19,775)
Tax credit	(8,133,074)	(1,449,353)
Intercompany payable	11,878,652	10,034,219
Expenses payable	1,346,916	(168,959)
Provisions - employee related	202,680	116,059
Taxes payable	1,253,296	174,066
Other current liabilities	(17,144)	(30,134)
Leasing	-	(106,496)
Cash used in/(generated) from operating activities	(20,474,698)	4,981,480
Cash flows from investing activities		
Acquisition of property, plant and equipment	(67,398)	(31,692)
Sales of property, plant and equipment	99,874	167,970
Acquisition of Intangible	(189,964)	(2,047,084)
Rent Agreement (Right of use)	-	-
Amortization Rent Agreement	-	105,944
Capital Injection receipt	74,328,000	-
Net cash used/(generated) in investing activities	74,170,512	(1,804,862)
Cash flows from financing activities		
Net decrease in loan	(38,490,584)	8,723,004
Generated in financing activities	(38,490,584)	8,723,004
Increase in cash and cash equivalents	196,051	(1,323,884)
Cash and cash equivalents at the beginning of the financial period	2,534,114	3,857,999
Cash and cash equivalents at the end of the financial period	2,730,165	2,534,114
Increase in cash and cash equivalents	196,051	(1,323,884)
The accompanying notes are an integral part of these Financial Statements		

1. Operational context

Royal Enfield Brasil Comercio de Motocicletas Ltda (the “Company” or “Royal Enfield”) is a limited liability company domiciled in Brazil at Alameda Santos, 1165 – Sala Privativa 212 – 2º. Andar – Cerqueira Cesar, CEP: 01419-002 in São Paulo/SP.

The Company’s activities comprise in: a) import, marketing and distribution of motorcycles, spare parts and accessories; b) provision of services related to motorcycles, spare parts and accessories; and c) import and sale of clothing, personal accessories, footwear, helmets and walking equipment and security in general.

Royal Enfield was registered with the São Paulo State Board of Trade (“JUCESP”) on June 26th, 2013 under registration number (“NIRE”) 35.227.630.407 and registered with the Federal Revenue Service under CNPJ nº 18/369.408/0001-09.

In October 17th, 2017 the Company set up a subsidiary domiciled in Brazil at Avenida Piraíba, 352, Centro Comercial Jubran – CEP: 06460-121 in Barueri/SP under registration number (“NIRE”) 35.905.363.387. And in September 2019 set up a subsidiary domiciled in Brazil at Rodovia Antonio Heil, 4505, Itaipava – CEP: 88316-003 in Itajaí/SC register number (“NIRE”) 42.901.268.024.

Like its headquarters, the financial year of Royal Enfield begins on April 1st and ends on March 31st.

Below, the main accounting policies followed for the preparation of the financial statements.

Unless otherwise stated, these policies were consistently applied in every year presented.

These financial statements for the year ended March 31st, 2022 were authorized to be issued by the Board of Directors as at April 30th, 2022.

2. Accounting policies

a. Compliance Statement (in relation to IFRS and CPC standards)

The financial statements were prepared in accordance with accounting practices adopted in Brazil, which include those set forth in the Brazilian corporate law and the pronouncements, guidelines and technical interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CPC).

b. Basis of preparation and presentation of the financial statements

The financial statements are presented in Reals, which is the functional currency of the company. All financial information disclosed in the financial statements is presented in Brazilian Reals, unless otherwise stated.

The financial statements are prepared based on historical cost, except where otherwise indicated.

The preparation of the financial statements in accordance with IFRS and Technical Pronouncements - CPC require the use of certain accounting estimates by the management.

3. Summary of significant accounting policies

3.1 Classification of assets and liabilities as current and non-current

Assets that are expected to be realized or are intended to be sold or used within twelve months from the base date of this financial statement, as well as those held mainly for trading, and cash and cash equivalents are classified as current assets. Liabilities scheduled for settlement within twelve months from the balance sheet date are classified as current liabilities. All other assets and liabilities are classified as "non-current".

3.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments maturing in up to three months, with immaterial risk of change in value.

3.3 Trade and other receivables

Sales are mostly performed on regular credit basis. Receivables are non-interest bearing. At the end of each reporting period the book value of trade and other receivables are reviewed in search for any objective evidence of non-recoverability. Should any such evidence be found, a loss for impairment is promptly recognized in a profit and loss account.

3.4 Inventories

Goods for resale inventories are valued at the average acquisition cost, which is lower than market value. No financial charges are included in cost of services.

3.5 Property, plant and equipment

Property, plant and equipment are stated at the historical cost of acquisition, manufacturing or construction, net of accumulated depreciation and/or accumulated impairment losses, if any, including replacement equipment cost, if the recognition criteria are met.

The remaining annual useful lives are as follows:

Description of the asset	Rate (%)
Computers and Peripherals	20
Furniture and Fittings	10
Auto-vehicles	20

The recognition of the items of property, plant and equipment and of any significant parts thereof initially recognized is written off when they are disposed of or when there is no expectation of future economic benefits arising from their use or disposal. Any gains or losses resulting from the write-off of the asset (calculated as the difference between the net income of the disposal and the carrying amount of the asset) are included in the income statement when the asset is written off.

3.6 Other Intangible Assets

Other Intangible Assets are recognized the right-of-used assets for the existing lease agreement according to IFRS 16 Leases implementation. The lease agreement is the office rental.

3.7 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business, and accounts payable are classified as current liabilities if payment is due in one year or less.

3.8 Vacation pay

Vacation payable is calculated on the basis of the compensation and related payroll taxes incurred up to the balance sheet date.

3.9 Provisions

These are recognized in the balance sheet based on a past event representing an obligation, whenever economic resources will possibly be required to settle this obligation. The provisions are recorded based on the best estimate of risks involved, according to information provided by our external legal counsellors.

3.10 Financial instruments

Financial assets and liabilities

a) Financial assets

(I) Initial Recognition and measurement

Financial instruments include cash and cash equivalents, accounts receivable and other receivables. Financial instruments are recognized at fair value plus costs directly attributable to their acquisition or issue.

(II) Impairment of financial assets

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is considered as impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an "event of loss") and this event of loss has an impact on the estimated future cash flow of the financial asset or group of financial assets, which can reasonably be estimated.

b) Financial liabilities

(I) Initial Recognition and measurement

Financial liabilities are classified as financial liabilities at fair value or as loans and financing. The classification of its financial liabilities is determined at the time of its initial recognition.

Financial liabilities include accounts payable to suppliers, and other accounts payable.

(II) Derecognition (Write-off)

A financial liability is written off when the obligation is revoked, canceled or expires.

When an existing financial liability is replaced by another of the same lender with substantially different terms, or the terms of an existing liability are significantly changed, such replacement or change is treated as write-off of the original liability and recognition of a new liability, and the difference in the respective accounting values is recognized in the statement of income.

(III) Financial instruments - Net presentation

Financial assets and liabilities are presented net in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle or realize the asset and settle the liability simultaneously.

3.11 Determination of net income

The income from operations are determined in accordance with the accrual basis of accounting for the year. Sales revenues are presented, if any, net of taxes, returns, cancellations, rebates and discounts.

Other operating income and expenses correspond to the effects of significant events occurring during the period that do not fit into the definition of the other items of the comprehensive income statement adopted.

Accounting expenses include all expenses generated by net debt, financial charges on taxes and interest expenses on financial leases, as well as adjustments relating to financial discounts.

Accounting revenues include income generated by cash and cash equivalents, discounts on purchases from suppliers and adjustments related to discounts.

3.12 Income Tax and Social Contribution

Income tax payable is calculated based on the taxable income for the year and any adjustments recognized in the profit and loss account.

Income tax and social contribution are calculated by the taxable income method, as follows: income tax - at 15% (fifteen percent) on the book value of taxable income duly adjusted for legally established additions, exclusions and offsetting, plus 10% (ten percent) on any portion of taxable income in excess of R\$ 240 thousand; and social contribution - at 9% on the book value of taxable income, duly adjusted for legally stipulated additions, exclusions and offsetting of negative bases.

4. New technical pronouncements adopted

The following new standards were approved and issued by the IASB and the CPC. The management has adopted such new standards as mentioned below. The management did not identify any relevant impacts.

4.1 IFRS 17 - Insurance Contracts (CPC 50 - Insurance Contracts)

The new standard replaces IFRS 4 - "Insurance Contracts" and establishes insurance and non-insurance companies to measure insurance contracts on estimates and assumptions which comprise the estimates of future cash flows, an adjustment to reflect the time value money and the financial risks associated with the future cash flows and a risk adjustment for non-financial risk. This standard shall enter into force as from January 1, 2021.

Management evaluated the impacts of the new standard and concluded that there was no impact on its financial statements.

4.2 IFRIC 23 - Uncertainty on the Treatment of Taxes on Profit (ICPC 22 - Uncertainty on the Treatment of Taxes on Profit)

The new interpretation establishes requirements for recognition and measurement in situations where the Company has defined during the process of calculating income taxes (income and social contribution taxes) the use of uncertain tax treatments that may be questioned by the tax authority.

In situations where certain treatments are uncertain, the Company must define the likelihood of acceptance of the tax authorities in relation to them and present them separately, ascertaining eventual contingency if it is concluded that the tax authority will not accept such treatment.

5 Cash and cash equivalents

The amounts held as cash and cash equivalents are classified as financial assets measured at fair value through profit or loss.

	<u>31/03/2022</u>	<u>31/03/2021</u>
Cash	909	4.307
Bank account	26.327	161.554
Investment	<u>2.702.929</u>	<u>2.368.253</u>
Total	2.730.165	2.534.114

Cash equivalents are held for the purpose of meeting short-term cash commitments and not for investment or other purposes, and a financial investment is considered as cash equivalent if immediately convertible into a known amount of cash and subject to an insignificant risk of change in value. Investments are classified as cash equivalents, as described in CPC 3 (IAS 7).

6 Clients - Trade receivables

	<u>31/03/2022</u>	<u>31/03/2021</u>
Local clients	1.000.875	1.334.527
Total	<u>1.000.875</u>	<u>1.334.527</u>

The following refers to the balance of accounts receivable from clients according to maturity date

	<u>31/03/2022</u>	<u>31/03/2021</u>
Coming due	1.000.875	1.305.509
Maturity (due receivables aging)		
Up to 30 days		7.836
From 31 to 60 days		15.702
From 61 to 90 days		53
From 91 to 180 days		5.427
Over 181 days		0
Total	<u>1.000.875</u>	<u>1.334.527</u>

For Motorcycles the invoice is discounted immediately and amount is received on next day of sales and for Spare & Apparel the credit period is 90 days.

7 Inventories

Inventories are stated at the weighted average cost of acquisition, reduced from recoverable taxes.

	<u>31/03/2022</u>	<u>31/03/2021</u>
Inventories in transit	17.805.733	7.074.553
Motorcycle	8.940.604	2.332.803
Spare parts	6.246.815	3.081.656
Accessories	4.438.096	1.615.164
Apparel	4.481.164	3.400.834
BRI	975.102	615.866
Other	26.915	26.915
Motorcycle (used)	8.590	48.864
Provision and inventory adjustments	(175.303)	(244.181)
Total	<u>42.747.716</u>	<u>17.952.473</u>

8 Loans & Deposits

The following refers to the balance of prepaid expenses for suppliers and judicial deposit.

	31/03/2022	31/03/2021
Prepaid Expenses	3.723.974	1.195.950
Deposits	170.474	162.000
Total	3.894.448	1.357.950

9 Tax credit

	31/03/2022	31/03/2021
Prepaid income tax	7.658	6.452
Withholding tax - IRRF	5.362	3.188
Social contribution - PIS	193.319	49.352
Social contribution - Cofins	888.634	648.696
ICMS / VAT	7.010.237	3.213.898
IPI	4.003.449	51.838
Others tax credit	0	2162
Total	12.108.660	3.975.585

10 Property, plant and equipment

(i) Balances as follows:

	31/03/2022			31/03/2021
		Accumulated		
Description	Cost	Depreciation	Net	Net
Leasehold improvements	-	-	-	0
Furniture	76.189	(30.572)	45.618	53.464
Computers	149.488	(66.625)	82.863	81.448
Vehicles	43.192	(25.195)	17.996	107.307
Machinery and equipment	13.575	(5.402)	8.173	9.531
	282.444	-127.793	154.650	251.750

Royal Enfield Brasil Comercio de Motocicletas Ltda
Notes to the financial statement
For the years ended March, 31st 2022 and 2021
(All amounts in Real, unless otherwise stated)

Activity of property, plant and equipment

	31/03/2021	Additions	Write-offs	Depreciations	31/03/2022
Leasehold improvements					-
Furniture	53.464			(7.847)	45.617
Computers	81.448	37.433	(3.124)	(32.893)	82.863
Vehicles	107.307	29.965	(96.750)	(22.526)	17.997
Machinery and equipment	9.531			(1.357)	8.173
Total	251.750	67.398	-99.874	(64.624)	154.650

	31/03/2020	Additions	Write-offs	Depreciations	31/03/2021
Leasehold improvements	41.293	17.932		(59.225)	-
Furniture	81.987		(20.387)	(8.136)	53.464
Computers	102.218	13.760	(3.835)	(30.696)	81.448
Vehicles	300.412		(143.749)	(49.356)	107.307
Machinery and equipment	10.888			(1.358)	9.531
Total	536.798	31.692	(167.970)	(148.770)	251.750

11 Intangible

	31/03/2021	Additions	Depreciations	31/03/2022
System Implementation	1.780.906	189.964	(389.485)	1.581.385
		-		
Total	1.780.906	189.964	(389.485)	1.581.385

12 Loan

The loans with Citibank NA in original amount of USD 9,943,866.58 was liquidated on June 25th 2021, as well as, the interest of loan.

	31/03/2022	31/03/2021
Citibank NA	-	56.653.191
Interest of loan	-	1.425.353
Total	-	58.078.544

The contracts details and the movement of loans are detailed below:

Contract	Original amount in USD	Rate of interest	Receipt in BRL	Interest in BRL	Exchange Variation - principal	31/03/2021
HGAL021201810003	650.000	4,900%	2.036.775	135.086	222.319	3.838.331
HGAL021202320002	800.000	4,900%	2.528.400	133.380	297.591	4.691.220
CGAL033202930001	915.000	4,165%	2.969.633	91.674	387.933	5.304.704
HGAL021210040004	1.100.000	4,165%	3.523.300	59.455	505.834	6.326.485
CGAL033201340002	580.000	4,900%	2.104.240	142.577	182.125	3.447.011
HGAL021202320003	500.000	4,900%	2.061.500	80.648	187.680	2.929.298
HGAL021210490001	337.588	4,900%	1.262.072	10.472	162.353	1.933.810
CGAL033201480001	1.000.000	4,900%	3.844.500	234.191	320.294	5.931.491
CGAL033202760001	622.184	4,261%	2.548.094	72.582	253.814	3.617.354
CGAL033210050002	345.636	4,165%	1.442.202	17.087	160.179	1.986.280
CGAL033210270003	500.000	4,165%	1.869.250	18.786	236.174	2.867.436
CGAL033210640002	315.991	4,900%	1.476.877	4.656	155.299	1.804.950
CGAL030210640001	561.920	4,900%	2.100.738	6.100	276.967	3.207.527
CGAL033201000001	385.989	5,078%	2.001.660	108.884	197.433	2.307.977
CGAL033201340003	329.559	4,900%	1.890.843	81.013	-13.248	1.958.608
HGAL021201570001	1.000.000	4,900%	4.830.500	228.762	866.800	5.926.062
Total	9.943.867		38.490.584	1.425.353	4.399.547	58.078.544

13 Intercompany Payable

All outstanding balance with related parties are in foreign currency in original amount USD 8,138,829.44. The balance is updated to BRL in the end of each month according the rate published by Brazilian Central Bank.

	<u>31/03/2022</u>	<u>31/03/2021</u>
Eicher Motors Limited	24.945.277	18.698.757
Eicher Motors Limited (In Transit)	17.805.733	7.074.553
Exchange Variation	<u>(3.715.812)</u>	<u>1.383.236</u>
Total	39.035.198	27.156.546

14 Accrued expense

The amounts held as accrued expenses include provision for legal processes and general expenses.

The Company is involved in two legal matters which are labor and civil processes. The provision for labor is sufficient to cover eventual losses with administrative and legal proceedings, as set below.

	<u>31/03/2022</u>	<u>31/03/2021</u>
General Expenses	314.751	366.148
Provision for Labor	<u>4.358</u>	<u>7.514</u>
Total	319.109	373.662

15 Provisions - employee related

	<u>31/03/2022</u>	<u>31/03/2021</u>
Accrued bonus	333.119	272.454
Accrued 13th salary bonus	78.238	61.169
Accrued vacation	<u>487.226</u>	<u>362.279</u>
Total	898.582	695.902

Royal Enfield Brasil Comercio de Motocicletas Ltda
Notes to the financial statement
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16 Taxes payable

	31/03/2022	31/03/2021
ICMS / VAT	1.795.460	725.785
IPI	877.299	226.832
PIS	- 9.235	72.703
COFINS	- 49.825	341.417
Payroll taxes	142.182	115.961
Others taxes payables	32.071	51.958
Total	2.787.952	1.534.656

17 Share capital

The capital stock, fully subscribed on March 31st, 2022, is R\$ 79.041.569, divided as follows:

Members	Number of shares Held	Par Value R\$	%
Eicher Motors Limited	79.041.568	79.041.568	99.99
Eicher Goodearth Private Limited	1	1	0.01
	79.041.569	79.041.569	100%

18 Revenues

	31/03/2022	31/03/2021
Revenue from motorcycle	143.993.078	52.643.106
Deductions from revenue from motorcycle	(62.368.938)	(22.625.683)
Revenue from spare parts	6.659.091	3.139.210
Deductions from revenue from spare parts	(2.164.767)	(1.070.133)
Revenue from accessories	3.305.042	852.497
Deductions from revenue from accessories	(1.240.745)	(315.558)
Revenue from apparel	1.602.280	544.644
Deductions from revenue from apparel	(321.354)	(102.163)
Revenue from motorcycle used	64.874	336.166
Deductions from revenue from motorcycle used	(27.397)	(124.690)
Sales Freight	7.008.385	911.477
Revenue from services	-	366.395
Deductions from revenue from services	-	(18.320)
Total	96.509.549	34.536.948

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19 Cost of sales

	31/03/2022	31/03/2021
Costs from motorcycle	(73.790.120)	(27.283.568)
Costs from spare parts	(3.077.210)	(1.536.503)
Costs from acessories	(1.494.699)	(338.101)
Costs from apparel	(1.472.992)	(494.878)
Costs from used motorcycle	-	(221.018)
Costs from storage	(1.987.236)	(1.182.479)
Other costs	(2.346.523)	(717.373)
Total	(84.168.781)	(31.773.921)

	31/03/2021	31/03/2020
Costs from motorcycle	(27.283.568)	(19.796.366)
Costs from spare parts	(1.359.233)	(959.707)
Costs from acessories	(338.101)	(611.042)
Costs from apparel	(494.878)	(451.171)
Costs from BRI	(177.225)	(370.891)
Costs from tools	(46)	(58.857)
Costs from used motorcycle	(221.018)	(65.608)
Costs from storage	(1.182.479)	(1.030.046)
Other costs	(717.373)	(559.023)
Total	(31.773.921)	(23.902.711)

20 Expenses with Personnel

	31/03/2022	31/03/2021
Salaries	(2.500.646)	(2.082.462)
13 Month Salary	(264.532)	(213.000)
Vacations	(440.366)	(285.201)
Prior Notice	-	148
Social Security (INSS)	(871.897)	(715.392)
Social Security (FGTS)	(295.052)	(234.362)
Health Insurance	(463.917)	(433.015)
Welfare Expenses	(134.274)	(116.130)
Bonus	(356.085)	(349.665)
Labour Provision	3.156	246.894
Life Insurance	(13.142)	(5.650)
Other expenses (employees)	(44.050)	(26.910)
Total	(5.380.805)	(4.214.745)

Royal Enfield Brasil Comercio de Motocicletas Ltda
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21 Professional fees

	31/03/2022	31/03/2021
Consulting fees	(93.012)	(79.039)
Accounting fees	(535.527)	(470.110)
Legal Fees	(195.494)	(198.298)
Professional fees	(1.511.251)	(773.479)
Total	(2.335.284)	(1.520.926)

22 Marketing

	31/03/2022	31/03/2021
Marketing	(2.533.515)	(2.300.000)
Events and Advertising	(971.897)	-
Total	(3.505.412)	(2.300.000)

23 Other General and Administrative Expenses

	31/03/2022	31/03/2021
Travel	(381.393)	(140.529)
Computer Expenses	(1.032.122)	(190.188)
Rent Others	(44.179)	(16.386)
Electricity, Water and Gas	-	(3.491)
Communications	(31.715)	(35.298)
Bank Charges	(23.207)	(16.072)
Transport (Taxi and Train)	(23.625)	(22.602)
Post and Corrier	(14.478)	(9.833)
Penalties	(183.470)	(46.559)
Meals	(181.560)	(71.134)
Repair and Maintenance	-	(68.830)
General Insurance	(203.890)	(38.280)
Office Supplies	(6.608)	(2.624)
Kitchen Supplies	(562)	(117)
Transport and Freight	(3.816.016)	(1.891.316)
Small Equipment	(25.783)	(7.500)
Other Taxes	(1.849.816)	(564.660)
Homologation	(54.224)	(17.040)
Other Administrative Expenses	(61.178)	(348.991)
Total	(7.933.826)	(3.491.450)

24 Finance income and expense

	31/03/2022	31/03/2021
Interest expenses	(2.058.143)	(2.974.486)
Financial expenses - discount	(3.114)	(14.066)
Financial expenses - leasing	-	(2.680)
Exchange variation	(5.266.397)	(10.651.035)
Financial expenses	(7.327.654)	(13.642.267)
Other income	34.887	64.152
Interest income	-	-
Exchange variation	18.920.273	3.337.186
Financial income	18.955.160	3.401.338
Total	11.627.506	(10.240.929)

25 Financial instruments

Financial risk management

The Company is exposed to the following risks:

- Liquidity risk;
- Interest rate risk;
- Market risk;
- Foreign exchange risk; and
- Operating risk

This note presents information on the Company's exposure to each of the risks abovementioned and measurement and risk and capital management proceedings.

Risk management structure

The Management is responsible for the follow-up of the Company's risk management policies and managers of each area regularly report to the Company on their activities. The Company's risk management policies were established to identify and analyze the risks that the Company is exposed, to define appropriate limits and controls of risks, and to monitor risks and adherence to the limits. Risk policies and systems are reviewed regularly to reflect changes in the market conditions and in the activities of the Company.

(i) Liquidity risk

Liquidity risk is the risk of the Company may find difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments.

The Company's approach to liquidity risk management is to maintain cash availability and liquidity to ensure payment of its obligations.

The table below shows the risks of liquidity by maturity and reflects the financial flow of the Company on March 31, 2022:

March 31, 2022

	Note	Book value	Cash flow Up to 1 year
Assets			
Cash and cash equivalents	5	2.730.165	2.730.165
Clients - trade receivables	6	1.000.875	1.000.875
		<u>3.731.041</u>	<u>3.731.041</u>
Liabilities			
Loan	10	0	0
Intercompany payable		39.035.198	39.035.198
Expenses payable		1.831.437	1.831.437
		<u>40.866.635</u>	<u>40.866.635</u>

March 31, 2021

	Note	Book value	Cash flow Up to 1 year
Assets			
Cash and cash equivalents	5	2.534.114	2.534.114
Clients - trade receivables	6	1.334.527	1.334.527
		<u>3.868.642</u>	<u>3.868.642</u>
Liabilities			
Loan	10	58.078.544	58.078.544
Intercompany payable		27.156.546	27.156.546
Expenses payable		484.521	484.521
		<u>85.719.611</u>	<u>85.719.611</u>

We do not expect that cash flows, including in the Company's maturity analysis, may occur significantly earlier or in significantly amounts.

(ii) Interest rate risk

The Company is exposed to the risks and fluctuations of interest rates in its investments.

On the date of Company's financial statements, the profile of financial instruments remunerated through interests was:

	Book value March, 2022	Book value March, 2021
Variable rate instruments		
Financial assets		
Interest earning bank deposits	2.702.929	2.368.253

Sensitivity analysis of interest

The Company performed sensitivity analysis of main risks to which its financial instruments are exposed. For the sensitivity analysis of changes in the interest rates. Management adopted, for the probable scenario, the same rates used on balance sheet end date. Scenarios II and III were estimated with additional valuation of rates of 25% and 50% respectively, while scenarios IV and V have estimated additional devaluation of 25% and 50%, respectively, for the probable scenario.

The table below show possible impacts on results for each of the scenarios:

Asset Exposure	Exposure	Risk	Effective interest rate March, 2022	Scenarios				
				I - Probable	II 25%	III 50%	IV - 25%	V - 50%
Interest earning bank deposits	2.702.929	CDI change	6%	165.419	206.774	248.129	124.064	82.710

Asset Exposure	Exposure	Risk	Effective interest rate March, 2021	Scenarios				
				I - Probable	II 25%	III 50%	IV - 25%	V - 50%
Interest earning bank deposits	2.368.253	CDI change	2%	52.812	66.015	79.218	39.609	26.406

(iii) Market risk

Market risk is the risk from changes in market prices. The objective of market risk management is to manage and control exposures to market risks according to acceptable parameters and optimize the return at the same. The Company's expenses are concentrated in the provision of services, which can bring market risks. As a measure of market risk management, the Company establishes service contracts with pre-fixed amounts.

(iv) Foreign exchange risk

Foreign exchange risk is the risk of losses arising from causes associated with exchange rate fluctuations. The Company makes monthly payments from its parent company abroad and thus concentrates on the parent company its risks.

(v) Operating risk

Operating risk is the risk of direct or indirect losses arising from causes associated with changes in the operating management of the parent company.

Capital management

Management's policy is to maintain a strong compliance with the Business Plan agreed with the controlling shareholders, ensuring efficiency in the agreed levels of investment in the operation.

The operation is the initial phase of its business model. Thus, the returns are measured based on your business objectives, aligned with the controlling shareholders.

Classification of financial instruments

The classification of financial instruments is presented in the table below, and there are no financial instruments classified in other categories besides those informed:

	Note	Fair value through profit or loss	Liabilities at amortized	Total in March, 2022
Assets				
Cash and cash equivalents	5	2.730.165	-	2.730.165
Clients - trade receivables	6	-	1.000.875	1.000.875
		2.730.165	1.000.875	3.731.041
Liabilities				
Loan	10	-	-	0
Intercompany payable		-	39.035.198	39.035.198
Expenses payable		-	1.831.437	1.831.437
		0	40.866.635	40.866.635

	Note	Fair value through profit or loss	Liabilities at amortized	Total in March, 2021
Assets				
Cash and cash equivalents	5	2.534.114	-	2.534.114
Clients - trade receivables	6	-	1.334.527	1.334.527
		2.534.114	1.334.527	3.868.642
Liabilities				
Loan	10	-	58.078.544	58.078.544
Intercompany payable		-	27.156.546	27.156.546
Expenses payable		-	484.521	484.521
		0	85.719.611	85.719.611

Fair value

(i) Derivative financial instruments

The Company does not perform operations with derivative financial instruments in order to mitigate or eliminate risks to its operation.

(ii) "Non-derivative" financial instruments

Management considers that fair value equals book value for all operations, as for these operations the book value reflects the settlement value on that date on account of the short maturity of these operations. Thus, the book values amount recorded in the balance sheet related to the balances of interest earning bank deposits, accounts receivable, other receivables, as well as other accounts payable do not differ from their fair values as of March 31, 2021.

(iii) Fair value hierarchy

The different levels were defined as follows:

- Level 1 - Prices quoted (not adjusted) in active markets for identical assets and liabilities;
- Level 2 - Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices), and
- Level 3 - Assumptions, for assets or liabilities, which are not based on observable market data (non-observable inputs).

(iv) Determination of fair value

- Level 2 - Interest earning bank deposits were recorded on a basis of the redemption value on that date, representing the best fair value.

In Levels 1 and 3, the Company had no operation to be classified on the base dates.

26 Subsequent Events

From March 31st until the date of the release of this financial statements, none subsequent events that would impact this statements was noted.

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