

Bajaj do Brasil Comércio de Motocicletas Ltda.

**Financial Statements as at 31 December 2022
and Independent Auditor's Report**

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MANAGEMENT REPORT 2022

To the Directors and Shareholders

In compliance with legal provisions, the Management of Bajaj do Brasil Comércio de Motocicletas Ltda. - "Company" - is pleased to present the Management Report and the Company's Financial Statements for the fiscal year ended December 31, 2022. The Financial Statements are presented in accordance with accounting practices adopted in Brazil.

About Bajaj do Brasil Comércio de Motocicletas Ltda.

Bajaj do Brasil Comércio de Motocicletas is a limited liability company headquartered in the city of São Paulo - SP, incorporated on March 30, 2022 and whose main activity is the wholesale sale of motorcycles, motorcycle parts and accessories, maintenance and repair of motorcycles, production and promotion of sporting events. Despite the constitution being in March 2022, the Society actually started its operation in December 2022.

São Paulo, February 27, 2023.

Waldyr Roma de Almeida Ferreira
Administrative Director
CPF: 029.796.947-95



INDEPENDENT AUDITOR'S REPORT

To the Directors and Shareholders of Bajaj do Brasil Comércio de Motocicletas Ltda.

São Paulo - SP

Opinion

We have audited the Financial Statements of Bajaj do Brasil Comércio de Motocicletas Ltda. (the "Company") or ("Bajaj"), which comprise the balance sheet as of December 31, 2022 and the related statements of income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including the summary of the main accounting policies.

In our opinion, the Financial Statements referred to above fairly present, in all material respects, the equity and financial position of Bajaj do Brasil Comércio de Motocicletas Ltda. on December 31, 2022, the performance of its operations and its cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil applicable to small and medium-sized companies - NBCTG 1000 (R1).

Basis for Opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities under these standards are described in the following section entitled "Auditor Responsibilities for the Audit of Financial Statements". We are independent from the Society, in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphases

Significant uncertainty related to going concern

We call attention to note 1, which describes that the Company started its operations at the end of the 2022 financial year. As it is a new brand in the Brazilian market, its performance depends on consumer acceptance, the quality of its products and services and the capillarity of its distribution network. Additionally, at the beginning of activity, the Company depends on the contribution of the partners to continue with the necessary investment and development of the brand in Brazil. Our opinion is not qualified with respect to this matter.

Transactions with Related Parties

We draw attention to note 17, which describes that the Company has balances and operations in significant amounts with related parties. Transactions with related parties were carried out under conditions defined by the parties. Our opinion is not qualified with respect to this matter.



Another subjects

Comparative Information

The Company was incorporated on March 31, 2022 and there are no comparative balances for disclosure in the explanatory notes.

Responsibility of management and governance for Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with accounting practices adopted in Brazil and for such internal controls as it determines are necessary to enable the preparation of Financial Statements free from material misstatement, whether caused by fraud or error.

In the preparation of the Financial Statements, management is responsible for assessing the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the Financial Statements, unless management intends to liquidate the Company or cease operations, or has no realistic alternative to avoid going out of business.

Those responsible for the governance of the Company are those responsible for supervising the process of preparing the Financial Statements.

Auditor's responsibility for auditing the Financial Statements

Our objectives are to obtain reasonable assurance that the Financial Statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit carried out in accordance with Brazilian and international auditing standards will always detect any material misstatements that exist. Misstatements may arise from fraud or error and are considered material when, individually or jointly, they may influence, within a reasonable perspective, the economic decisions of users taken based on said Financial Statements.

As part of an audit performed in accordance with Brazilian auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement in the Financial Statements, whether due to fraud or error, designed and performed audit procedures that respond to these risks, and obtained sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that of detecting a material misstatement resulting from error, since fraud may involve collusion, falsification, intentional omissions, false statements or breach of internal controls;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.



- We evaluated the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We conclude as to the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty relating to events or conditions that may cast significant doubt as to the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our auditor's report to the related disclosures in the Financial Statements or include a modification in our opinion if the disclosures are inadequate. Our conclusions are based on audit evidence obtained as of the date of your report. However, future events or conditions may cause the Company to interrupt its operational continuity.
- We evaluated the overall presentation, structure and content of the Financial Statements, including the disclosures and whether the Financial Statements represent the corresponding transactions and events in a manner compatible with the objective of fair presentation.

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

We also provide those charged with governance with a statement that we comply with relevant ethical requirements, including applicable independence requirements, and communicate all potential relationships or matters that could materially affect our independence, including, where applicable, related safeguards.

São Paulo, February 27, 2023.

Irko Hirashima Auditores Independentes
CRC-2SP020649/O-2

Poliana de Oliveira Hespanhol de Andrade
Contador CRC-1SP258022/O-1

Balance sheet as of 31 December 2022

Assets	Note	2022		Liabilities	Note	2022	
		REAIS	INR			REAIS	INR
Current				Current			
Cash and cash equivalents	4	14,660,737	237,135,639	Suppliers	12	1,014,880	16,415,560
Accounts receivable	5	376,742	6,093,756	Taxes and contributions to collectostos	13	214,590	3,470,967
Inventory	6	252,541	4,084,820	Salaries and social charges	14	67,527	1,092,241
Advances	7	12,536,236	202,772,093	Provisions and labor charges	15	327,074	5,290,382
Taxes and contributions to be compensated	8	32,249	521,624	Other provisions	16	266,590	4,312,061
Prepaid expenses	9	39,277	635,301			<u>1,890,661</u>	<u>30,581,211</u>
		<u>27,897,782</u>	<u>451,243,233</u>	Non Current			
Non Current				Other provisions		-	-
Refundable deposits	10	57,968	937,625			-	-
Fixed asset	11	43,787	708,249	Total liabilities		<u>1,890,661</u>	<u>30,581,211</u>
		<u>101,755</u>	<u>1,645,874</u>	Net worth	18		
				Share capital		15,000,000	242,623,177
				AFAC		15,000,000	242,623,177
				Accumulated losses		(3,891,124)	(62,938,458)
						<u>26,108,876</u>	<u>422,307,896</u>
Total assets		<u><u>27,999,537</u></u>	<u><u>452,889,107</u></u>	Total liabilities and shareholders' equity		<u><u>27,999,537</u></u>	<u><u>452,889,107</u></u>

Bajaj do Brasil Comércio de Motocicletas Ltda.**Statement of profit or loss**

	Note	2022 REAIS	2022 INR
Net revenue	19	3,056,622	49,440,489
Cost of goods sold	20	(2,647,591)	(42,824,463)
Costs of services provided	20	(59,700)	(965,640)
Overall costs	20	(71,502)	(1,156,536)
Gross profit		277,829	4,493,850
(Expenses) operating income			
Personnel expenses	21	(1,558,623)	(25,210,538)
Business expenses	22	(1,392,538)	(22,524,133)
Expenses with services rendered	23	(851,598)	(13,774,494)
Travel expenses	24	(75,784)	(1,225,797)
General and administrative expenses		(1,000)	(16,175)
Occupancy expenses	25	(142,163)	(2,299,469)
Expenses with utilities and services	26	(16,289)	(263,473)
Depreciation and amortization expenses	11	(697)	(11,274)
Expenses with/ taxes, fees and contributions	27	(127,633)	(2,064,448)
Other expenses and income	28	(152,599)	(2,468,270)
Earnings before financial income and expenses		(4,041,095)	(65,364,221)
Financial result	29		
Financial income		160,048	2,588,757
Financial expenses		(10,077)	(162,994)
		149,971	2,425,763
Loss before income tax and social contribution		(3,891,124)	(62,938,458)
(-) Csl		-	-
(-) Irpj		-	-
Loss for the year		(3,891,124)	(62,938,458)

Bajaj do Brasil Comércio de Motocicletas Ltda.**Statements of changes in shareholders equity**

	Share capital	AFAC	Reserva de lucros	Acumulated Results	<i>Amt. in REAIS</i> Total shareholders' equity
Payment of share capital	15,000,000	-	-	-	15,000,000
AFAC	-	15,000,000	-	-	15,000,000
Profit reserve	-	-	-	-	-
Loss for the year	-	-	-	(3,891,124)	(3,891,124)
On December 31, 2022	15,000,000	15,000,000	-	(3,891,124)	26,108,876

	Share capital	AFAC	Reserva de lucros	Acumulated Results	<i>Amt. in INR</i> Total shareholders' equity
Payment of share capital	242,623,177	-	-	-	242,623,177
AFAC	-	242,623,177	-	-	242,623,177
Profit reserve	-	-	-	-	-
Loss for the year	-	-	-	(62,938,458)	(62,938,458)
On December 31, 2022	242,623,177	242,623,177	-	(62,938,458)	422,307,896

Bajaj do Brasil Comércio de Motocicletas Ltda.
Statements of cash flow

	Note	2022 REAIS	2022 INR
Cash flows from operating activities			
Profit (Loss) before income tax and social contribution		(3,891,124)	(62,938,458)
Adjustments of			
Depreciations	11	697	11,274
Provision for guarantees	16	18,200	294,383
Cash generation (consumption) before changes in assets and liabilities		(3,872,227)	(62,632,801)
Changes in assets and liabilities			
Decrease (Increase) of assets		(13,295,013)	(215,045,219)
Accounts receivable from customers	5	(376,742)	(6,093,756)
Inventory	6	(252,541)	(4,084,820)
Advances	7	(12,536,236)	(202,772,093)
Taxes and contributions to be compensated	8	(32,249)	(521,624)
Prepaid expenses	9	(39,277)	(635,301)
Refundable deposits	10	(57,968)	(937,625)
Increase (Decrease) of liabilities		1,872,461	30,286,828
Suppliers	12	1,014,880	16,415,560
Taxes and contributions to collect	13	214,590	3,470,967
Salaries and social charges	14	67,527	1,092,241
Provisions and labor charges	15	327,074	5,290,382
Provision for services rendered	16	248,390	4,017,678
Cash generated (consumed) by operations		(11,422,552)	(184,758,391)
Net cash generated by operating activities		(11,422,552)	(184,758,391)
Cash flows from investing activities			
Investments in fixed assets	11	(44,483)	(719,523)
Cash used in investment activities		(44,483)	(719,523)
Cash flows from financing activities			
Capital increase	18	15,000,000	242,623,177
Advance on future capital increase (AFAC)	18	15,000,000	242,623,177
Net cash used in financing activities		30,000,000	485,246,354
Increase / (Decrease) in cash and cash equivalent		14,660,737	237,135,639
Statement of decrease in cash and cash equivalents			
At the beginning of the year	4	-	-
At the end of the year		14,660,737	237,135,639
		14,660,737	237,135,639

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

The Financial statements have been prepared in Euro. Also the audit report is based on figures in Euro. For the purpose of user, the financial statements and notes have been converted in Indian Rupees at following exchange rate as on 31 March 2023.

1 USD = REAIS 5.0801

1 USD = INR 82.17

1 REAIS = INR 16.1749

1. General Information

Bajaj do Brasil Comércio de Motocicletas is a limited liability company headquartered in the city of São Paulo - SP, incorporated on March 30, 2022 and whose main activity is the wholesale sale of motorcycles, motorcycle parts and accessories, maintenance and repair of motorcycles, production and promotion of sporting events. Despite the constitution being in March 2022, the Society actually started its operation in December 2022.

The issuance of these Financial Statements was authorized by the Company's management on February 27, 2023.

2. Presentation of Financial Statements and main accounting practices (Management Statements)

The Company's Financial Statements, including the explanatory notes, are presented in reais, except when otherwise indicated.

2.1. Conformity declaration

The Company's Financial Statements were prepared in accordance with the accounting practices adopted in Brazil, which are in compliance with the accounting practices of Small and Medium-sized companies. The accounting practices adopted in Brazil comprise those included in the Brazilian corporate law and the Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee - CPC and approved by the Federal Accounting Council - CFC, effective for December 31, 2022.

All relevant information specific to the Financial Statements, and only them, are being evidenced, and correspond to those used by Management in their management.

2.2. Accounting policies

The Financial Statements were prepared in accordance with the accounting practices adopted in Brazil for Small and Medium-Sized Companies (NBC TG 1000), with the result calculated on an Accrual basis.

In preparing the Financial Statements, accounting estimates were considered for recording certain assets, liabilities and other transactions, as well as the exercise of judgment by the Company's management in applying its accounting policies. The areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the Financial Statements, are disclosed in notes in their respective groups.

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

Therefore, these Financial Statements include estimates referring to the selection of useful lives of property, plant and equipment, necessary provisions for contingent liabilities, determinations of provisions for income tax and the like. Actual results may vary from these estimates.

The Company's fiscal year comprises the period from January 1st to December 31st of each year.

3. Summary of main accounting policies

The main accounting policies applied in the preparation of these Financial Statements are set out below. These policies were consistently applied in the years presented, unless otherwise stated.

3.1 Financial instruments

This note presents information on the Company's exposure to each of the aforementioned risks, the Company's objectives, risk management, and capital management exercised by the Company.

Risk management structure - The Company's risk management aims to identify and analyze the risks to which it is exposed, to define appropriate risk limits and controls and to monitor risks and adherence to limits. The Company, through the management of its activities, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Management monitors compliance with the development of its risk control activities, and reviews the adequacy of the risk management structure in relation to the risks faced by the Company.

Types of risk:

- **Liquidity risk:** It is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity management is to ensure, as much as possible, that it always has sufficient liquidity to meet its obligations when they fall due, under normal and stressed conditions, without causing unacceptable losses or risking damage to the Company's reputation.
- **Operational risk** - This is the risk of direct or indirect losses arising from a variety of causes associated with processes, personnel, technology, the Company's infrastructure and external factors, except credit, market and liquidity risks, such as those arising from legal requirements and generally accepted standards of business behavior. Operational risks arise from all operations of the Company.
- The Company's objective is to manage operational risk to avoid the occurrence of financial losses and damage to its reputation, to seek cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for developing and implementing controls to address operational risks is assigned to senior management within each business unit. Accountability is supported by the Society's development of general standards for the management of operational risks in the following areas:

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

- Requirements for proper segregation of duties, including independent authorization of operations;
- Requirements for the reconciliation and monitoring of operations;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the identified risks;
- Requirements for reporting operational losses and proposed corrective actions;
- Development of contingency plans;
- Professional training and development;
- Ethical and business standards;
- Risk mitigation, including insurance, where effective;
- Accounting classifications and fair values.S

The fair value of financial assets and liabilities, together with the carrying amounts presented in the financial statement, are as follows:

	2022	2022
	REAIS	INR
Assets		
Cash and cash equivalents	14,660,737	237,135,639
Accounts receivable	376,242	6,093,756
Liabilities		
Suppliers	1,014,880	16,415,560

3.2 Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments and not for investment or other purposes. The Company considers cash equivalents, demand bank deposits and financial investments that are realizable and considered to be readily liquid or convertible into a known amount of cash and that are subject to an insignificant risk of change in value, which are recorded at cost, plus income earned up to the balance sheet dates, which do not exceed market or realizable value.

3.3 Account receivable

A receivable represents the Company's right to an unconditional consideration amount, that is, it is only necessary for the passage of time for the payment of the consideration to be due. Accounts receivable from customers are recorded at the invoiced amount, including the respective direct taxes for which the Company is liable.

Accounts receivable are not recorded at present value, considering that the Company considered that any adjustments would not be material in relation to the Financial Statements as a whole.

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

3.4 Inventories

Inventories are stated at the lower of cost and net realizable value. Parts cost is determined using the average purchase cost method which is less than replacement costs or realization values. For motorcycles, the control is done by Chassis, that is, it must be assigned using the specific identification of its individual costs.

Net realizable value corresponds to the sale price in the ordinary course of business, less estimated completion costs and estimated costs necessary to complete the sale.

3.5 Fixed assets

They are recorded at cost, and depreciation is calculated using the straight-line method and recorded as operating expenses, according to the estimated useful life of the assets.

Depreciation is recognized in order to allocate the cost of assets, less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for asset depreciation:

	Depreciation rate
Property and equipments	25%
Computers and softwares	25%

3.6 Impairment of financial assets

At the end of each fiscal year, property, plant and equipment are reviewed to determine whether there is any indication that these assets have suffered an impairment loss. If there is an indication of a recovery problem, the recoverable amount of any affected asset (or group of related assets) is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognized immediately in profit or loss.

As in the previous paragraph, at the end of each fiscal year, inventories are assessed for impairment, comparing the book value of each inventory item (or group of similar items) with its selling price Less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to the selling price less costs to complete and sell and an impairment loss is recognized immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories) , but not exceeding the amount that would have been determined if no impairment loss had been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

It was not necessary to carry out an impairment test for the year 2022.

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

3.7 Suppliers

Accounts payable to suppliers are obligations payable for goods or services that were acquired from suppliers in the ordinary course of business and are initially recognized at fair value and subsequently measured at amortized cost using the interest rate method, effective, including, when applicable, exchange variations incurred up to the closing date of the Financial Statements. In practice, they are normally recognized at the amount of the corresponding invoice, adjusted to present value, when the effect is material.

3.8 Provisions

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation. Provisions are recorded based on the best estimates of the risk involved.

3.9 Other assets and liabilities

An asset is recognized in the balance sheet when it is probable that its future economic benefits will flow to the Company and its cost or value can be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an economic resource will be required to settle it. Provisions are recorded based on the best estimates of the risk involved. Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next 12 (twelve) months, otherwise they are shown as non-current.

3.10 Accounting estimates

The preparation of Financial Statements in accordance with accounting practices adopted in Brazil requires that the Company's Management use its judgments in determining and recording accounting estimates. The settlement of transactions involving these estimates may result in values different from those estimated due to inaccuracies inherent to the process of their determination. The Company reviews estimates and assumptions at least annually, taking into account changes in circumstances.

(a) Fair value of financial instruments

The fair value of financial instruments actively traded in organized financial markets is determined based on the purchase prices quoted in the market at the close of business on the balance sheet date, without deducting transaction costs.

(b) Provisions for contingencies

The assessment of the likelihood of loss includes: (i) the assessment of available evidence, (ii) the hierarchy of laws, available jurisprudence, (iii) the most recent court decisions and (iv) their relevance in the legal system, as well as the assessment of external lawyers.

(c) Allowance for doubtful debts

Analysis of the need to provision for overdue amounts that are not expected to be received.

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

3.11 Result calculation

The result of operations is determined in accordance with the accrual basis of accounting, using the historical cost for its measurement.

Revenue is recognized to the extent that it is probable that the economic benefits will be generated for the Company and its measurement can be reliably made. Revenue is measured based on the fair value of the consideration received, excluding discounts, rebates and sales taxes or charges.

3.12 Taxation

The Company is taxed based on Actual Profit, which includes the following taxes: income tax, social contribution, PIS and COFINS. Taxes are classified as a revenue reducer.

3.13 Changes to new standards that are not yet in effect

The new and amended standards and interpretations issued, but not yet in force up to the date of issuance of the Company's Financial Statements, if applicable, will be adopted when they come into force.

4. Cash and cash equivalents

	2022 REAIS	2022 INR
Resources in banks	33	534
Financial investments	14,660,704	237,135,105
Total	14,660,737	237,135,639

Short-term investments are substantially represented by investments in a fixed income investment fund at 20% CDI - Overnight. Investments and redemptions can be carried out at any time by the Management without affecting its profitability or value.

5. Accounts receivable

	2022 REAIS	2022 INR
National customers	376,742	6,093,756
(-) Estimated losses on bad debts	-	-
Total	376,742	6,093,756

There is a 100% guarantee that the balances arising from sales will be received, Bajaj uses the FLOORPLAN receipt method, in which Bajaj has up to 7 days to forward the receivables to the ALFA bank (D+7). Banco ALFA guarantees 100% of the amounts receivable to Bajaj, which are paid on D0, when the remittance is sent by 12:00 of the day and D1 when it is sent after 12:00.

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

The opening of the balance receivable from customers in 2022 for their maturities is shown as follows:

	2022 REAIS	2022 INR
Due in 30 days	376,742	6,093,756
Due in 60 days	-	-
Due in 90 days	-	-
Due in 120 days	-	-
Due in 180 days	-	-
Due in 360 days	-	-
Overdue for more than 360 days	-	-
Total	376,742	6,093,756

6. Inventory

	2022 REAIS	2022 INR
Finished products for sale	252,541	4,084,820
Total	252,541	4,084,820

The goods obtained for resale come from its only international supplier, nationalized and assembled by the national supplier DAFRA. The goods are purchased for the purpose of resale in the national territory.

The motorcycles that remained in stock are the DOMINAR-160 model, awaiting the change of tires for resale.

7. Advances

	2022 REAIS	2022 INR
Advance to suppliers	12,536,236	202,772,093
Total	12,536,236	202,772,093

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

8. Taxes and contributions to be compensated

	2022 REAIS	2022 INR
IRRF s/ rendimentos aplicação financeira	32,249	521,624
Total	32,249	521,624

9. Prepaid expenses

Prepaid expenses correspond to the D&O insurance policy (protection for the Company's executives and directors). Its term began on September 15, 2022 and will end on September 15, 2023.

10. Refundable deposits

The refundable deposits correspond to the security deposit related to the leasing of real estate. The same may be used to offset debts upon termination of the contract. Include the office property and the expatriate's property.

11. Fixed Assets

	<u>Property and Equipments</u>	<u>Computers and Softwares</u>	<i>Amt. in REAIS</i> <u>Total</u>
On December 31, 2022			
Opening balance	-	-	-
Acquisitions	21,216	23,267	44,483
Depreciation	-	(697)	(697)
Accounting balance, net	<u>21,216</u>	<u>22,571</u>	<u>43,787</u>
On December 31, 2022			
Cost	21,216	23,267	44,483
Accumulated depreciation	-	(697)	(697)
Accounting balance, net	<u>21,216</u>	<u>22,571</u>	<u>43,787</u>

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

	<u>Property and Equipments</u>	<u>Computers and Softwares</u>	<i>Amt. in INR</i>
			<u>Total</u>
On December 31, 2022			
Opening balance	-	-	-
Acquisitions	343,166	376,357	719,523
Depreciation	-	(11,274)	(11,274)
Accounting balance, net	<u>343,166</u>	<u>365,083</u>	<u>708,249</u>
On December 31, 2022			
Cost	343,166	376,357	719,523
Accumulated depreciation	-	(11,274)	(11,274)
Accounting balance, net	<u>343,166</u>	<u>365,083</u>	<u>708,249</u>

In the Cash Flow Statement, the total depreciation of fixed assets was added to the depreciation line, For acquisitions, the same item was also considered,

Fixed assets acquired during 2022 were used to start operations in Brazil, such as computers for the administrative staff and a platform to display motorcycles at events, Equipment for motorcycle transport,

12. Suppliers

	<u>2022 REAIS</u>	<u>2022 INR</u>
National suppliers	1,014,880	16,415,560
Total	<u>1,014,880</u>	<u>16,415,560</u>

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Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

13. Taxes and contributions to collect

	2022 REAIS	2022 INR
Social Security Financing Contribution (COFINS)	122,811	1,986,455
Withholding tax on salaries (INSS)	54,700	884,766
Social Integration Program (PIS)	26,570	429,766
Social Contribution withheld at source (CS RF)	7,339	118,707
Income Tax withheld at source on third parties	1,938	31,347
National Institute of Social Security for third-party social security to be collected	1,032	16,692
Municipal Service Tax withheld at source (ISS RF)	200	3,234
Total	214,590	3,470,967

Only PIS and COFINS are levied on direct transactions, Other taxes are withheld from suppliers and on wages,

14. Salaries and social charges

	2022 REAIS	2022 INR
National Institute of Social Security Payable	51,178	827,799
Guarantee Fund on Length of Service Payable	16,349	264,442
Total	67,527	1,092,241

15. Provisions

	2022 REAIS	2022 INR
Bonus allowance	179,410	2,901,939
Vacation provision	92,230	1,491,810
National Institute of Social Security vacation allowance	25,640	414,722
Provision of employee benefits	22,416	362,575
Guarantee Fund on Length of Service vacation provision	7,378	119,336
Total	327,074	5,290,382

The bonus provision is related to 100% of the employees' offer letter, The Provision for benefits refers to Bradesco, which had not received documentation on the balance sheet closing date,

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Explanatory notes to the Financial Statements in December 31, 2022

16. Other provisions

	2022 REAIS	2022 INR
Provision for rendered services	248,390	4,017,680
Provision for warranty	18,200	294,381
Total	266,590	4,312,061

The Company grants a 3-year warranty period for motorcycles, In this way, it is responsible for replacing any part of the motorcycle that is in its period of regular use and does not comply with the expected characteristics, The guarantee is not applicable in cases of misuse of the equipment or in cases of severe use,

17. Related parts

On December 31, 2022, Bajaj Auto Limited, which holds 100% of the shares of the Company, also produces CKD kits (Completed Knock-Down - term for kits completely disassembled to be assembled) of motorcycles that are produced by Dafra and marketed by Society in Brazil, Dafra is not an exclusive supplier to the Company and also has no influence on the management of the Company, Bajaj Auto Limited, as it holds 100% of the shares of the Company, has control over and determines the Company's management guidelines, in addition to making contributions when necessary,

18. Share capital and reserves

On December 31, 2022, the share capital is represented by 15,000,000 shares, fully subscribed and paid in, representing a nominal value of R\$ 15,000,000 (fifteen million reais),

The Company's share capital is 15,000,000 shares with a nominal value of R\$ 1,00 each, distributed as follows:

	Share Capital REAIS	Share Capital INR	N° of shares
Quotistas			
Bajaj Auto Limited	15,000,000	242,623,177	15,00,000
Total	15,000,000	242,623,177	15,00,000

	2022 REAIS	2022 INR
Foreign subscribed share capital	15,000,000	242,623,177
AFAC - Advance for future capital increase	15,000,000	242,623,177
Losses for the year	(3,891,124)	(62,938,458)
Total	26,108,876	422,307,896

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Explanatory notes to the Financial Statements in December 31, 2022

CFC Resolution 1,159/2009, stipulates that advances for future capital increases made, without the possibility of their return, must be recorded in Shareholders' Equity, after the share capital account. Accordingly, any advance for future capital increase that may be carried out by the Company will be recorded within Shareholders' equity under the caption "Share Capital",

19. Liquid revenue of sales

The reconciliation of gross revenue from services provided to net revenue is as follows:

	2022 REAIS	2022 INR
Gross revenue from sales and serviços prestados		
Sales to third parties - Domestic market	3,367,400	54,467,286
	3,367,400	54,467,286
Sales taxes		
Social Security Financing Contribution (COFINS)	(255,342)	(4,130,126)
Social Integration Program (PIS)	(55,436)	(896,671)
	(310,778)	5,026,797
Liquid revenue of sales	3,056,622	49,440,489

In the first month of operation (December 2022) 182 motorcycles were sold,

20. Costs

	2022 REAIS	2022 INR
Cost of goods sold		
Goods resale cost	(2,577,981)	41,698,529
Warehousing	(29,960)	484,600
Runway rental - cost	(21,450)	346,951
Warranty cost	(18,200)	294,383
	(2,647,591)	42,824,463
Cost of services provided		
Consulting services	(59,700)	(965,640)
	(59,700)	(965,640)
Overall costs		
Driving and transport	(71,502)	(1,156,536)
	(71,502)	(1,156,536)
Total	(2,778,793)	(44,946,639)

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Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

21. Personnel expenses

	2022	2022
	REAIS	INR
Salaries	(791,919)	(12,809,194)
National Institute of Social Security (INSS)	(265,023)	(4,286,715)
Provision of employee bonuses	(179,410)	(2,901,935)
Vacation	(92,230)	(1,491,809)
Guarantee Fund on Length of Service	(76,266)	(1,233,593)
13th salary	(69,173)	(1,118,865)
Health care	(49,217)	(796,079)
Meal ticket	(25,400)	(410,842)
Temporary employment	(9,985)	(161,506)
Total	(1,558,623)	(25,210,538)

22. Business expenses

	2022	2022
	REAIS	INR
Advertisements and advertisements	(746,381)	(12,072,622)
Events	(183,063)	(2,961,022)
Services provided	(55,586)	(899,097)
Graphic services	(33,360)	(539,594)
Equipment for events	(30,721)	(496,908)
Marketing materials	(31,140)	(503,686)
Gifts	(10,871)	(175,837)
Other marketing expenses	(301,416)	(4,875,367)
Total	(1,392,538)	(22,524,133)

Commercial expenses come from events related to the launch of the Bajaj brand in Brazil, along with the test ride event,

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Explanatory notes to the Financial Statements in December 31, 2022

23. Expenses with services rendered

	2022 REAIS	2022 INR
Advocative hours	(384,493)	(6,219,128)
Accounting service	(295,093)	(4,773,093)
Recruitment and selection services	(44,378)	(717,809)
Administrative services	(32,261)	(521,818)
Audit services	(32,200)	(520,831)
Translation services	(23,858)	(385,900)
Advisory services	(17,039)	(275,604)
Consulting services	(12,000)	(194,098)
Commission and brokerage services	(8,500)	(137,486)
IT consultancy	(1,776)	(28,727)
Total	(851,598)	(13,774,494)

Expenses with legal fees refer to the Company's opening contracts, tax analyses, contracts with suppliers, concessionaires, among others,

24. Travel expenses

Travel expenses come from airline tickets, food and accommodation related to visits made to the headquarters in India in the pre-operational phase to align the national operation, National trips were for the development of new dealerships for the Bajaj network and relationship with dealerships and future partners,

25. Occupancy expenses

Occupancy expenses come from renting rooms for the administrative staff,

26. Expenses with utilities and services

Expenses with utilities and services correspond to the D&O insurance policy (protection for the Company's executives and directors), Its term began on September 15, 2022 and will end on September 15, 2023,

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Explanatory notes to the Financial Statements in December 31, 2022

27. Expenses with/taxes, fees and contributions

	2022 REAIS	2022 INR
Federal Financial Operation taz (IOF)	(118,966)	(1,924,260)
Other federal taxes and fees	(8,667)	(140,188)
Total	(127,633)	(2,064,448)

The IOF expense comes from the exchange contract for paying in capital and advance on future capital increase (AFAC),

28. Other expenses and income

	2022 REAIS	2022 INR
Other non-deductible expenses	(121,350)	(1,962,821)
Other expenses	(31,015)	(501,664)
Expenses without receipts	(234)	(3,785)
Total	(152,599)	(2,468,270)

The other non-deductible expenses refer to the reimbursement of DAFRA expenses inherent to the PPB process - (Basic Production Process and Tooling),

29. Financial result

	2022 REAIS	2022 INR
Financial income		
Income on financial investments	160,048	(2,588,757)
	160,048	(2,588,757)
Financial expenses		
Social Security Financing Contribution on financial income	(6,402)	(103,552)
Commissions and bank charges	(1,384)	(22,386)
Fines and interest on late payment	(1,251)	(20,235)
Social Integration Program on financial income	(1,040)	(16,821)
	(10,077)	(162,994)
Financial expenses, net	149,971	2,425,763

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Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements in December 31, 2022

30. Objectives and policies for financial risk management

The main financial liabilities of Bajaj do Brasil Comércio de Motocicletas Ltda, refer to accounts payable and suppliers, Bajaj do Brasil Comércio de Motorcicletas Ltda, it has accounts receivable from customers, other accounts receivable and demand and short-term deposits that result directly from its operations, The Company is exposed to market risk, Not exposed to credit and liquidity risk,

31. Insurance Coverage

In 2022, the Company contracted Civil Liability insurance for all its intellectual properties, with a limit of BRL 5,000,000,00

The risk assumptions adopted, given their nature, are not part of the scope of an audit of Financial Statements, consequently they were not analyzed by the independent auditors,

Approval of Financial Statements

The undersigned, members of the Board of Directors and Accountant responsible for Bajaj do Brasil Comércio de Motocicletas Ltda,, in the exercise of their legal and statutory functions, examined the balance sheet and the Financial Statements, accompanied by the Independent Auditors' Report, referring to the financial year 31 December 2022 and having received all the requested information, declare that the figures reflect the economic situation of the Company and approve them,

The Financial Statements were prepared in accordance with the accounting practices adopted in Brazil and the rules issued by the Federal Accounting Council (CFC), which cover the Corporate Legislation, Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee (CPC),

São Paulo, februray 27, 2023,

Waldyr Roma de Almeida Ferreira

Administrative Director
CPF: 028,796,947-95

Marilia Luciana Macedo da Silva

Contadora
CRC -SP-222,927/O-9

* * *

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