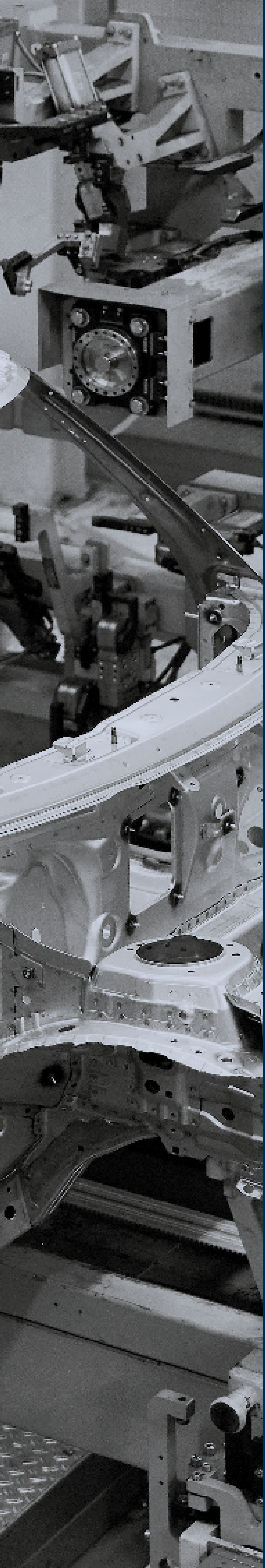
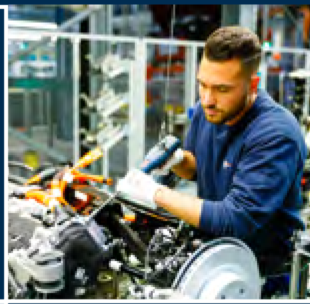
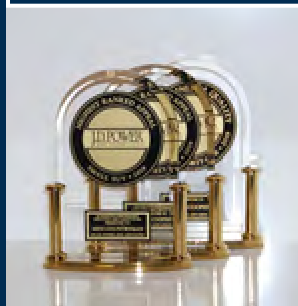






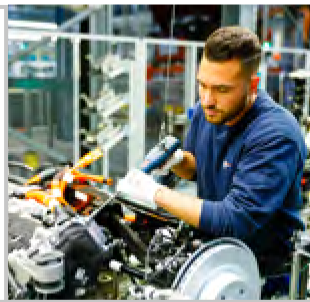
PROUD TO BE FIRST CHOICE

VDL Nedcar

CONTENTS

ANNUAL

REPORT 2019



PROUD TO BE FIRST CHOICE

VDL Nedcar

PROFILE OF VDL NEDCAR

VDL Nedcar B.V. (VDL Nedcar) is a limited liability company. Since 14 December 2012, the issued and paid-up share capital of the company of € 250,010,091 has been held in full by the Dutch company VDL Groep B.V. (VDL Groep) located in Eindhoven. Since 15 October 2013 the shares are held via VDL Car Beheer B.V., a full subsidiary of VDL Groep.

As from its founding in 1967 the principal activity of the company - formerly known as Daf Personen-autofabriek B.V., Volvo Car B.V. and Netherlands Car B.V. - was the volume production of passenger cars for its respective shareholders. It produced various passenger car models under the brands DAF, Volvo, Mitsubishi and smart. Since the end of 2012 the company - under its new name VDL Nedcar B.V. - has developed into an independent vehicle contract manufacturer, with the BMW Group as its first client. It now manufactures different models for the MINI and BMW brands. The company also produces sheet metal parts for various customers.

We enable our employees to tap into their own drive and passion to produce high quality cars, on time, and with a sense of enjoyment, while constantly striving for maximum customer satisfaction both for our own clients and for the end users, the car drivers. Strength through cooperation helps us secure the future of car manufacturing in the Netherlands.

VDL Nedcar's registered office is in Sittard-Geleen (Born), the Netherlands. The Articles of Association of VDL Nedcar were confirmed by a notarial instrument dated 30 November 1991 and most recently amended by an instrument dated 15 April 2019. The company is entered in the Trade Register of the Chamber of Commerce and Industry for Zuid-Limburg in Roermond, under number 14027374.

Statutory directors

P. van Vuuren (Chief Executive Officer)	as of 11 December 2017
VDL Car Beheer B.V. (General director)	as of 15 October 2013

Company Secretary

H. Ambergen	as of 1 April 1999

VDL Nedcar has gained certification for:
IATF 16949:2016, ISO-9001:2015, ISO-14001:2015 and ISO-27001:2013.

KEY FIGURES

All financial amounts x € 1,000

	2019	2018	2017	2016	2015
Invoiced sales	3,084,752	3,653,405	2,841,219	1,367,538	911,462
Operating result	44,711	53,716	41,104	32,612	24,056
Result before taxation	45,341	53,923	41,531	33,075	24,296
Result before taxation / sales	1.5%	1.5%	1.5%	2.4%	2.7%
Net profit	34,353	40,776	31,515	25,078	18,408
Net profit / sales	1.1%	1.1%	1.1%	1.8%	2.0%
Depreciation on tangible fixed assets	48,271	45,802	38,101	24,705	21,735
Cash flow	82,624	86,578	69,616	49,783	40,143
(Dis)investments tangible fixed assets	23,508	27,364	66,147	49,958	54,810
Shareholders' equity	385,994	351,641	310,865	279,350	254,272
Balance sheet total	673,781	752,517	760,590	565,158	484,794
Solvency	57.3%	46.7%	40.9%	49.4%	52.4%
Net profit / shareholders' equity	8.9%	11.6%	10.1%	9.0%	7.2%
Production volume (units)	174,097	211,660	168,969	87,609	57,019
Number of employees as at 31 December	4,951	5,894	6,546	4,686	2,461
Average number of payroll employees	4,227	3,847	2,515	2,086	1,928

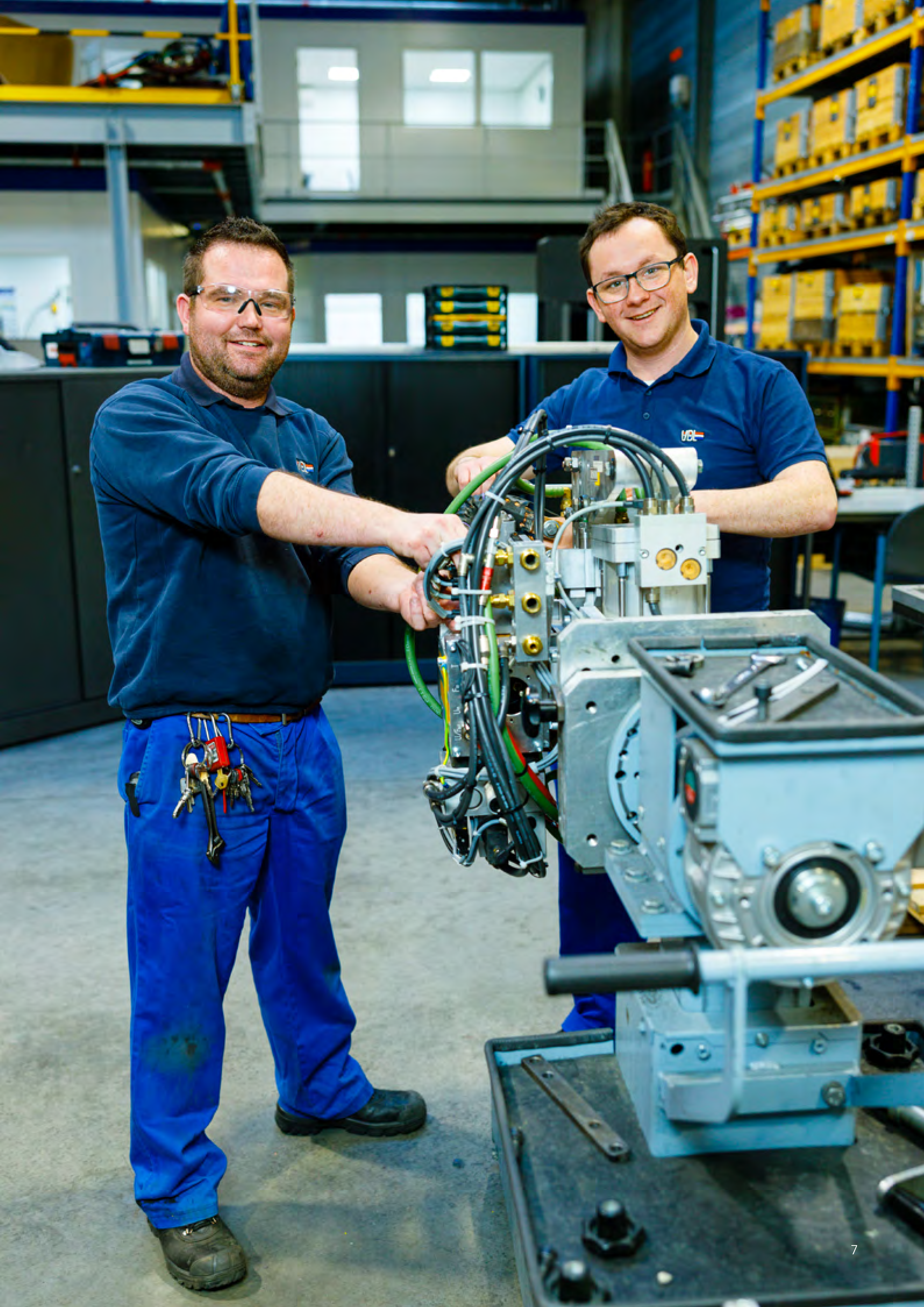
PROFILE OF VDL GROEP

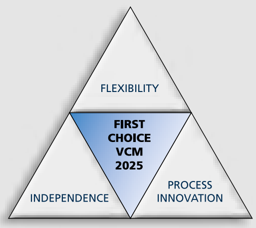
VDL Groep develops and produces a wide variety of industrial products, from advanced parts to finished products. They vary from solutions for the automotive sector to the semiconductor industry and the consumer market. This range has one common factor: our unique combination of thinking and doing, and this is what makes us distinctive. We believe that the strength of achieving real success lies in the pride of our employees who make our products.

As a family business we traditionally recognise the importance of the values of honesty, respect, and accessibility. Respect for our employees and for the world around us. Our Dutch roots and no-nonsense attitude combined with the high-tech innovations we provide is what make us unique. Our drive to continuously want to improve, to break the standards and to take on new challenges enables us to switch quickly if new opportunities arise. This creates technical innovations that help improve people's lives.

Our employees are our organisation's greatest asset. They make the difference. By working together closely and combining workmanship with innovation, we inspire each other to make changes. We are aware that the decisions we make today will affect the world of tomorrow. This is a responsibility we are happy to take on. We stand for strength through cooperation.

VDL Groep was founded in 1953. The third generation of the Van der Leegte family is now at the helm of the international industrial family business with its headquarters in Eindhoven. VDL Groep employs some 16,000 employees and operates in 20 countries. The group encompasses 104 operating companies - each with its own specialism - that work together closely. Combined annual turnover in 2019 equalled € 5.780 billion.





Review

Since MINIs were first put into production in mid-2014 until the end of the record year 2018 our production volumes were increased strongly by the launch of new models for our client BMW Group. In 2019, the production volume fell for the first time since the start of our collaboration. This fall was anticipated in the contract, but was reinforced by the pressure on car sales since September 2018. These falling sales are the result of several uncertainties in the automotive sector. On the one hand, distorted trade relationships and Brexit have led to a reshuffling of the production landscape in the automotive industry. On the other hand, the sector is facing far-reaching technological developments and new mobility concepts. Generally speaking, these are turbulent and challenging times, and the transition that needs to be made requires all players to make haste.

Throughout 2019, VDL Nedcar manufactured the MINI Convertible, MINI Countryman, MINI Countryman-PHEV and the BMW X1 for BMW Group. All the set targets in terms of quality and delivery reliability were met. And in 2019, VDL Nedcar was presented with as many as three prestigious JD Power Awards: the Initial Quality Survey (IQS) for the MINI Convertible and the Automotive Performance Execution and Layout (APEAL) Awards for the MINI Convertible and for the Mini Countryman. The IQS Award in particular shows the exceptional professionalism of our employees and the remarkable quality awareness in our organisation. We are suitably proud of this.

Products and production volume

In 2019, VDL Nedcar produced a total of 174,097 MINI Cabrio, MINI Countryman, MINI Countryman-PHEV and BMW X1 vehicles (2018: 211,660). The invoiced sales figure of € 3.09 billion (2018: € 3.65 billion) was attributable primarily to the production of these vehicles.

Personnel

A major added value of a Vehicle Contract Manufacturer like VDL Nedcar is the flexibility it offers to its clients, both in terms of fluctuating production volumes and model ranges. The ability to respond to our clients' demand is a condition for securing our future. For example, in 2019 we had to adjust our workforce to the falling production figures. This was done largely by reducing the number of employees with a flexible work contract. The total number of employees fell from 5,894 (end of 2018) to 4,951 (end of 2019); the number of employees with a VDL Nedcar employment contract increased from 4,431 (end of 2018) to 4,458 at the end of 2019.

Result and distribution of dividend

The result after tax of € 34.4 million has been added to the shareholders' equity. No dividend was distributed.

Use of funds

In 2019, the total value of company assets fell from € 752.8 million to € 673.5 million. Net investments amounted to € 23.5 million while a total of € 48.3 million was released from depreciation. This resulted in a fall in the book value of tangible fixed assets of € 24.8 million. Due to the fall in the production volume the current assets also fell during the year under review from € 489.3 million to € 435.3 million.

The result added to the shareholders' equity together with a lower balance sheet total increased our solvency from 46.7% (end of 2018) to 57.3% at the end of 2019.

Financing

The company did not make any use of external financing in 2019. In the 2019 financial year a negative cash flow of € 0.9 million was generated. This was mainly a result of a fall in operating capital and free cash flow from investments versus depreciation. Since a positive operating cash flow is expected for 2020, we do not expect to call upon external financing in 2020. For explanatory notes regarding the financial instruments, please see the principles applied for valuation and determination of results, as stated in the annual accounts.

Vision, strategy and culture

In all our activities we operate according to the motto: '*Proud to be First Choice!*'; we want to be the first choice for all our stakeholders, to make them and us proud. Under this heading we set to work to realise the following vision:

> *Based on their drive, their passion and their pleasure we enable our employees to produce high-quality cars on time. Through our flexibility we make the difference. We constantly strive for a high level of customer satisfaction, both for our customer and eventually the car driver. Based on our strength through cooperation we help secure the continuity of car manufacturing in the Netherlands*

In 2019 we focused on embedding our mission and vision more deeply and strongly within the organisation. We also defined our strategy for securing our position as an independent automobile manufacturer in the Netherlands under the heading '*First Choice VCM 2025*'. This strategy helps us to withstand the various disruptions and the turbulence in the automotive sector, which will continue to lead to challenging market conditions in the coming years. Based on three strategic pillars, we are working to secure our position in the long term, specifically: independence, flexibility and process innovation

Independence: Both the turbulence in the automotive market and VDL Nedcar's history show that in our sector there are no certainties. To be able to safeguard the continuity of VDL Nedcar based on our own strengths, an independent position is an absolute condition. In this context, for example, we are working closely with sister companies within the VDL Groep to diversify and expand our activities.

Flexibility: As a Vehicle Contract Manufacturer we are the flexible shell of the OEM; our raison d'être is to offer flexibility. So equipment and processes must be adaptable for multiple technologies and project types. Ultimately it is our employees who make the real difference.

Process innovation: As a Vehicle Contract Manufacturer we not only compete with our fellow VCMs, but in particular with the OEMs' own production facilities. To secure our ability to stand out, we have to focus on process innovation, with the objective to be able to manufacture as flexibly as possible and at the best cost price possible. After all, the OEM currently has its hands full with product innovation.

These three pillars do not prevent us from continuing to work on good employment practices based on our culture and leadership programme. After all, it is our employees who make sure that we deliver high-quality cars on time. The findings of the employee satisfaction survey conducted at the end of 2019 confirm that we are on the right track. The points for improvement that emerged from this survey contribute to forming the basis for further improving their welfare and wellbeing. Our strategy continues to be based on '*employees first*'.

Risks and points for attention

In 2019, the automotive industry was faced with a whole raft of social, technological and macroeconomic developments. In the last months of 2019, car sales improved somewhat in Europe, only to fall again in January 2020. The first impact of the COVID-19 virus on car sales and the manufacturing chain is visible. This all makes it hard to estimate volume developments. The dynamics accompanying this puts pressure on the creativity and flexibility of all stakeholders and requires large investments. Profitability in the sector is clearly under pressure. As an independent car manufacturer, VDL Nedcar will have to be creative, flexible and innovative if we want to continue to deliver added value as a Vehicle Contract Manufacturer.

The discussions with BMW Group about follow up contracts have resulted in 2019 in the signing of a manufacturing agreement for one new vehicle model. This secures the continuity of car manufacture at VDL Nedcar until far into the 2020s. Although our collaboration with BMW is favourable, our dependence on one client is a strategic risk in the medium term. So we are striving to mitigate this risk by acquiring contracts from new clients. There is a great deal of interest in our production facilities.

We are therefore making the necessary preparations to upscale our production volumes. We are working in close cooperation with the authorities to enlarge our production facilities, both where spatial planning and licensing are concerned. To make this physically possible as well, in cooperation with VDL Groep we have acquired strategic land positions, which will be converted to concrete purchases during the course of 2020.

Corporate social responsibility

In all its business operations, VDL Nedcar focuses specific attention on corporate social responsibility. We do this based on the conviction that CSR is a precondition for long-term continuity. Socially responsible operation is not only demanded by our clients. It also fulfils the rightful expectations of our workforce, our shareholder, our immediate environment and society as a whole. With that in mind, not all our decisions are based exclusively on commercial considerations. Other criteria that are clearly considered include energy saving, environmental awareness, equal treatment and ties with society.

Sustainability has been an integrated part of our business operations for many years. We endeavour to limit the impact of our actions on the environment as much as possible and, where this is technically and economically responsible, we choose for sustainable solutions. In recent years, for example, we have taken several initiatives with regard to sustainability and the environment. But we are not there yet. There are still many challenges to be overcome to meet the ambitious climate targets. In 2030, greenhouse gases emissions have to have fallen by 49% compared to the reference year 1990. In concrete terms, this means that the energy system will have to change drastically. Energy savings and efficiency are a logical first step towards achieving sustainability and reducing CO_2 emissions. The study conducted into this confirms there are various options here. We are also working on the placement of solar panels on our company buildings.

Outlook

We expect a drop in this year's profit before tax, in particular due to the consequences of the COVID-19 virus outbreak. Car sales and car production volumes are under pressure. In that respect it turned out to be necessary to temporarily suspend production in our plant. Where necessary and possible VDL Nedcar will make use of the emergency support package developed for this by the Dutch government. At the same time the project activities for the new vehicle model and the investments needed for this will require attention. The tension this creates between the daily as 'lean and mean' as possible manufacture of cars and building for the future on a project basis resulted in our restructuring plan 'Building for tomorrow'. This plan has the aim to embed employment opportunities wherever possible within VDL Nedcar and thus in the region. As part of this, we are doing all we can to (continue to) develop our workforce.

In 2020, the investment level will be significantly higher than in 2019. Alongside the planned investments for the new vehicle model, the effecting of the land purchases and accompanying licence applications, the investments in 2020 will focus particularly on optimising the business and ensuring its futureproofness. In line with Industry 4.0 we will further digitalise and optimise our production facilities. Based on the principle of added value, improving flexibility is our task. This gives us, as Vehicle Contract Manufacturer, our raison d'être.

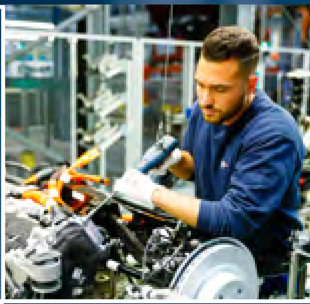
Notwithstanding all uncertainties we have every confidence in the longer-term outlook as an independent manufacturer. VDL Nedcar shall continue to act flexibly for its clients and respond to the dynamics of the automotive sector. After all, VDL Nedcar acts as a flexible capacity buffer for its clients. Our strength is our ability to respond rapidly to changing market conditions.

We can look back with satisfaction and due pride on the turbulent year 2019. We would like to express our appreciation for our workforce, who have shown their flexibility, dedication and professionalism. We would also like to thank everyone else who has played a part in achieving these results. In 2020, we shall continue to build for the future of our company. In these efforts, we rely on the support of everyone involved in our company.

In the first quarter of 2020, VDL Nedcar achieved a sales figure of € 626 million as compared to € 925 million in the first quarter of last year.

Sittard-Geleen (Born), 20 April 2020
The Management Board

FINANCIAL
STATEMENTS
2019



PROUD
TO BE FIRST
CHOICE

BALANCE SHEET

All amounts x € 1,000

After profit appropriation

		31 December 2019		31 December 2018
ASSETS				
Fixed assets				
Tangible fixed assets		238,457		263,220
Current assets				
Inventories and work in progress		83,400		82,714
Receivables		350,903		404,693
Liquid assets		1,021		1,890
		673,781		**752,517**
LIABILITIES				
Shareholders' equity				
Share capital	250,010		250,010	
Premium reserve	50,000		50,000	
Revaluation reserves	43,305		44,001	
Other reserves	42,679		7,630	
		385,994		351,641
Provisions		37,598		31,859
Current liabilities		250,189		369,017
		673,781		**752,517**

PROFIT AND LOSS ACCOUNT

All amounts x € 1,000

		2019		2018
Invoiced sales		3,084,752		3,653,405
Change in construction contracts		–3,693		10,582
Net sales		3,081,059		3,663,987
Mutation of work in progress		2,114		–3,158
Other operating income		11,886		12,240
Total operating income		3,095,059		3,673,069
Costs of raw materials and consumables	2,557,524		3,042,574	
Costs of work contracted out	77,900		94,576	
Wages and salaries	318,327		378,670	
Depreciation on tangible fixed assets	48,271		45,802	
Other operating costs	48,326		57,731	
Total operating costs		3,050,348		3,619,353
Operating result		44,711		53,716
Financial income and expenses		630		207
Result before taxation		45,341		53,923
Taxation		–10,988		–13,147
RESULT AFTER TAXATION		**34,353**		**40,776**

CASH FLOW STATEMENT

All amounts x € 1,000

		2019		2018
Cash flow operational activities				
Operating result		44,711		53,716
Adjustments for:				
Depreciation on tangible fixed assets	48,271		45,802	
Change in provisions	5,218		5,511	
Impairment of financial fixed assets	0		24	
		53,489		51,337
Change in working capital:				
Inventories	–686		4,761	
Construction contracts	3,693		–10,582	
Trade receivables	77,012		–6,764	
Other receivables	–23,222		–27,802	
Debts to trade creditors	–89,659		–34,228	
Other current liabilities	–32,862		–10,051	
		–65,724		–84,666
Cash flow business operations		32,476		20,387
Interest paid / received	630		207	
Paid income taxes	–10,467		–12,646	
		–9,837		–12,439
Cash flow operational activities		22,639		7,948
Cash flow investment activities				
Investments in tangible fixed assets	–23,830		–27,916	
Disinvestments tangible fixed assets	322		552	
Cash flow investment activities		–23,508		–27,364
Change to cash flow		–869		–19,416
Liquid assets developed as follows:				
Position as at 1 January		1,890		21,306
Change in financial year		–869		–19,416
Position as at 31 December		1,021		1,890


VS0110
STILL
TG 760
ROUTE 3
STILL
TG 760
ROUTE 2

PRINCIPLES FOR VALUATION AND DETERMINATION OF RESULT

GENERAL

Activities
The principal activities of VDL Nedcar B.V. are the production of passenger cars and components, parts and accessories.

Establishment address
VDL Nedcar B.V. is effectively established at Dr. Hub van Doorneweg 1 in Born, the Netherlands.

Group structure
VDL Nedcar B.V. is part of the VDL group (Groep). At the head of this group is VDL Groep B.V. with its registered office in Eindhoven, the Netherlands. The financial statements of VDL Nedcar B.V. are included in the consolidated financial statements of VDL Groep B.V. The consolidated financial statements of VDL Groep B.V. are available at the office of VDL Nedcar B.V..

Estimates
In applying the principles and policies for drawing up the financial statements, the directors of VDL Nedcar B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, of the Dutch civil code, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Consolidation

As from 2016, no further consolidated financial statements have been drawn up for VDL Nedcar B.V. since the participations held by the company both individually and jointly are of negligible importance. The participations are liquidated in 2018.

Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition, statutory directors, other key management of VDL Nedcar B.V. or the ultimate parent company and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Accounting policies for the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities.

GENERAL PRINCIPLES

General

The financial statements are prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Comparison with previous year

The principles of valuation and determination of result remain unaltered as compared with the previous year, with the exception of classification changes.

Foreign currencies

The financial statements are prepared in euros. This is both the functional and presentation currency of VDL Nedcar B.V. Transactions in foreign currencies during the reporting period are stated in the financial statements at the exchange rate on transaction date.

Operational leasing

The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Financial instruments

All financial instruments reported in the balance sheet are valued at (amortised) cost price. VDL Nedcar had no derivative financial instruments.

ACCOUNTING STATEMENTS FOR THE BALANCE SHEET

FIXED ASSETS

Tangible fixed assets
Buildings and land used for business purposes are valued at historical cost. In this connection, use is made of the transition ruling as contained in RJ 212.8 as a result of which the fair value as at 1 January 2016 was taken as the underlying principle and start value of the historical cost price. Straight-line depreciation is applied, taking account of the estimated useful life of the assets in question and impairments. There is no depreciation on land. A deferred taxation of 15% was taken into account on the revaluation of buildings based on the transition ruling. For land no deferred taxation is taking into account.

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

For obligations to restore the asset after use (dismantling cost), a provision is recognised. This position is built up during the lifetime of the asset in question.

Major maintenance expenses are capitalized and amortized over the expected useful life. Costs for regular maintenance and repair are charged directly to the result.

Grants on investments are deducted from the historical cost price or production cost of the assets to which the grants relate.

The estimated useful life per category is:

Buildings	:	33 1/3	years
Renovations and facilities	:	5 – 20	years
Machines and installations	:	5 – 10	years
Other fixed assets	:	5 – 7	years

Depreciation on investments during the year will start on the date of investment.

Impairment of fixed assets
On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined. An impairment occurs if the book value of an asset is higher then the realisable value. The realisable value is higher of the market value and the operating value.

An impairment loss is directly recognised in the income statement. If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

CURRENT ASSETS

Inventories and work in progress
Raw materials and consumables are valued at historical price based on the FIFO method (`first in, first out') or realisable value if lower.

Work in progress is valued at production costs or realisable value if lower. The production costs consist of all costs relating to the acquisition or production and the costs incurred in order to bring the inventories to their current location and current condition. The production costs include direct labour and fixed and variable production overheads, taking into account the costs of the operations office, the maintenance department and internal logistics.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

Construction contracts
Construction contracts on behalf of third parties consist of the balance of realised project costs, allocated profit and if applicable accounted losses and already invoiced instalments. Construction contracts are separately presented in the balance sheet under current assets. If it shows a credit balance, it will be presented under current liabilities.

Receivables
Receivables, including tax and prepayments and accrued income, are recognised initially at fair value and subsequently at amortised cost. The fair value and amortised cost are practically equal to the nominal value. Any provisions considered necessary for bad debt risk shall be deducted. These provisions are determined on the basis of an individual assessment of the receivables.

Liquid assets
Liquid assets consist of cash at bank and in hand. Current account debts to banks are listed under debts to credit institutions under current liabilities. Liquid assets are carried at nominal value.

SHAREHOLDERS EQUITY

Revaluation reserve
The existing revaluation reserve, less any relevant (deferred) tax obligations is, the consequence of the revaluation of land and buildings in the period before 1 January 2016. As a consequence of the transition ruling as laid down in RJ 212.8, this revaluation reserve is released upon realisation, in other words through depreciation or sale in future periods. The realised revaluations are immediately included in the shareholders' equity.

The corresponding release of (deferred) tax obligations is credited to the result under the item tax on result from ordinary business operations.

PROVISIONS

General
Provisions are recognised for legally-enforceable or actual obligations existing on the balance sheet date, whereby an outflow of resources is probably necessary, the scale of which can be reliably estimated.

The provisions are valued at the best estimate for the amounts necessary for settling the obligations as at the balance sheet date. The provisions are valued at nominal value of the expenditure expected to be necessary for settling the obligations, and are mainly longterm, unless otherwise stated.

If a third party is expected to reimburse these obligations, and if it is likely that this payment will be received upon settlement of the obligation, this payment will be deducted from the provisions.

Provision for deferred taxation
The provision for deferred taxation relates to future tax obligations arising from the differences between the valuation of the buildings according to these financial statements and the fiscal valuation of the relevant items. The computation of the deferred tax liabilities is based on the tax rates prevailing at the end of the reporting year and for the revaluation of the buildings the present value of 15%, which is the present value of the currently applicable tax rate.

Guarantee provision
This provision relates to possible costs to be reimbursed for products sold, if for the legal entity an obligation arises due to non-compliance with agreed quality requirements.

Dismantling provision
The provision relates to future dismantling costs for the production lines.
The dismantling provision is built up during the lifetime of these production lines.

Provision for post-retirement medical health benefits
This provision consists of obligations arising from the contribution towards medical health benefits of retired former employees. The provision is built up at nominal value of the future obligations.

Provision for jubilee benefits
The provision for jubilee benefits is measured at the present value of expected benefits payable during employment. The calculation of the provision takes the expected future salary increases and the likely stay into account.

OTHER LIABILITIES

Liabilities are initially recognised at fair value. Transaction costs directly attributable to the acquisition of liabilities are included in the valuation and initial measurement. Following initial measurement, liabilities are valued at amortised cost, being the amount received, taking into account premiums or discounts, less transaction costs. The fair value and amortised costs are practically equal to the nominal value.

PRINCIPLES FOR DETERMINATION OF THE RESULT

GENERAL

The result is determined as the difference between the realisable value of goods and services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

REVENUE RECOGNITION

Sale of goods
Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

Project income and project costs
For construction contracts, the result of which can be measured reliably, the project income and project costs are accounted for as net turnover and costs in the profit and loss account proportionally to the performance provided as at the balance sheet date (the `Percentage of Completion' method or PoC method).

The progress of the performance provided is determined on the basis of the project costs incurred up to the balance sheet date in relation to the estimated total project costs. If the result cannot (yet) be reliably estimated, the income is accounted for as net turnover in the profit and loss account, up to the amount of incurred project costs that can probably be recovered; the project costs are then accounted for in the profit and loss account in the period in which they are incurred. As soon as the result can be reliably determined, revenue recognition is carried out according to the PoC method, proportionally to the performance provided as at balance sheet date.

The result is determined as the difference between the project income and project costs. Project income relates to the contractually agreed income and income from additional and less work, claims and payments if and in as much as it is probable that these will be realised, and can be reliably predicted. Project costs are the costs relating directly to the project, that can generally be allocated to project activities and allocated to the project and other costs contractually attributable to the client.

If it is probable that the total project costs exceed total project income, expected losses are immediately accounted for in the profit and loss account. This loss is reported in the cost of sales. The provision for the loss is part of the construction contracts.

Net turnover
Net turnover comprises the income from sale of goods and realised project income from construction contracts less discounts, etc. and any tax levied on turnover.

Other operating income
Results that do not directly correspond with the delivery of goods and services within the context of the normal, non-incidental business operations are accounted for under other operating income. This income is recorded in the year in which it was realised.

EMPLOYEE BENEFITS

Short-term employee cost
Wages, salaries and social security contributions are recognised in the profit and loss account, on the basis of the employment conditions, in as much as payable to employees.

Pensions
VDL Nedcar B.V. applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result.

MISCELLANEOUS

Depreciation on tangible fixed assets
Tangible fixed assets are depreciated during the expected future useful life of the asset from the moment of commissioning. There is no depreciation on land. If a change is made to the estimated future useful life, future depreciation will be adjusted. Profits and losses from the incidental sale of tangible fixed assets are included under other operating income.

Government grants
Operating subsidies are recorded as income in the income statement in the year in which the subsidised costs were incurred or income was lost or when there was a subsidised operating deficit. Income is recognised when it is probable that it will be received.

Grants related to investments in tangible fixed assets are deducted from the asset to which they relate and recorded in the income statement as part of the depreciation costs.

Interest income and interest expenses
Interest income and interest expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Tax on the result from ordinary business operations
Tax on the result is calculated based on the result before tax in the profit and loss account. Account is also taken of changes occurring in the deferred tax assets and deferred tax liabilities. Tax payable on the result is offset with the head of the fiscal unity via the current account.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

MARKET RISK

Currency risk

VDL Nedcar B.V. operates primarily in the European Union. Practically all positions and transactions are in euros, meaning that there is no currency risk.

Price risk

VDL Nedcar B.V. incurs no noteworthy price risks.

Interest and cash flow risk

VDL Nedcar B.V. incurs interest risk on the interest-bearing receivables (in particular under current assets and liquid assets) and interest-bearing current liabilities.

Where floating-interest loans and receivables are concerned, VDL Nedcar B.V. incurs risk regarding future cash flows; as concerns fixed interest loans and receivables, VDL Nedcar B.V. incurs risk on the fair value due to changes in the market rate of interest.

As concerns receivables, no financial derivatives are contracted in respect of interest risk.

CREDIT RISK

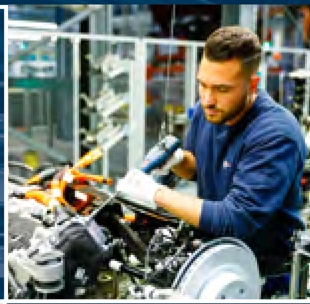
Despite the concentration of accounts receivable at a limited number of customers VDL Nedcar B.V. has no significant credit risk. Any outstanding liquid assets are with banks with at least an A-rating.

VDL Nedcar B.V. has its receivables to group companies, where no credit risk incurs.

Liquidity risk

VDL Nedcar B.V. has no liquidity risk since the company has sufficient liquid assets.

NOTES



PROUD TO BE FIRST CHOICE

All amounts x € 1,000

Fixed assets

Tangible fixed assets

The statement of changes in tangible fixed assets reads as follows:

	Buildings and land	Machines and installations	Other fixed assets	Total
Book value as at 1 January 2019	152,734	86,542	23,944	263,220
Investments	7,608	12,409	3,813	23,830
Disinvestments	0	0	–322	–322
Depreciation	–12,656	–28,200	–7,415	–48,271
Book value as at 31 December 2019	147,686	70,751	20,020	238,457
The specification of the book value as at 31 December 2019 is as follows:				
Historical cost (including revaluations)	337,123	529,273	62,938	929,334
Cumulative depreciation	189,437	458,522	42,918	690,877
	147,686	70,751	20,020	238,457

Revaluations included in the purchase price for buildings and land based on transitional arrangements at year end 2019 amounted to 46.745 (2018: 47.566).

Current assets

Inventories and work in progress

	31 December 2019	31 December 2018
Raw materials and consumables	61,600	63,028
Work in progress	21,800	19,686
	83,400	82,714

The book value of the inventories valued at lower market value is zero.

Construction contracts

Since as at 31 December 2019 and 31 December 2018, invoiced instalments exceeded the capitalised costs, this item was accounted for under current liabilities.

	31 December 2019	31 December 2018
Receivables		
Trade receivables	163,208	240,220
Group companies	170,137	142,727
Taxation	322	747
Other receivables and accrued income and prepayments	17,236	20,999
	350,903	404,693

On the average balance of receivables from group companies 0.5% interest is charged per year (2018: 0.5%). No agreements have been concluded on repayment and securities for such receivables. Receivables have a term of less than one year. Under the trade receivables an amount of 417 (2018: 270) is attributable to group companies.

Liquid assets		
Cash	0	0
Credit institutions	1,021	1,890
	1,021	1,890

The liquid assets are readily available.

Shareholders' equity

	Share capital	Premium reserve	Revaluation reserve	Other reserves	Total
Balance as at 1 January 2019	250,010	50,000	44,001	7,630	351,641
Result year under review	0	0	0	34,353	34,353
Change revaluation reserve	0	0	–696	696	–
Balance as at 31 December 2019	250,010	50,000	43,305	42,679	385,994

Share capital

The registered capital of VDL Nedcar B.V. amounts to 340,335 consisting of 340,335,000 shares each with a nominal value of € 1 of which 250,010,091 shares were issued and fully paid up.

	31 December 2019	31 December 2018
Provisions		
For deferred taxation	5,913	5,392
Other provisions	31,685	26,467
	37,598	31,859

	31 December 2019	31 December 2018
Other provisions		
Guarentee provision	17,533	12,779
Dismantling provision	4,701	3,880
Provision post-retirement medical health benefit	1,834	2,288
Provision for jubilee benefits	6,949	6,852
Other provisions	668	668
	31,685	26,467

Provisions developed as follows:

	Deferred taxation	Guarantee provision	Dismantling provision
Balance as at 1 January 2019	5,392	12,779	3,880
Additional charge to the result	521	5,632	821
Reduction in favour of the result	0	0	0
Payment charged to the provision	0	–878	0
Balance as at 31 December 2019	5,913	17,533	4,701

	Post-retirement medical health benefit	Provision for jubilee benefits	Other provisions	Total
Balance as at 1 January 2019	2,288	6,852	668	31,859
Additional charge to the result	0	1,465	0	8,439
Reduction in favour of the result	–180	0	0	–180
Payment charged to the provision	–274	–1,368	0	–2,520
Balance as at 31 December 2019	1,834	6,949	668	37,598

	31 December 2019	31 December 2018
Current liabilities		
Construction contracts	5,524	1,831
Trade payables	129,950	219,609
Taxation and social security premiums	39,074	49,635
Other liabilities and accrued expenses	75,641	97,942
	250,189	369,017

Current liabilities have a term of less than one year.
Under the trade payables an amount of 285 (2018: 597) is attributable to group companies.

	31 December 2019	31 December 2018
Construction contracts		
Invoiced instalments on construction contracts	6,051	7,846
Less: capitalised costs	527	6,015
	5,524	1,831

These balances for construction contracts can be further divided into:

- contracts for which the value of the capitalised costs exceeds the invoiced instalments, in the amount of € 0,2 million and € 0,0 million and;
- contracts for which the value of the invoiced instalments exceeds the value of the capitalised costs, in the amount of € 5,7 million and € 1,8 million.

NOTES TO THE PROFIT AND LOSS ACCOUNT

All amounts x € 1,000

	2019	2018
Invoiced sales		
Netherlands	880	351
Other countries Europe	3,083,421	3,652,786
Asia	451	268
	3,084,752	3,653,405

	2019	2018
Workforce		
Average number of employees (FTE)	4,227	3,847

	2019	2018
Broken down according to position:		
Management Board	1	1
Office	796	802
Production	3,430	3,044
	4,227	3,847
Number of employees at financial year end	4,951	5,894

The number of employees at financial year end includes interns and hired-in employees. At the end of 2019, no employees were employed abroad (2018: 0).

	2019	2018
Financial income and expenses		
Interest income and similar revenues	0	22
Interest income from group companies	918	615
Interest expenses and similar expenses	–288	–430
	630	207

Tax on result from ordinary business operations		
Result from ordinary business operations before tax	45,341	53,923
Taxation on result from ordinary business operations	10,988	13,147
Effective tax rate (%)	24.23	24.38
Applicable tax rate (%)	25.00	25.00

The effective tax rate differs from the applicable tax rate as a result of the effect of deferred taxation of 15% on revaluation of buildings.

Fee to group accountant

On the basis of article 2:382a paragraph 3 of the Dutch Civil Code this statement has been left out.

PROFIT APPROPRIATION

Profit appropriation 2019

The Board proposed to add the result to the other reserves.

Approval of the financial statements

In the General Meeting of Shareholders held on 20 April 2020, the financial statements for 2019 of the company as established in Born were adopted. The appropriation of the result was carried out in accordance with the proposal from the Board.

Subsequent events

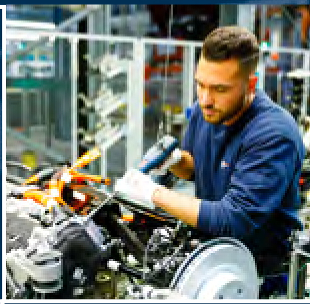
Since the start of the year we have been confronted with the global crisis of the coronavirus. The consequences of the virus have an enormous impact on our daily lives and our economy. We immediately mapped the operational risks in our supply chain. Various measures have been taken to limit the further spread of the virus as much as possible and to ensure that our employees and their families remain healthy and safe. That is our main objective. Furthermore, the continuity of business operations is also essential for our economy and society. Finding the right balance is something we continue to strive for with every new development.

We are confronted with the risks of a tight workforce due to sick employees, stagnation in the supply of critical components and parts, and a declining market demand. On March 18 production was temporarily halted. The damage that VDL Nedcar will suffer on the long term is yet unclear.

Based on these circumstances, it is expected that 2020 will be a very difficult year. The exact impacts of the consequences of the corona crisis are hard to estimate yet because we do not know how long this situation will go on, what else to expect and what the effect of the government measures will be.
Given the circumstances it is not possible to make a statement on the development of the turnover and the result.

A positive aspect is that we as an organisation are well equipped to switch quickly. We have again strengthened our financial position during 2019, so that we will be able to deal with a hard landing. Our solvency, the ratio of equity to debt, has increased from 46.7 to 57.3 percent. The 2019 cash flow based on net result plus depreciation and amortisation amounts to € 83 million. Despite the outlined uncertainties, which will have effect on the operational cash flow in 2020, we do, partly based on the current liquidity position, not expect any funding needs and we are not in doubt about the continuity of business operations.

OTHER INFORMATION



PROUD TO BE FIRST CHOICE

REPORT OF THE INDEPENDENT AUDITOR

To: the Shareholders and Management of VDL Nedcar B.V.

Our opinion

The summary financial statements 2019 (hereafter: ‘the summary financial statements’) of VDL Nedcar B.V., based in Born is derived from the audited financial statements 2019 of VDL Nedcar B.V..

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements 2019 of VDL Nedcar B.V., on the basis described in the related explanatory notes.

The summary financial statements comprise:

1. the summary balance sheet as at 31 December 2019;
2. the following statements for 2019:
   the summary profit and loss account and the summary cash flow statement; and
3. the related explanatory information.

Summary financial statements

The summary financial statements do not contain all the disclosures required by Part 9 of Book 2 of the Dutch Civil Code. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements of VDL Nedcar B.V. and our auditor’s report thereon.

The audited financial statements and our auditor’s report thereon

We expressed an unqualified audit opinion on the audited financial statements 2019 of VDL Nedcar B.V. in our auditor’s report of 20 April 2020.

Responsibilities of management for the summary financial statements

Management is responsible for the preparation of the summary financial statements on the bases as described in the related explanatory notes.

Our responsibilities

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Dutch law, including the Dutch Standard 810 “Engagements to report on summary financial statements”.

Eindhoven, 20 April 2020
Govers Accountants / Adviseurs

R.M. van den Heuvel MSc RA

PROVISIONS UNDER THE ARTICLES OF ASSOCIATION CONCERNING PROFIT APPROPRIATION

Article 34

1. The General Meeting of Shareholders is authorised to appropriate the profit as determined following adoption of the Financial Statements, in so far as the shareholders' equity is greater than the reserve that must be maintained in accordance with the law or articles of association.
2. A decision to distribute shall have no consequences unless approved by the Board of Directors. The Board of Directors will only refuse approval if the Board knows or can reasonably foresee that following distribution, the company will not be able to make payment of its demandable liabilities.
3. If following distribution, the company is unable to make payment of its demandable liabilities, the Directors who at the moment of distribution knew of that situation or should have reasonably foreseen it shall be jointly and severally liable to the company for the shortfall arising as a consequence of the distribution, plus statutory interest from the date of distribution. Article 2:248 paragraph 5 of the Netherlands Civil Code shall apply mutatis mutandis. Any Director who can prove that distribution by the company cannot be attributed to him, and that he was not in default in taking measures to prevent the consequences thereof, shall not be liable. Anyone who received the distribution, while he knew or reasonably should have foreseen that following distribution the company would be unable to continue making payment of its demandable liabilities, shall be required to compensate for the shortfall arising as a consequence of the distribution, each up to not more than the amount or the value of the distribution received by him, plus statutory interest from the date of distribution. If the Directors have fulfilled the claim as outlined in the first sentence, the payment to the Directors as intended in the third sentence shall be made proportionally to the share paid by each of the Directors. In respect of a liability arising from the first or third sentence, the debtor is not entitled to set off. The provisions in this paragraph shall not apply to distribution in the form of shares in the capital of the company or deposits or not fully paid-up shares.
4. Anyone who determined or co-determined the policy of the company, as if he were a Director, shall be considered equal to a Director for application of paragraph three.
5. In calculating each distribution, the shares of the company in its own capital shall not be considered.
6. In calculating the amount to be distributed on each share, only the amount of the compulsory deposits on the nominal amount of the shares shall be considered.
7. The claim to demand the adopted dividend shall expire five years following its adoption.

VDL Nedcar B.V.
Dr. Hub van Doorneweg 1
6121 RD Sittard-Geleen (Born)
P.O. Box 150
6130 AD Sittard-Geleen
The Netherlands

Tel.: +31 (0)46 - 489 44 44
Fax: +31 (0)46 - 489 54 44
Website: www.vdlnedcar.nl
E-mail: info@vdlnedcar.nl