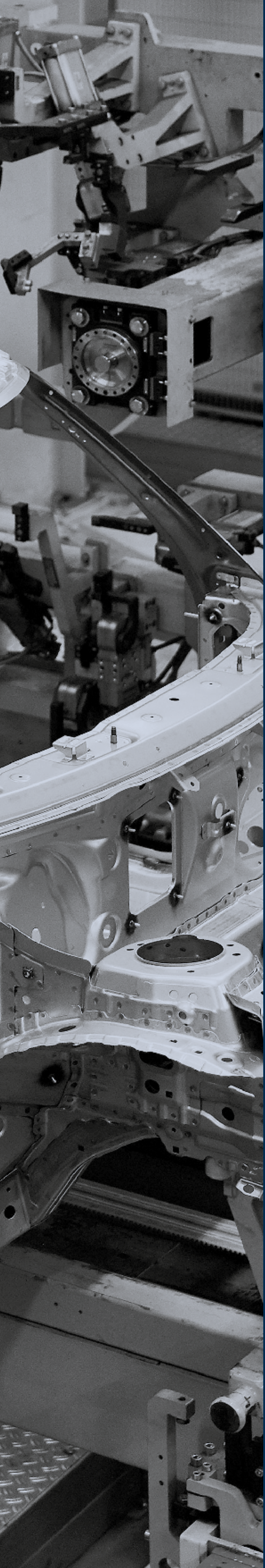


PROUD TO BE FIRST CHOICE

VDL Nedcar

CONTENTS

ANNUAL REPORT 2020

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

J. van Soerland (Chief Executive Officer)	as of 1 February 2021
P. van Vuuren (Chief Executive Officer)	till 1 February 2021
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 en ISO-45001:2018.

KEY FIGURES

All financial amounts x € 1,000

	2020	2019	2018	2017	2016
Invoiced sales	2,320,243	3,084,752	3,653,405	2,841,219	1,367,538
Operating result	49,585	44,711	53,716	41,104	32,612
Result before taxation	50,793	45,341	53,923	41,531	33,075
Result before taxation / sales	2.2%	1.5%	1.5%	1.5%	2.4%
Net profit	35,318	34,353	40,776	31,515	25,078
Net profit / sales	1.5%	1.1%	1.1%	1.1%	1.8%
Depreciation on tangible fixed assets	46,165	48,271	45,802	38,101	24,705
Cash flow	81,483	82,624	86,578	69,616	49,783
(Dis)investments tangible fixed assets	31,059	23,508	27,364	66,147	49,958
Shareholders' equity	421,312	385,994	351,641	310,865	279,350
Balance sheet total	749,927	673,781	752,517	760,590	565,158
Solvency	56.2%	57.3%	46.7%	40.9%	49.4%
Net profit / shareholders' equity	8.4%	8.9%	11.6%	10.1%	9.0%
Production volume (units)	125,666	174,097	211,660	168,969	87,609
Number of employees as at 31 December	4,646	4,951	5,894	6,546	4,686
Average number of payroll employees	3,881	4,227	3,847	2,515	2,086

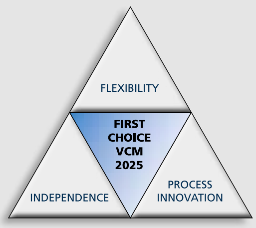
PROFILE OF VDL GROEP

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 develop, make and maintain 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 craftsmanship 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 more than 15,000 employees and operates in 19 countries. The group encompasses 105 operating companies - each with its own specialism - that work together closely. Combined annual turnover in 2020 equaled €4.7 billion.



Review

Since MINIs were first put into production in mid 2014 until the end of 2018, our production volumes strongly increased by the launch of new models by our client BMW Group. In 2019, the production volume fell for the first time since the start of our partnership with BMW Group. This decline continued on into 2020. This was caused by pressure on car sales due to the corona pandemic and various uncertainties in the automotive sector. Disrupted trade relationships and Brexit led to a reshuffling of the production landscape in the automotive industry. Furthermore, the sector is facing far-reaching technological developments and new mobility concepts.

The impact of the coronavirus on our daily lives, society and the economy is enormous. VDL Nedcar too is affected by this. The sectorwide supply chain was disrupted, particularly in the initial phase of the pandemic. As a result, VDL Nedcar too was forced to shut down production for seven weeks from 19 March to 4 May. This period was also used to make adjustments to the physical working environment of our employees to as much as possible limit the risks of infection after work resumption. In part due to the strict enforcement and continuous evaluation and – where necessary – adjustment of the implemented measures, the number of infections was in line with, if not lower than national figures following resumption of production.

Like any other organisation, VDL Nedcar was confronted with higher employee absenteeism rates due to quarantine and illness. The protective measures also entail additional costs. VDL Groep has made use of the Dutch government’s Emergency Bridging Measure for Sustained Employment (NOW) to offset its loss of revenue. This made it possible for the company to safeguard employment during the production stoppage.

Throughout 2020, VDL Nedcar manufactured the MINI Convertible, MINI Countryman, MINI Countryman-PHEV and the BMW X1 for BMW Group. In August 2020, we delivered the 800,000th car since the start of our partnership with BMW. All the targets set in terms of quality and delivery reliability were amply met. After VDL Nedcar managed to earn three JD Power Awards in 2019, it managed to earn another three JD Power Awards in 2020. We are very proud of the designation ‘Third best car factory in the Europe/Africa region’. In addition, VDL Nedcar also received awards for the MINI Countryman and MINI Convertible. BMW too confirmed that we have every right to be proud of our performance.

In the late summer of 2019, BMW Group and VDL Nedcar signed a production agreement for a new vehicle model. That appeared to secure the continuity of car manufacture at VDL Nedcar far into the 2020s. However, in June 2020, BMW informed VDL Nedcar that it wanted to cancel this agreement, after which the work planning activities for this project were halted. Furthermore, in October 2020, it became clear that other, new production agreements with BMW Group would not be forthcoming. This means that at the end of 2023, when the existing production agreements are due to expire, VDL Nedcar’s car production for BMW Group will come to an end.

The Report of the Management Board for 2019 included plans for a significant increase in investment levels in support of the new vehicle project we had agreed on with BMW. However, due to the cancellation of this contract, investments were significantly lower than expected. Furthermore, we expected a decrease in pre-tax profit due to the impact of the corona pandemic on car sales.

Products and production volume

In 2020, VDL Nedcar produced a total of 125,666 (2019: 174,097) MINI Cabrio, MINI Countryman, MINI Countryman-PHEV and BMW X1 vehicles. The invoiced turnover of € 2.32 billion (2019: € 3.09 billion) was primarily attributable to the production of these vehicles.

Employees

A major added value of a Vehicle Contract Manufacturer like VDL Nedcar is the flexibility it offers to its clients, both in terms of changing production volumes and model ranges. The ability to respond to our clients' demand is a condition for securing our future. For example, in 2020 we had to adjust our workforce to the falling production figures. This was primarily affected through the termination of temporary employment contracts. The total number of employees fell from 4,951 (year-end 2019) to 4,646 (year-end 2020); the number of employees with a VDL Nedcar employment contract decreased from 4,458 (year-end 2019) to 3,814 at the end of 2020.

Result and distribution of dividend

The after-tax result of € 35.3 million (2019: € 34.4 million) has been added to the shareholders' equity. No dividend was distributed.

Use of funds

In 2020, the balance sheet total increased from € 673.8 million to € 750.0 million. Net investments amounted to € 31.1 million while a total of € 46.2 million was released from depreciation. This resulted in a decrease in the book value of tangible fixed assets of € 15.1 million. Despite the decrease in production volume, current assets increased during the year under review from € 435.3 million to € 526.6 million. This is primarily due to an increase in the intercompany receivable due from VDL Groep. The result added to the shareholders' equity together with a higher balance sheet total increased our solvency from 57.3% (year-end 2019) to 56.2% at the end of 2020.

Financing

The company did not make any use of external financing in 2020. On balance, the cash flow for the 2020 financial year was neutral. Since a positive operating cash flow is expected for 2021, we do not expect to call on external financing in 2021. For explanatory notes regarding the financial instruments, please see the accounting principles as stated in the financial statements.

For additional quantitative data for the 2020 financial year see the key figures on page 5.

Vision, strategy and culture

In all our activities we operate under 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 motto we work on realising the following vision:

> *Based on their drive, passion and high job satisfaction, 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 client and ultimately the car driver. Based on our strength through cooperation we help secure the continuity of car manufacturing in the Netherlands.*

In 2020 we focused on embedding our mission and vision more deeply and firmly within the organisation. We also defined our strategy for securing our position as an independent automobile manufacturer in the Netherlands under the motto 'First Choice VCM 2025' and continued to implement this strategy. This strategy helps us to withstand various disruptions and significant turbulence in the automotive sector, which are expected to continue to lead to challenging market conditions in the coming years as well. Based on three strategic pillars, we are working on securing our position in the long term: 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 of the VDL Groep on diversifying and therefore expanding our activities.

Flexibility: As a Vehicle Contract Manufacturer we are the flexible layer of the OEM; our raison d'être is to offer flexibility. Equipment and processes therefore 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 safeguard our differentiating capacity, we focus on process innovation with the objective of being able to manufacture as flexibly and at the best cost price as 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. We therefore specifically invest in working conditions and training. The findings of the recent employee satisfaction survey confirm that we are on the right track. Our strategy continues to be based on '*employees first*'.

Risks and points for attention

The automotive industry is faced with a wide range of social, technological and macroeconomic developments. The coronavirus and the scarcity of specific components are also having a noticeable impact on car sales and the production chain. All this makes it difficult to estimate volume trends. The accompanying dynamics are putting pressure on the creativity and flexibility of all stakeholders and require

large investments. Profitability in the sector is clearly under pressure. As an independent car manufacturer, VDL Nedcar will have to be particularly creative, flexible and innovative if we want to continue to deliver added value as a Vehicle Contract Manufacturer.
Since the partnership with BMW Group will come to an end by the end of 2023, finding new clients over the shortest possible timeframe is extremely important. Acquisition efforts have been significantly intensified for this purpose. The current situation furthermore emphasises the importance of limiting dependence on a single client. This is why our acquisition efforts are focused on contracting multiple new clients.

To facilitate production for multiple clients, we are making necessary preparations that will enable us to upscale our production volumes. We are working in close cooperation with government authorities in a planning, as well as licensing context to enable a significant enlargement of our production facilities. In December 2020, the Provincial Council of the Province of Limburg adopted the provincial government-imposed zoning plan amendment prepared for this purpose and granted various supporting permits. In addition, the Province of Limburg has secured the financing of the related infrastructure adjustments, in part with the help of a significant financial contribution from VDL Nedcar. In addition, VDL Nedcar, together with VDL Groep, has acquired strategic land positions and started working on implementing nature compensation measures near the plant. This includes planting a newly forested area, and creating fruit tree orchards and herbal grasslands, among other things. In addition, in the context of the provincial 'Rural Area in Development' programme, VDL Nedcar has made a financial contribution to planting forests in the wider environment surrounding the plant.

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, our decisions are not based exclusively on commercial considerations. Other criteria that are clearly considered include energy savings, environmental awareness, equal treatment and ties with society.

Sustainability is an integral part of our business operations. 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 opt for sustainable solutions. In recent years, therefore, 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 must have decreased by 49% in comparison 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 investigating the placement of solar panels on our company buildings.

Outlook

We expect the pre-tax profit to be lower this year. For the time being car sales continue to be affected by the corona pandemic and other uncertainties in the automotive industry. As such, the number of cars to be produced by VDL Nedcar this year will also be under pressure and in line with this we are projecting a decline in net turnover. In that context we are forced to adjust our workforce. The first phase was completed in the first quarter of 2021 and primarily resulted in the phase-out of temporary workers and to a lesser extent in a reduction of the number of employees with a VDL Nedcar employment contract. We expect to complete the second restructuring phase in the second quarter.

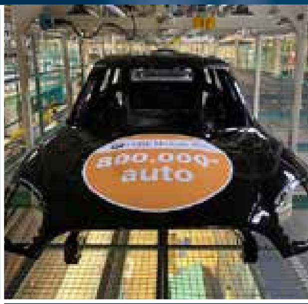
Investment levels in 2021 will be lower than in 2020. Aside from effecting the land purchases, investments in 2021 will primarily focus on optimising the business and making it futureproof. Further optimising and digitalising our plant (renewing the ERP system and implementing Industry 4.0 concepts) and further increasing our flexibility are key concepts in this respect. This is exactly what gives us, as Vehicle Contract Manufacturer, our raison d'être.

In spite of all uncertainties we remain optimistic about the long-term car production prospects in Born. VDL Nedcar will continue to position itself flexibly in support of its clients and will respond to the dynamics of the automotive sector. After all, we function as a flexible capacity buffer for our clients. Our strength is our ability to respond rapidly to changing conditions.

On one hand we can look back with satisfaction and pride on 2020 as a very special year. We would like to thank our employees for their flexibility, commitment and professionalism. We would also like to thank all external parties for their efforts on behalf of VDL Nedcar. At the same time, in light of the approaching end of our partnership with BMW Group, we are acutely aware of the necessity to do everything in our power to secure VDL Nedcar's future. In 2021, we will continue to build on the future of our company without let-up. In this respect we would like to rely on the commitment of everyone directly or indirectly involved with VDL Nedcar.

Sittard-Geleen (Born), the Netherlands, 6 April 2021
The Management Board

FINANCIAL
STATEMENTS
2020



PROUD TO BE FIRST CHOICE

BALANCE SHEET

All amounts x € 1,000

After profit appropriation

		31 December 2020		31 December 2019
ASSETS				
Fixed assets				
Tangible fixed assets		223,351		238,457
Current assets				
Inventories and work in progress		76,509		83,400
Receivables		449,046		350,903
Liquid assets		1,021		1,021
		749,927		**673,781**
LIABILITIES				
Shareholders' equity				
Share capital	250,010		250,010	
Premium reserve	50,000		50,000	
Revaluation reserves	42,609		43,305	
Other reserves	78,693		42,679	
		421,312		385,994
Provisions		42,404		37,598
Current liabilities		286,211		250,189
		749,927		**673,781**

PROFIT AND LOSS ACCOUNT

All amounts x € 1,000

		2020		2019
Invoiced sales		2,320,243		3,084,752
Change in construction contracts		1,766		–3,693
Net sales		2,322,009		3,081,059
Mutation of work in progress		–8,434		2,114
Other operating income		46,474		11,886
Total operating income		2,360,049		3,095,059
Costs of raw materials and consumables	1,873,864		2,557,524	
Costs of work contracted out	48,407		77,900	
Wages and salaries	298,356		318,327	
Depreciation on tangible fixed assets	46,165		48,271	
Other operating costs	43,672		48,326	
Total operating costs		2,310,464		3,050,348
Operating result		49,585		44,711
Financial income and expenses		1,208		630
Result before taxation		50,793		45,341
Taxation		–15,475		–10,988
RESULT AFTER TAXATION		**35,318**		**34,353**

CASH FLOW STATEMENT

All amounts x € 1,000

		2020		2019
Cash flow operational activities				
Operating result		49,585		44,711
Adjustments for:				
Depreciation on tangible fixed assets	46,165		48,271	
Change in provisions	8,971		5,218	
Impairment of financial fixed assets	-		-	
		55,136		53,489
Change in working capital:				
Inventories	6,891		–686	
Construction contracts	–1,766		3,693	
Trade receivables	132,962		77,012	
Other receivables	–231,105		–23,222	
Debts to trade creditors	–9,733		–89,659	
Other current liabilities	47,521		–32,862	
		–55,230		–65,724
Cash flow business operations		49,491		32,476
Interest paid / received	1,208		630	
Paid income taxes	–19,640		–10,467	
		–18,432		–9,837
Cash flow operational activities		31,059		22,639
Cash flow investment activities				
Investments in tangible fixed assets	–31,218		–23,830	
Disinvestments tangible fixed assets	159		322	
Cash flow investment activities		–31,059		–23,508
Change to cash flow		0		–869
Liquid assets developed as follows:				
Position as at 1 January		1,021		1,890
Change in financial year		0		–869
Position as at 31 December		1,021		1,021

PROUD TO BE FIRST CHOICE

3rd best car factory Europe & Africa

VDL Nedcar

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.

Continuity
The year 2020 was characterised by pressure on car sales due to the corona pandemic and various uncertainties in the automotive sector.

The impact of the COVID-19 virus on our daily lives, society and the economy is enormous. VDL Nedcar too is af-fected by this. The sector-wide supply chain was disrupted, particularly in the initial phase of the pandemic. As a result, VDL Nedcar too was forced to shut down production for seven weeks from 19 March to 4 May 2020. This period was also used to make adjustments to the physical working environment of our employees to as much as possible limit the risks of infection after work resumption. In part due to the strict enforcement and continuous evaluation and – where necessary – adjustment of the implemented measures, the number of infections was in line with, if not lower than national figures following resumption of production.

Like any other organisation, VDL Nedcar was confronted with higher employee absenteeism rates due to quarantine and illness. The protective measures also entail additional costs.

Measures were implemented as quickly as possible to respond adequately to the decline in production volume. Due to the decline in production volume, we had to adjust our workforce to the falling production figures in 2020. This was largely done by reducing the flexible workforce layer. In addition, at the end of 2020, it was decided to restructure the organisation whereby surplus personnel will be released. No management bonuses and dividend were paid.

VDL Groep has made use of the Dutch government’s Emergency Bridging Measure for Sustained Employment (NOW) to offset its loss of revenue. This government measure, especially in the initial phase of the pandemic, provided us with an important stimulus to keep our permanent staff. In addition, temporary use was made of the possibility provided by government to defer income tax payments. Due to the implemented measures, together with the government’s support measures, the impact of the corona crisis on the financial result was limited.

The automotive industry is faced with a wide range of social, technological and macroeconomic developments. The coronavirus and the scarcity of specific components are also having a noticeable impact on car sales and the production chain.

Due to the termination of the client relationship with BMW, currently VDL Nedcar’s only client, the production of cars for BMW will come to an end at the end of 2023 when the current production agreements expire. In view of the con-tinuing production agreements up to the end of 2023, the company’s continuity up to that time is not at stake. Maxi-mum efforts will be made to acquire new clients.

In spite of all uncertainties we remain optimistic about the long-term car production prospects in Born. VDL Nedcar will continue to position itself flexibly in support of its clients and will respond to the dynamics of the automotive sector. After all, we function as a flexible capacity buffer for our clients. Our strength is our ability to respond rapidly to changing conditions.

Furthermore, there is a justified expectation that due to the large-scale vaccination campaign started at the beginning of 2021, the pandemic will be brought under control over the course of 2021.
On the basis of the current liquidity and solvency position, we are confident that at the time these financial statements are adopted, VDL Nedcar has sufficient resources to be able to continue operating in the near future. The going-concern assumption therefore was used as the basis for preparing the financial statements. VDL Nedcar does not see any reason why it would be necessary to presume that it cannot continue its operations in the foreseeable future.

We continue to follow the government's policy and recommendations concerning COVID-19 and are doing our utmost to continue our operations as effectively and safely as possible without endangering the health of our employees as a consequence.

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.

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.

Impairments expected on the balance sheet date are taken into account. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to the relevant section.

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 unless the time value of money is material. In that case the present value of the expected future expenditure will be used. The provisions 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.

Restructuring provision

This provision pertains to costs relating to the restructuring of activities and is created when a constructive or legal obligation has arisen for the entity. A provision is created when, effective on the balance sheet date, a plan has been formalised and either the justified expectation has been evoked among the affected parties that the restructuring will be carried out, or the implementation of the restructuring plan has begun. For a restructuring for which, effective on the balance sheet date, a plan has been formalised, but for which only after the balance sheet date either the justified expectation has been evoked among the affected parties that the restructuring will be carried out, or the implementation of the restructuring plan has begun, a provision is also recognised in the balance sheet. This provision must largely be classified as short-term.

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

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.

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.

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.

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 and that all the subsidy provisions have been met. Governement grants are presented as other operating income.

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.

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.

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.


U.S. INITIAL QUALITY STUDY
J.D. POWER
PLANT QUALITY AWARD • 2020
BMW AG
VDL

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.

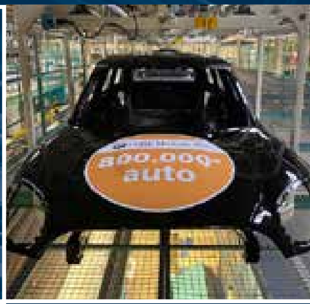
CREDIT RISK

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

NOTES TO THE BALANCE SHEET

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 2020	147,686	70,751	20,020	238,457
Investments	12,607	10,926	7,622	31,218
Disinvestments	0	0	–159	–159
Depreciation	–11,640	–26,825	–7,700	–46,165
Book value as at 31 December 2020	148,716	54,852	19,783	223,351
The specification of the book value as at 31 December 2020 is as follows:				
Historical cost (including revaluations)	348,974	539,836	70,233	959,043
Cumulative depreciation	200,258	484,984	50,450	735,692
	148,716	54,852	19,783	223,351

Revaluations included in the purchase price for buildings and land based on transitional arrangements at year end 2020 amounted to 45,926 (2019: 46,745). The in the tangible fixed assets included assets under construction at year end 2020 amounted to 9,491.

Current assets

Inventories and work in progress

	31 December 2020	31 December 2019
Raw materials and consumables	63,143	61,600
Work in progress	13,366	21,800
	76,509	83,400

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

Construction contracts

Since as at 31 December 2020 and 31 December 2019, invoiced instalments exceeded the capitalised costs, this item was accounted for under current liabilities.

	31 December 2020	31 December 2019
Receivables		
Trade receivables	30,246	163,208
Group companies	397,021	170,137
Taxation	0	322
Other receivables and accrued income and prepayments	21,779	17,236
	449,046	350,903

On the average balance of receivables from group companies 0.5% interest is charged per year (2019: 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 93 (2019: 417) is attributable to group companies.

	31 December 2020	31 December 2019
Liquid assets		
Cash	0	0
Credit institutions	1,021	1,021
	1,021	1,021

The liquid assets are readily available.

Shareholders' equity

	Share capital	Premium reserve	Revaluation reserve	Other reserves	Total
Balance as at 1 January 2020	250,010	50,000	43,305	42,679	385,994
Result year under review	0	0	0	35,318	35,318
Change revaluation reserve	0	0	–696	696	–
Balance as at 31 December 2020	250,010	50,000	42,609	78,693	421,312

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 2020	31 December 2019
Provisions		
For deferred taxation	1,748	5,913
Other provisions	40,656	31,685
	42,404	37,598

The nominal value of the provison for deferred taxation amounts to 2,913.

Other provisions		
Guarentee provision	12,207	17,533
Dismantling provision	5,732	4,701
Restructuring provision	12,749	0
Provision post-retirement medical health benefit	1,597	1,834
Provision for jubilee benefits	7,703	6,949
Other provisions	668	668
	40,656	31,685

Provisions developed as follows:

	Deferred taxation	Guarantee provision	Dismantling provision	Restructuring provision
Balance as at 1 January 2020	5,913	17,533	4,701	0
Additional charge to the result	0	3,761	1,031	12,749
Reduction in favour of the result	–4,165	–8,567	0	0
Payment charged to the provision	0	–520	0	0
Balance as at 31 December 2020	1,748	12,207	5,731	12,749

	Post-retirement medical health benefit	Provision for jubilee benefits	Other provisions	Total
Balance as at 1 January 2020	1,834	6,949	668	37,598
Additional charge to the result	0	1,025	0	18,566
Reduction in favour of the result	0	0	0	–12,732
Payment charged to the provision	–237	–271	0	–1,028
Balance as at 31 December 2020	1,597	7,703	668	42,404

	31 December 2020	31 December 2019
Current liabilities		
Construction contracts	3,758	5,524
Trade payables	120,217	129,950
Taxation and social security premiums	91,207	39,074
Other liabilities and accrued expenses	71,029	75,641
	286,211	250,189

Current liabilities have a term of less than one year.
Under the trade payables an amount of 218 (2019: 285) is attributable to group companies.

	31 December 2020	31 December 2019
Construction contracts		
Invoiced instalments on construction contracts	7,620	6,051
Less: capitalised costs	3,862	527
	3,758	5,524

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

NOTES TO THE PROFIT AND LOSS ACCOUNT

All amounts x € 1,000

	2020	2019
Invoiced sales		
Netherlands	259	880
Other countries Europe	2,319,936	3,083,421
Asia	48	451
	2,320,243	3,084,752

Other operating income

	2020	2019
Emergency Bridging Measure for Sustained Employment (NOW)	37,455	0
Other operating income	9,019	11,886
	46,474	**11,886**

The other operating income item in the profit and loss account includes a grant in the amount of 37,455 arising from the Emergency Bridging Measure for Sustained Employment (NOW). The amount of this grant is determined on the basis of the percentage decrease in turnover in the 2020 measurement periods in comparison to the 2019 reference turnover. The 37,455 amount consists of an amount of 29,669 received in advance and an amount of 7,786 still to be received based on the actual decline in turnover. The 7,786 amount still to be received is recognised in the balance sheet under the Other receivables and accrued income item. The final calculations and award are still subject to an audit and confirmation by the Employee Insurance Agency (UWV). Because the grant has not yet been definitively established, recognition is based on an estimate which in turn is based on the current interpretation of the NOW regulations.

Workforce

	2020	2019
Average number of employees (FTE)	3,881	4,227
Broken down according to position:		
Management Board	1	1
Office	742	796
Production	3,139	3,430
	3,881	4,227
Number of employees at financial year end	4,646	4,951

The number of employees at financial year end includes interns and hired-in employees. At the end of 2020, no employees were employed abroad (2019: 0).

	2020	2019
Financial income and expenses		
Interest income and similar revenues	67	0
Interest income from group companies	1,201	918
Interest expenses and similar expenses	–60	–288
	1,208	630

Tax on result from ordinary business operations		
Result from ordinary business operations before tax	50,793	45,341
Taxation on result from ordinary business operations	15,475	10,988
Effective tax rate (%)	30.47	24.23
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 2020

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

Approval of the financial statements

In the General Meeting of Shareholders held on 6 April 2021, the financial statements for 2020 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.

OTHER
INFORMATION

PROUD TO BE FIRST CHOICE


U.S. INITIAL QUALITY STUDY
J.D. POWER
PLANT QUALITY AWARD

REPORT OF THE INDEPENDENT AUDITOR

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

Our opinion

The summary financial statements 2020 (hereafter: 'the summary financial statements') of VDL Nedcar B.V., based in Born is derived from the audited financial statements 2020 of VDL Nedcar B.V..

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements 2020 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 2020;
2. the following statements for 2020:
   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 2020 of VDL Nedcar B.V. in our auditor's report of 6 April 2021.

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, 6 April 2021
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