

ZF Europe Finance B.V.
(Amsterdam)

Annual Report

For the period ended December 31, 2018

Contents

Managing Directors' Report	3
Balance Sheet	4
Statement of Income and Expenses	5
Cash Flow Statement	6
Notes to the financial statements	7
Other information	11



ZF Europe Finance B.V.
Statutory Report

For the period ended December 31, 2018

Managing Directors' Report

ZF Europe Finance B.V. (the Company) was incorporated on September 12, 2018.

The Company's sole shareholder is ZF Friedrichshafen AG., an Automotive Company incorporated under the laws of Germany, located at Löwentaler Straße 20, 88046 Friedrichshafen, Germany. The Company is a ZF group financing company and is expected to continue in capacity for the foreseeable future.

Major events of the year

On September 12, 2018 the Company issued one hundred thousand new shares to its parent undertaking ZF Friedrichshafen AG each share having a nominal value of EUR 1.

Results

During the year under review the Company recorded a loss of **EUR 21,850**. This situation is set out in the attached statement of income and expenses.

Approved by the Company's Board of Directors, Amsterdam, August 9th, 2019.

D.E. Shattock
Director

Drs. A.A.M. Peeters
Director

W. Stuffer
Director



ZF Europe Finance B.V.
Statutory Report

For the period ended December 31, 2018

Balance Sheet

(Before appropriation of the result)

			12/31/18
			Euros
Non-Current Assets			
Debtors		818	
		<hr/>	818
			<hr/>
Current Assets			
Cash at bank		99,975	
Deferred expenses	(1)	534	
		<hr/>	100,509
			<hr/>
Total Assets			101,327
			<hr/>
Shareholders' equity	(2)		
Share capital		100,000	
Result for the year		(21,850)	
		<hr/>	78,150
			<hr/>
Current liabilities			
Payable to group companies	(3)	11,177	
Accrued expenses		12,000	
		<hr/>	23,177
			<hr/>
Total Shareholders' equity and Liabilities			101,327
			<hr/>



ZF Europe Finance B.V.
Statutory Report

For the period ended December 31, 2018

Statement of Income and Expenses

		12/31/18 Euros
Administrative expenses	(4)	(21,850)
Net operating loss		<hr style="width: 100%; border: 0.5px solid black;"/> (21,850)
Net loss		<hr style="width: 100%; border: 0.5px solid black;"/> (21,850) <hr style="width: 100%; border: 0.5px solid black;"/>



ZF Europe Finance B.V.
Statutory Report

For the period ended December 31, 2018

Cash Flow Statement

	31/12/18 Euros	12/09/18 Euros
Cash flow from financing activities		
Share capital paid-up	100,000	0
Cash flow from operating activities		
Operating expense	(25)	0
Net cash flow	<u>99,975</u>	<u>0</u>
Increase/(decrease) in cash and cash equivalents	<u>(25)</u>	<u>0</u>



ZF Europe Finance B.V.
Statutory Report

For the period ended December 31, 2018

Notes to the financial statements

The Company was incorporated on September 12, 2018.

The Company's sole shareholder is ZF Friedrichshafen AG.

The share capital of the Company consists of 100,000 shares with a par value of EUR 1.

These financial statements are prepared in accordance with Title 9, Book 2, of the Dutch Civil Code.

On September 12, 2018 the Company issued 100,000 new shares to its parent undertaking ZF Friedrichshafen AG each share having a nominal values of EUR 1. As a result, the issued and paid-up share capital of the Company consists of 100,000 shares with a par value of EUR 1 each.

Accounting policies in respect of the valuation of assets and liabilities

Principal activities

The Company is a limited liability company incorporated in the Netherlands and its main activities are financing activities and also to provide various financing services to the ZF group of companies.

General

The financial statements are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). Assets and liabilities are stated at their historical cost, unless indicated otherwise.

Non-current Assets

Non-current debtors are stated at face value net of provisions for doubtful debts, where necessary.

Accounts Receivable

Debtors are stated at face value net of provisions for doubtful debts, where necessary.

Liabilities

All liabilities, other than those for which the basis of valuation is indicated in these notes, are shown at face value.



ZF Europe Finance B.V.
Statutory Report

For the period ended December 31, 2018

Notes to the financial statements (continued)

Accounting policies in respect of result determination

Result

Profits on transactions are recognized in the year they are realized. Losses are recognized when foreseen.

Other operating expenses

Expenses are based on the historical cost convention and attributed to the financial year to which they pertain.

Income taxes

The Company is subject to applicable Dutch corporate income tax, its taxable income being calculated on an arm's length basis corresponding to the functions performed and risks assumed by the Company.

Accounting policies in respect of the cash flow statement

Cash flow statement

The cash flow statement is prepared using the direct method.

Non-cash transactions

Investing and financing transactions that do not require the use of cash or cash equivalents are excluded from the cash flow statement. Such transactions are disclosed to the extent that disclosure of these transactions is relevant for the correct interpretation of the financial statements.



ZF Europe Finance B.V.
Statutory Report

For the period ended December 31, 2018

Notes to the financial statements (continued)

1 Deferred expenses

	12/31/18 Euros
Rent	534

2 Shareholders' equity

	Issued share capital Euros	Result for the year Euros	Total Euros
Balance as at September 12, 2018	100,000	-	100,000
Issuance of shares			
Result for the year		(21,850)	(21,850)
Balance as at Dec 31, 2018	100,000	(21,850)	78,150

On September 12, 2018 the Company issued 100,000 new shares to its parent undertaking ZF Friedrichshafen AG each share having a nominal values of EUR 1. As a result, the issued and paid-up share capital of the Company consists of 100,000 shares with a par value of EUR 1 each.

3 Payables to group companies

	12/31/18 Euros
TRW International Holding B.V. Cash management	11,177

4 Administrative expenses

	12/31/18 Euros
Rent	1,094
Consulting services	14,178
Contributions	6,575
Office expenses	3
	21,850



ZF Europe Finance B.V.
Statutory Report

For the period ended December 31, 2018

Notes to the financial statements (continued)

5 **Taxation**

There is no tax result for the year under review.

6 **Other notes**

Average number of employees

During the year under review the company employed no employees.

Directors and Supervisory board

The Company does not have a Board of Supervisory Directors.

Related parties

All related-party transactions are at arm's length.



ZF Europe Finance B.V.

Statutory Report

For the period ended December 31, 2018

Other information

Audit

The Company is eligible for statutory size exemption under Article 396, Title 9, Book 2, of the Dutch Civil Code.

Statutory provision regarding appropriation of result

In accordance with Article 21 of the Articles of Association, profit shall be appropriated at the Annual General Meeting of Shareholders.

Profit distribution can only be made to the extent that Shareholder's Equity exceeds the issued and paid-up share capital and legal reserves.

Appropriation of result

The management proposes to accumulate the profit for the current year to the brought forward deficit.

Ultimate parent undertaking

The Company's ultimate undertaking and controlling party is ZF Friedrichshafen AG, incorporated in Friedrichshafen in Germany which will continue in this capacity for the foreseeable future. Copies of its consolidated accounts can be obtained from the Company Secretary at Otto-Lilienthal Strasse 4, 88046 Friedrichshafen, Germany.

**To the legal representative of
ZF Friedrichshafen AG
Löwentaler Straße 20
88046 Friedrichshafen
DEUTSCHLAND**

INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements for the year ended December 31, 2018 of ZF Europe Finance B.V. based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ZF Europe Finance B.V. as at for the year ended December 31, 2018 and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at December 31, 2018;
2. the profit and loss account for 2018; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of ZF Europe Finance B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.



Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

Amsterdam, August 9th, 2019

Visser & Visser Accountants B.V.

Was signed.

W.G. Snoei MSc RA

