Financial and Directors' Report 2020

Content

Content of the Consolidated Directors' Report *

** The topics of Article 119 of the company code, defining the content of the management report, that are not applicable for D'Ieteren Group, have not been included in this summary.*

Declaration by Responsible Persons

Statement on the true and fair view of the consolidated financial statements and the fair overview of the management report. Nicolas D'Ieteren, Chairman of the of the Board of Directors, and Olivier Périer, Deputy Chairman of the Board of Directors, certify, on behalf and for the account of s.a. D'Ieteren n.v., that, to the best of their knowledge, the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the equity, financial position and financial performance of s.a. D'Ieteren n.v. and the entities included in the consolidation as a whole, and the management report includes a fair overview of the development and performance of the business and the position of s.a. D'Ieteren n.v., and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

2020 Full-Year results

Solid results driven by a record year at Belron and a resilient Auto business

1. D'Ieteren Group

Full-year 2020 highlights

[All the figures mentioned in this press release are post-IFRS 16]

D'Ieteren Group's results grew in 2020 driven by Belron's excellent performance and by a good resilience at D'Ieteren Automotive. The Group's key performance indicator (KPI) – the *adjusted* consolidated profit before tax, Group's share[1] – rose by 11.2% to €332.7m on a comparable basis (53.75% stake in Belron in 2019 and 2020).

- **Belron** managed to contain the organic[5] sales decline to 7.5%. Its *adjusted* profit before tax, Group's share[1] improved significantly by 44.6% reflecting a positive mix effect, improved productivity, and stringent cost containment measures.
- **D'Ieteren Automotive**'s share[2] improved by 80bps to 23.6% in the Belgian new car market[2] (excluding registrations of less than 30 days) which was down 19.7%. The decline in sales (-11.5%) and in the *adjusted* profit before tax, Group's share[1] (-19.9%) mainly reflect lower import volumes, partly mitigated by a positive mix and cost containment.
- **Moleskine**'s performance was severely hit in 2020 by the Covid-19 crisis with sales decreasing by 37.6% and the *adjusted* profit before tax, Group's share[1] ending the year at -€13.5m.
- **Corporate & Unallocated** (including corporate and real estate activities) reported an *adjusted* profit before tax, Group's share[1] of -€4.8m in 2020 compared to -€10.3m in 2019. D'Ieteren Group ends 2020 with a net cash position of €1,455.1m (of which €456.5m inter-segment loans), slightly down from €1,516.4m at the end of 2019.
- Strong *adjusted* **free cash-flow[6]** generation reflects the emphasis put on cash preservation and working capital management during the crisis, with notably an impressive €428.7m generated at Belron (100%) and €171.6m generated by D'Ieteren Automotive.
- The Board of Directors proposes a **gross ordinary dividend** of €1.35 per share related to the financial year 2020 (versus €1.00 in 2019).

Outlook 2021

For 2021, while the timing of the end of the Covid-19 crisis is still unknown, based on the absence of renewed or more severe lockdowns in its main operating regions, D'Ieteren Group expects its *adjusted* consolidated profit before tax, Group's share[1] to grow by at least 25% compared to 2020 result (€332.7m). This improvement is expected to be driven by a recovery of all the activities, and assumes a 53.75% stake in Belron in 2020 and 2021 and average exchange rates that are in line with the rates that prevailed at the end of 2020.

Operationally, for the activities, we expect:

Belron

- Low double-digit organic sales growth driven by a progressive volume recovery, a positive mix, and the continuation of ADAS recalibration penetration and VAPS contribution, partially offset by a negative YoY FX development.
- *Adjusted* operating result growth above 20% (2020: €583.1m) driven by top-line development and further progress on the transformation plan.
- *Adjusted* free cash-flow[6] is expected to remain high, at the same level as 2020, with better operational results being offset by increased capital expenditures, namely in IT-related projects.

D'Ieteren Automotive

- Market share gain in a Belgian new car market marginally recovering to ~450,000 vehicles.
- *Adjusted* operating result growing by more than 15% (2020: €98.9m) primarily driven by the volume recovery, cost improvement following the 2020 restructuring and increased marketing costs to support the brands.
- VDFin is expected to increase its *adjusted* PBT.
- Negative free cash-flow development vs. 2020 due to increased working capital requirements (driven notably by the payment of the acceleration of the transformation plan) and capex returning to normalized levels. *Adjusted* free cash-flow[6], excluding adjusting items, should however remain positive.

Moleskine

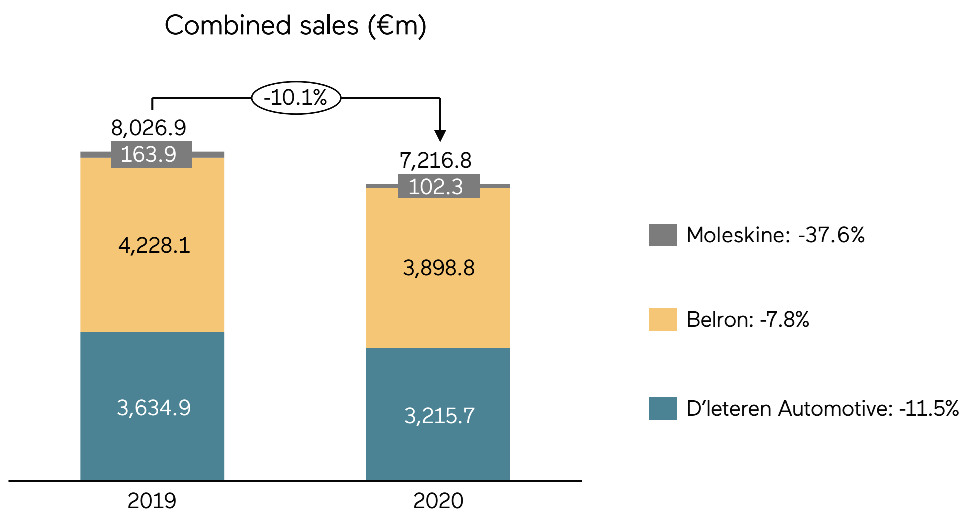
- Sales are expected to recover from depressed 2020 levels, although being still impacted, especially in the first half, by ongoing Covid-19 measures. We expect sales to grow by at least 20% YoY.
- *Adjusted* operating result is expected to be above €10m.

Key developments

- D'Ieteren Group and its activities rapidly took the measure of the Covid-19 crisis and decided to accelerate transformation programmes.
- A solidarity programme has been put in place in April 2020, aiming at helping D'Ieteren Group's employees who may suffer hardship following the crisis.
- Leadership teams have been strengthened at all the activities, with the arrival in 2020 of a new CEO at Moleskine, Daniela Riccardi, and new CFOs at D'Ieteren Automotive, Reginald Gillet, and Belron, Humphrey Singer.
- In October 2020, D'Ieteren Group became a signatory of the United Nations-supported Principles for Responsible Investment (PRI), reflecting its commitment to including environmental, social and governance (ESG) factors in its investment decision-making and active ownership policies. The UN PRI is the world-leading network of investors working together to put principles of responsible investing into practice. The Group will perform its first reporting on a voluntary basis in 2021.
- On the 1st of January 2021, D'Ieteren SA carved-out its car distribution arm D'Ieteren Automotive into a separate wholly owned subsidiary.

Group Summary

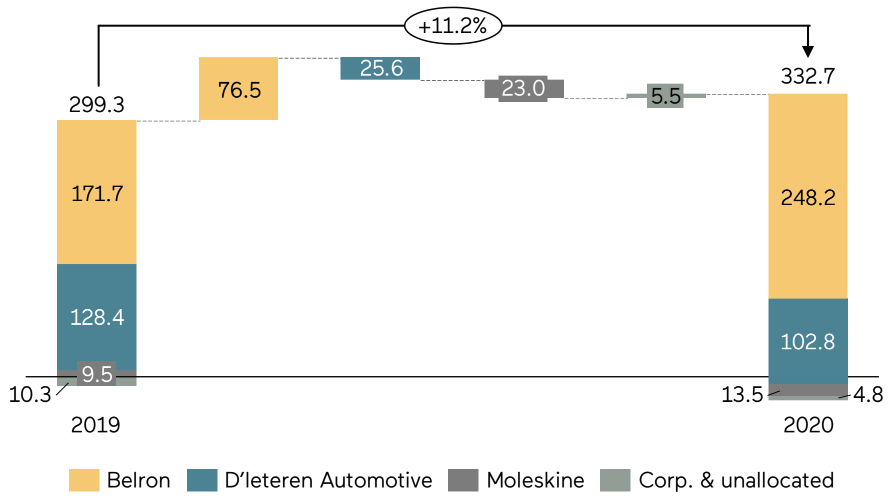
Consolidated sales under IFRS amounted to **€3,318.0m (-12.7%)**. This figure excludes Belron. Combined sales (including 100% of Belron) amounted to **€7,216.8m (-10.1%)**.



Consolidated IFRS operating result stood at €10.2m, down from €24.4m in 2019. Combined *adjusted* operating result, including 100% of Belron, stood at €661.5m, up from €539.1m in 2019.

The **consolidated profit before tax under IFRS** reached €158.2m (€94.8m in 2019). Our key performance indicator, the ***adjusted* consolidated profit before tax, Group's share**[1], amounted to €332.7m, up 11.2% on a comparable basis (53.75% stake in Belron).

Evolution of the *adjusted* consolidated profit before tax, Group's share[1] (€m)



The **Group's share**[1] in the net result equalled €141.9m (€66.1m in 2019). **The *adjusted* net profit, Group's share**[1], reached €231.9m (53.75% stake in Belron) compared to €211.6m (52.48% stake in Belron) in 2019.

The Board of Directors proposes a **gross ordinary dividend of €1.35** per share. If this dividend is approved by the General Meeting of Shareholders on 27 May 2021, it will be paid on 3 June 2021 (ex-date 1 June and record date 2 June).

The net cash position of "Corporate & Unallocated", which includes Corporate, amounted to €1,455.1m at the end of 2020 (including €456.5m inter-segment loan) compared to €1,516.4m at the end of 2019, mainly as a result of the purchase, in February 2020, of €150m of Belron's preference shares previously held by CD&R, the settlement of the financial contingent liability (€31.9m) towards CD&R, the purchase of treasury shares (€24.4m) and the payment in June 2020 of the dividend (€53.9m) to the shareholders of D'Ieteren, partially offset by the dividend received from D'Ieteren Automotive (€200m).

2. D'Ieteren Automotive

€m	2019			2020				
	APM (non-GAAP measures)[1]			APM (non-GAAP measures)[1]				
	Adjusted items	*Adjusting items*	Total	*Adjusted items*	*Adjusting items*	Total	*% change adjusted items*	*% change total*
New vehicles delivered (in units)	-	-	129,575	-	-	104,710	-	*-19.2%*
External sales	*3,634.9*	-	3,634.9	*3,215.7*	-	3,215.7	*-11.5%*	*-11.5%*
Operating result	*119.1*	*-2.5*	116.6	*98.9*	*-46.9*	52.0	*-17.0%*	*-55.4%*
Net finance costs	*-2.7*	-	-2.7	*-4.2*	-	-4.2	*55.6%*	*55.6%*
Result before tax (PBT)	*125.0*	*-2.5*	122.5	*100.0*	*-48.2*	51.8	*-20.0%*	*-57.7%*
Adjusted PBT, group's share[1]	*128.4*	-	-	*102.8*	-	-	*-19.9%*	-

Activities and results

MARKET AND DELIVERIES

The Belgian new car market was severely impacted by the Covid-19 crisis. Excluding registrations of less than 30 days[2], the number of Belgian new car registrations decreased by 19.7% to 413,373 units. Including registration of less than 30 days, the number reached 431,491 units (-21.6%). The 22.2% decline in demand in the business segment (55.5% of total new car registrations) was slightly higher than that of the private segment (-20.7%). The share of SUV's, aligned with Febiac's segmentation, increased from 39.3% in 2019 to 40.9% in 2020. D'Ieteren Automotive's brands saw a 11.2% decline in the number of SUV registrations which made up 34.9% of the mix. New energy share in the market mix more than doubled from 7.1% in 2019 to 15.3% in 2020. D'Ieteren Automotive is the leader in full electric vehicles in Belgium.

D'Ieteren Automotive's market share continued to increase to 23.6% (versus 22.8% in 2019) if one excludes registrations of less than 30 days. This was mainly driven by ŠKODA, Audi and Porsche, while VW, which remains the largest brand in Belgium, slightly declined.

Registrations of new light commercial vehicles (0 to 6 tonnes) declined by 12.2% to 71,800 units and D'Ieteren Automotive's market share remained stable at 10.7% (of net registrations).

The total number of new vehicles, including commercial vehicles, delivered by D'Ieteren Automotive in 2020 reached 104,710 units (-19.2%).

SALES

D'Ieteren Automotive's sales decreased by 11.5% to €3,215.7m in 2020 mainly reflecting volume decline partially mitigated by a positive mix due to the continued premiumization of the car park.

- New vehicles sales declined by 12.6% to €2,792.0m
- Used cars sales increased by 25.5% YoY, reaching €95.5m
- Spare parts and accessories sales dropped by 15.5% to €182.3m
- Revenues from after-sales activities of the owned dealerships amounted to €83.6m (-14.6% YoY)

RESULTS

The operating result reached €52.0m (-55.4%) and the *adjusted* operating result[1] (€98.9m) declined by 17.0%. This evolution was driven by the lower volumes (new vehicles and spare parts mainly) partially compensated by general cost containment (primarily marketing expenses) and a positive development in Retail also driven by cost rationalization.

Adjusting items include a provision of €41.0m related to the finalization of the project carried out in 2020 for the acceleration of the transformation in response to a rapidly changing automotive market, a charge of €3.2m (€2.5m in 2019) related to the Market Area network consolidation (optimization of the independent dealer network), and €1.7m costs linked to the carve-out of D'Ieteren Automotive from D'Ieteren SA.

The profit before tax reached €51.8m (-57.7%) or €100.0m (-20.0%) excluding *adjusting* items[1].

The *adjusted* profit before tax, Group's share[1], declined by 19.9% to €102.8m. The contribution of the equity accounted entities amounted to €8.1m (€12.0m in 2019).

Income tax expenses reached €15.8m (€36.7m in 2019). *Adjusted* tax expenses[1] equalled €27.5m (compared to €38.8m in 2019). The decline reflects the lower profit before taxes and the lower nominal tax rate (from 29.58% to 25%).

The result after tax, Group's share[1], amounted to €37.1m (€85.8m in 2019). The *adjusted* result after tax, Group's share[1], declined by €12.6m to €73.6m.

Net debt and free cash flow

D'Ieteren Automotive's net debt[3] increased by €34.0m to €167.7m at the end 2020. This is due to the €200.0m inter-segment loan from D'Ieteren Group partly offset by cash generation.

The *adjusted* free cash flow[6] (after tax) equalled €171.6m in 2020 versus -€38.9m in 2019. The change mainly reflects:
- A significant cash inflow from working capital driven by lower inventories and trade receivables;
- A lower cash outflow from investing activities with net capex down by €6.0m to -€21.2m and less cash spent on acquisitions;
- Less taxes paid on the back of lower operating results (-€28.3m in 2020 versus -€38.1m in 2019);
- These elements were partly offset by lower operating results.

3. Belron

€m	2019			2020				
	APM (non-GAAP measures)[1]			*APM (non-GAAP measures)*[1]				
	Adjusted items	*Adjusting items*	Total	*Adjusted items*	*Adjusting items*	Total	*% change adjusted items*	*% change total*
VGRR prime jobs (in million)	-	-	12.3	-	-	10.698	-	*-12.9%*
External sales	*4,228.1*	-	4,228.1	*3,898.8*	-	3,898.8	*-7.8%*	*-7.8%*
Operating result	*416.4*	*-67.5*	348.9	*583.1*	*-94.2*	488.9	*40.0%*	*40.1%*
Net finance costs	*-97.1*	*-4.8*	-101.9	*-121.7*	*-1.9*	-123.6	*25.3%*	-
Result before tax (PBT)	*319.4*	*-72.3*	247.1	*461.7*	*-96.1*	365.6	*44.6%*	*48.8%*
Adjusted PBT, group's share[1] (@ 53.75%)	171.7	-	-	248.2	-	-	*44.6%*	-

Sales and results

SALES

Belron's total sales (at 100%) declined by 7.8% to €3,898.8m in 2020. Sales from continuing operations declined by 7.7%, comprised of:
- organic[5] decline of 7.5%;
- a negative currency translation effect of 1.8% which is primarily due to the depreciation of the US dollar (average EUR/USD FX rate: 1.149 versus 1.118 in 2019);
- acquisition growth of 1.6%.

North America (55% of total) sales from continuing operations declined by 5.4%. Organic[5] decline of 5.5% reflects the impact of the pandemic on volumes, partially offset by a positive product mix and higher revenues from ADAS recalibration and VAPS (valued added products & services). There was an additional negative effect of 2.8% from adverse currency translation. Regional acquisitions, the largest of which was TruRoad in August 2019, contributed for 2.9% of growth.

Eurozone (31% of total) saw the greatest impact to trading as a result of the pandemic with significant branch closures before summer in France, Italy, Spain and Belgium as a result of governmental restrictions. Sales from continuing operations declined by 11.2% comprising 11.3% organic[5] decline, slightly compensated by 0.1% growth from minor acquisitions.

Rest of World (13% of total) sales from continuing operations declined by 8.3%, of which 6.1% organic[5] decline, 2.5% adverse currency translation, marginally compensated by acquisitions (+0.3%). The UK has been most impacted with sales in Australia and the Nordics holding up relatively well.

As trading recovered after the initial severe peaks of the pandemic the business recovered in volume and value across all regions and continued to generate higher revenues from ancillary products and recalibrations. North America, France and Germany performed particularly strongly at the end of 2020.

Consumers served in 2020 were 14.9 million (-17.8% YoY) of which 14.4 million were in Vehicle Glass Repair and Replacement (VGRR) and Claims Management. VGRR volumes declined by 12.9% versus 2019.

RESULTS

Operating result (at 100%) rose by 40.1% to €488.9m and the *adjusted* operating result[1] improved by 40.0% (or by €166.7m) to €583.1m. This was driven by a significant cost containment across the board, higher productivity and also by a net positive YoY delta of €63.1m related to the legacy long-term management incentive programme.

Adjusting items[1] at the level of the operating result totalled €94.2m, notably comprising of -€24.5m related to the amortisation of some customer contracts recognised as intangible in the framework of recent acquisitions (-€12.2m in 2019), -€18.6m impairment charge relating to the write-down of assets classified as held-for-sale and other software write offs, and -€46.7m other *adjusting* items relating to restructurings, integration and disposals-related costs (-€37.5m in 2019) (see pages 17-18 for further details).

Net financial costs increased by €21.7m in 2020 to €123.6m, reflecting the new term loan taken out in October 2019.

The profit before tax reached €365.6m in 2020 (€247.1m in 2019). The result after tax, Group's share[1], reached €145.9m (€84.6m in 2019).

The *adjusted* profit before tax, Group's share[1] increased by 44.6% to €248.2m on a comparable basis (assuming 53.75% stake in 2019 and 2020). *Adjusted* income tax expenses[1] equalled €130.7m (€97.4m in 2019).

The *adjusted* result after tax[1], Group's share, rose by 52.8% to €178.0m.

Net debt and free cash flow

Belron's net financial debt[3] reached €2,413.0m (100%) at the end of 2020 compared to €2,979.1m at the end of 2019. This reduction in net debt was driven by a strong cash generation. Belron's Senior Secured Net Leverage Ratio (Senior Secured indebtedess[3]/proforma EBITDA pre-IFRS 164 multiple) reached 2.36x at the end of 2020.

The *adjusted* free cash flow[6] (after tax and restructuring costs) amounted to €428.7m (€164.8m in 2019 post-acquisitions) or €518.4m (€183.8m in 2019) excluding the cash-outflow related to the legacy long-term management incentive programme.

The sharp increase is mainly due to:

- A higher *adjusted* EBITDA (€161.3m improvement)
- A significantly positive cash flow impact from changes in working capital (€136.1m compared to €28.1m in 2019)
- Lower capex (€32.6m compared to €65.8m in 2019)
- Lower spending on acquisitions
- These elements were partly offset by the payment related to the employee share plan, higher income tax payments, higher interests paid and increased capital paid on lease liabilities (-€20.2m YoY)

4. Moleskine

€m	2019			2020				
	APM (non-GAAP measures)[1]			APM (non-GAAP measures)[1]				
	Adjusted items	*Adjusting items*	Total	*Adjusted items*	*Adjusting items*	Total	*% change adjusted items*	*% change total*
External sales	*163.9*	-	163.9	*102.3*	-	102.3	*-37.6%*	*-37.6%*
Operating result	*18.9*	*-102.3*	-83.4	*-1.5*	*-22*	-23.5	-	-
Net finance costs	*-9.4*	-	-9.4	*-12.0*	*0.1*	-11.9	*27.7%*	*26.6%*
Result before tax (PBT)	9.5	*-102.3*	-92.8	*-13.5*	*-21.9*	-35.4	-	-
Adjusted PBT, group's share[1]	9.5	-	-	*-13.5*		-	-	-

Sales

Sales fell by €61.6m to €102.3m (-37.6%) mainly due to the Covid-19 pandemic, with a relative resilience from the core notebooks & planners categories.

Sales evolution by region:
- **EMEA** (42% of total): -42%. The region was heavily impacted by various local Covid-19 restrictions.
- **Americas** (36% of total): -39% also impacted by Covid-19 lockdowns, with however a better wholesale performance, mainly driven by online sales.
- **APAC** (22% of total): -23%. APAC was the best performing geography as it came out of the crisis faster than the rest of the world.

Sales evolution by channel:
- **Wholesale** (60% of total): -32%. The decline in offline was widely spread, and this was partially compensated by a very positive performance from online sales of our Wholesale clients.
- **B2B** (22% of total): -46%. The pandemic caused budget cuts and caution from businesses, leading to a reduction in demand. The drop was the most pronounced in the Americas.
- **E-Commerce** (10% of total): +16%. E-commerce benefited by the lockdowns, especially in EMEA, and by a positive end-of-year season.
- **Retail** (8% of total): -64%. Retail was severely down in all regions with closures throughout the year and traffic significantly reduced, especially in Americas. December however showed signs of recovery. The number of stores declined from 77 at the end of 2019 to 59 at the end of 2020.

RESULTS

Reported operating result went from -€83.4m in 2019 to -€23.5m in 2020. The *adjusted* operating result[1] came in at -€1.5m in 2020 compared to €18.9m in 2019. The decline is mainly due to the Covid-19 negative impact on sales and a €4.1m provision reversal in 2019 related to the long-term incentive program of 2016-2021. Significant efforts have been made on costs to contain the decline.

A €21.0m impairment charge ("a*djusting* item[1]") was booked on goodwill in H1-20 due to the impact of the Covid-19 pandemic on current and expected results. The formal impairment review performed at year-end showed headroom and did not lead to any additional impairment charge.

Net financial charges equalled €11.9m (€9.4m in 2019). The profit before tax amounted to -€35.4 million and the *adjusted* profit before tax[1] amounted to -€13.5 million (€9.5m in 2019). Income tax expenses equalled €0.7m versus €4.8m in 2019.

Net debt and free cash flow

Moleskine's net debt reached €300.8m - of which €253.9million intra-Group borrowing - at the end of 2020, stable compared to €297.0m at the end of 2019.

The *adjusted* free cash flow[6] amounted to €0.8m in 2020 compared to €21.0 million in 2019. The lower cash-flow generation mainly reflects the lower operational results resulting from the Covid-19 crisis and a lower working capital inflow YoY, partially compensated by lower capital expenditures.

5. Corporate and unallocated

€m	2019 APM (non-GAAP measures)[1] Adjusted items	2019 APM (non-GAAP measures)[1] Adjusting items	2019 Total	2020 APM (non-GAAP measures)[1] Adjusted items	2020 APM (non-GAAP measures)[1] Adjusting items	2020 Total	% change adjusted items	% change total
External sales	-	-	-	-	-	-	-	-
Operating result	-15.3	6.5	-8.8	-19.0	0.7	-18.3	-	-
Net finance costs	5	-15.7	-10.7	14.2	-	14.2	184.0%	-
Result before tax (PBT)	-10.3	-9.2	-19.5	-4.8	0.7	-4.1	-	-
Adjusted PBT, group's share[1]	-10.3	-	-	-4.8	-	-	-	-

RESULTS

The reportable operating segment "Corporate and Unallocated" mainly includes the Corporate and Real Estate activities (D'Ieteren Immo S.A.). The *adjusted* operating result[1] reached -€19.0m in 2020 compared to -€15.3m in 2019 mainly due to the solidarity programme put in place at the beginning of the pandemic outbreak.

Net finance income evolution was mainly due to inter-segment financing interests.

Adjusted profit before tax, group's share[1] reached -€4.8m (-€10.3m in 2019).

NET CASH

The net cash position slightly decreased (from €1,516.4m at the end of 2019 to €1,455.1m at the end of 2020 of which €456.5m inter-segment loan), mainly as a result of the purchase, in February 2020, of €150m of Belron's preference shares previously held by CD&R, the settlement of the financial contingent liability (€31.9m) towards CD&R, the purchase of treasury shares (€24.4m) and the payment in June 2020 of the dividend (€53.9m) to the shareholders of D'Ieteren, partially offset by the dividend received from D'Ieteren Automotive (€200m).

6. Research and Development

Research and Development costs incurred by the Group totaled EUR 15.75 million in 2020

- Through its Lab Box subsidiary, D'Ieteren Automotive explores, analyses and develops flexible and innovative mobility services including intermodality and MaaS (Mobility as a Service). Investments in Lab Box reached EUR 12.9 million in 2020 (incl. EUR 1.9 million for EDI which, from 2020, falls under Lab Box budget) compared to EUR 9.5 million in 2019.

- Belron has its own dedicated Research and Development division, Belron Technical. By developing technical standards and innovations that break new ground in vehicle glass repair and replacement, it enables the business to deliver a high-quality and safe service to all its customers, and to maintain the skills of its technicians. Belron's R&D budget amounted to circa EUR 2 million in 2020 versus EUR 1.8 million in 2019.

- The Digital Development and R&D department of Moleskine worked on solutions to bridge the analogue-digital continuum, creating a connection between digital and paper products. The Digital Innovation cell spent circa EUR 850,000 on R&D versus EUR 700,000 in 2019.

1 *In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, D'Ieteren uses Alternative Performance Measures ("APMs"). These APMs are non-GAAP measures, i.e. their definitions are not addressed by IFRS. D'Ieteren does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures. See page 13 for the definition of these performance indicators.*

2 *In order to provide an accurate picture of the car market, Febiac publishes market figures excluding registrations that have been cancelled within 30 days. Most of them relate to vehicles that are unlikely to have been put into circulation in Belgium by the end customer.*

3 *The net financial debt is not an IFRS indicator. D'Ieteren uses this Alternative Performance Measure to reflect its indebtedness. This non-GAAP indicator is defined as the sum of the borrowings minus cash, cash equivalents and investments in non-current and current financial assets. See page 20.*

4 *EBITDA is not an IFRS indicator. This APM (non-GAAP indicator) is defined as earnings before interest, taxes, depreciation and amortization. Since the method for calculating the EBITDA is not governed by IFRS, the method applied by the Group may not be the same as that adopted by others and therefore may not be comparable.*

5 *"Organic growth" is an Alternative Performance Measure used by the Group to measure the evolution of revenue between two consecutive periods, at constant currency and excluding the impact of change in perimeter of consolidation or business acquisitions.*

6 *Adjusted free cash-flow is not an IFRS indicator. This APM measure is defined as [Adjusted EBITDA - other non-cash items – change in working capital – capital expenditures – capital paid on lease liabilities – taxes paid – interest paid – acquisitions + disposals – employee share plans – cash-flow from adjusting items + other cash items]*

Alternative Performance Measurement (APM) – Non-Gaap Measurement

Framework and definitions

In order to better reflect its underlying performance and assist investors, securities analysts and other interested parties in gaining a better understanding of its financial performance, the Group uses Alternative Performance Measures ("APMs"). These alternative performance metrics are used internally for analysing the Group's results as well as its business units.

These APMs are non-GAAP measures, i.e. their definition is not addressed by IFRS. They are derived from the audited IFRS accounts. The APMs may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's performance or liquidity under IFRS. The Group does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures.

Each line of the statement of profit or loss (see below), and each subtotal of the segment statement of profit or loss (see below), is broken down in order to provide information on the *adjusted* result and on the *adjusting* items.

The *adjusting* items are identified by the Group in order to present comparable figures, giving to the investors a better view on the way the Group is measuring and managing its financial performance. They comprise the following items, but are not limited to:

(a) Recognised fair value gains and losses on financial instruments (i.e. change in fair value between the opening and the end of the period, excluding the accrued cash flows of the derivatives that occurred during the period), where hedge accounting may not be applied under IAS 39/IFRS 9 (in this case recognised fair value gains and losses being directly accounted for in the Consolidated Statement of Comprehensive Income);

(b) Exchange gains and losses arising upon the translation of foreign currency loans and borrowings at the closing rate;

(c) Impairment of goodwill and other non-current assets;

(d) Amortisation of intangible assets with finite useful lives recognised in the framework of the allocation as defined by IFRS 3 of the cost of a business combination;

(e) Other material items that derive from events or transactions that fall within the ordinary activities of the Group, and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

Adjusted result consists of the IFRS reported result, excluding *adjusting* items as listed above.

The Group uses as key performance indicator the *adjusted* consolidated result before tax, Group's share (*Adjusted* PBT, Group's share). This APM consists of the segment reported result before tax (PBT), taking into account the result before tax of the discontinued operations, and excluding *adjusting* items and the share of minority shareholders.

Presentation of APMs in the consolidated statement of profit or loss for the year ended 31 December

€m	2020			2019[1]		
		Of which			*Of which*	
	Total	*Adjusted result*	*Adjusting items*	Total	*Adjusted result*	*Adjusting items*
Revenue	**3,318.0**	*3,318.0*	-	**3,798.8**	*3,798.8*	-
Cost of sales	-2,877.4	*-2,877.3*	*-0.1*	-3,303.3	*-3,303.3*	-
Gross margin	**440.6**	*440.7*	*-0.1*	**495.5**	*495.5*	-
Commercial and administrative expenses	-370.0	*-364.4*	*-5.6*	-382.2	*-379.7*	*-2.5*
Other operating income	13.3	*13.0*	*0.3*	21.8	*15.3*	*6.5*
Other operating expenses	-73.7	*-10.9*	*-62.8*	-110.7	*-8.4*	*-102.3*
Operating result	**10.2**	*78.4*	*-68.2*	**24.4**	*122.7*	*-98.3*
Net finance costs	-1.9	*-2.0*	*0.1*	-22.8	*-7.1*	*-15.7*
Finance income	5.1	*5.0*	*0.1*	1.4	*1.4*	-
Finance costs	-7.0	*-7.0*	-	-24.2	*-8.5*	*-15.7*
Share of result of equity-accounted investees and long-term interests in equity-accounted investees, net of income tax	149.9	*183.3*	*-33.4*	93.2	*125.1*	*-31.9*
Result before tax	**158.2**	*259.7*	*-101.5*	**94.8**	*240.7*	*-145.9*
Income tax expense	-17.4	*-28.9*	*11.5*	-28.7	*-29.1*	*0.4*
Result from continuing operations	**140.8**	*230.8*	*-90.0*	**66.1**	*211.6*	*-145.5*
Discontinued operations	-	-	-	-	-	-
RESULT FOR THE PERIOD	**140.8**	*230.8*	*-90.0*	**66.1**	*211.6*	*-145.5*
Result attributable to:					-	-
Equity holders of the Company	**141.9**	*231.9*	*-90.0*	**66.1**	*211.6*	*-145.5*
Non-controlling interests	-1.1	*-1.1*	-	-	-	-
Earnings per share						
Basic (EUR)	2.62	*4.28*	*-1.66*	1.21	*3.88*	*-2.67*
Diluted (EUR)	2.60	*4.25*	*-1.65*	1.21	*3.86*	*-2.65*
Earnings per share -Continuing operations						
Basic (EUR)	2.62	*4.28*	*-1.66*	1.21	*3.88*	*-2.67*
Diluted (EUR)	2.60	*4.25*	*-1.65*	1.21	*3.86*	*-2.65*

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R – see note 1 of the 2020 full-year results press release for more information on the restatement of comparative information.

Presentation of APMs in the segment statement of profit or loss for the year ended 31 December

The Group's reportable operating segments are D'Ieteren Auto, Belron, Moleskine and Corporate & Unallocated (corporate and real estate activities). These operating segments are consistent with the Group's organisational and internal reporting structure, and with the requirements of IFRS 8 "Operating Segments".

Despite its classification as an equity-accounted investee, Belron remains a reportable operating segment, reflecting the Group's internal reporting structure.

The Group had initially adopted IFRS 16 at 1 January 2019 (using the modified retrospective approach). The Group currently presents in both periods the results of its operating segments on a post-IFRS 16 basis, reflecting the Group's internal reporting structure.

€m	Notes	2020					
		D'Ieteren Auto	Belron (100%)	Moleskine	Corp. & unallocated	Eliminations	Group
External revenue		3,215.7	3,898.8	102.3	-	-3,898.8	3,318.0
Inter-segment revenue		-	-	-	-	-	-
Segment revenue		**3,215.7**	**3,898.8**	**102.3**	**-**	**-3,898.8**	**3,318.0**
Operating result (being segment result)		**52.0**	**488.9**	**-23.5**	**-18.3**	**-488.9**	**10.2**
Of which Adjusted result		*98.9*	*583.1*	*-1.5*	*-19.0*	*-583.1*	*78.4*
Adjusting items		*-46.9*	*-94.2*	*-22.0*	*0.7*	*94.2*	*-68.2*
Net finance costs		-4.2	-123.6	-11.9	14.2	123.6	-1.9
Finance income		0.2	3.2	0.9	4.0	-3.2	5.1
Finance costs		-1.9	-126.8	-4.9	-0.2	126.8	-7.0
Inter-segment financing interest		-2.5	-	-7.9	10.4	-	-
Share of result of equity-accounted investees and long-term interests in equity-accounted investees, net of income tax		4.0	0.3	-	-	145.6	149.9
Result before tax		**51.8**	**365.6**	**-35.4**	**-4.1**	**-219.7**	**158.2**
Of which Adjusted result		*100.0*	*461.7*	*-13.5*	*-4.8*	*-283.7*	*259.7*
Adjusting items		*-48.2*	*-96.1*	*-21.9*	*0.7*	*64.0*	*-101.5*
Income tax expense		-15.8	-94.2	-0.7	-0.9	94.2	-17.4
Result from continuing operations		**36.0**	**271.4**	**-36.1**	**-5.0**	**-125.5**	**140.8**
Of which Adjusted result		*72.5*	*331.0*	*-14.1*	*-5.6*	*-153.0*	*230.8*
Adjusting items		*-36.5*	*-59.6*	*-22.0*	*0.6*	*27.5*	*-90.0*
Discontinued operations		-	-	-	-	-	-
RESULT FOR THE PERIOD		**36.0**	**271.4**	**-36.1**	**-5.0**	**-125.5**	**140.8**

Attributable to:	D'Ieteren Auto	Belron(*)	Moleskine	Corp. & unallocated		Group
Equity holders of the Company(*)	**37.1**	**145.9**	**-36.1**	**-5.0**		**141.9**
Of which Adjusted result	*73.6*	*178.0*	*-14.1*	*-5.6*		*231.9*
Adjusting items	*-36.5*	*-32.1*	*-22.0*	*0.6*		*-90.0*
Non-controlling interests	-1.1	-	-	-		-1.1
RESULT FOR THE PERIOD	**36.0**	**145.9**	**-36.1**	**-5.0**		**140.8**

(*) Belron at 53.75% (weighted average percentage for the 2020 period – see note 6 of the 2020 full-year results press release).

Presentation of APMs in the segment statement of profit or loss for the year ended 31 December (continued)

€m		D'Ieteren Auto	Belron (100%)	Moleskine	Corp. & unallocated	Eliminations	Group
		2019(1)					
External revenue		3,634.9	4,228.1	163.9	-	-4,228.1	3,798.8
Inter-segment revenue		-	-	-	-	-	-
Segment revenue		**3,634.9**	**4,228.1**	**163.9**	**-**	**-4,228.1**	**3,798.8**
Operating result (being segment result)		**116.6**	**348.9**	**-83.4**	**-8.8**	**-348.9**	**24.4**
Of which	*Adjusted result*	*119.1*	*416.4*	*18.9*	*-15.3*	*-416.4*	*122.7*
	Adjusting items	*-2.5*	*-67.5*	*-102.3*	*6.5*	*67.5*	*-98.3*
Net finance costs		-2.7	-101.9	-9.4	-10.7	101.9	-22.8
Finance income		0.2	7.1	0.8	0.4	-7.1	1.4
Finance costs		-2.9	-109.0	-5.3	-16.0	109.0	-24.2
Inter-segment financing interest		-	-	-4.9	4.9	-	-
Share of result of equity-accounted investees and long-term interests in equity-accounted investees, net of income tax		8.6	0.1	-	-	84.5	93.2
Result before tax		**122.5**	**247.1**	**-92.8**	**-19.5**	**-162.5**	**94.8**
Of which	*Adjusted result*	*125.0*	*319.4*	*9.5*	*-10.3*	*-202.9*	*240.7*
	Adjusting items	*-2.5*	*-72.3*	*-102.3*	*-9.2*	*40.4*	*-145.9*
Income tax expense		-36.7	-85.9	-4.8	12.8	85.9	-28.7
Result from continuing operations		**85.8**	**161.2**	**-97.6**	**-6.7**	**-76.6**	**66.1**
Of which	*Adjusted result*	*86.2*	*222.0*	*4.7*	*4.2*	*-105.5*	*211.6*
	Adjusting items	*-0.4*	*-60.8*	*-102.3*	*-10.9*	*28.9*	*-145.5*
Discontinued operations		-	-	-	-	-	-
RESULT FOR THE PERIOD		85.8	161.2	-97.6	-6.7	-76.6	66.1

Attributable to:		D'Ieteren Auto	Belron(*)	Moleskine	Corp. & unallocated	Group
Equity holders of the Company(*)		**85.8**	**84.6**	**-97.6**	**-6.7**	**66.1**
Of which	*Adjusted result*	*86.2*	*116.5*	*4.7*	*4.2*	*211.6*
	Adjusting items	*-0.4*	*-31.9*	*-102.3*	*-10.9*	*-145.5*
Non-controlling interests		-	-	-	-	-
RESULT FOR THE PERIOD		85.8	84.6	-97.6	-6.7	66.1

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R and, in the Belron segment, to present the net interest on long-term employee benefit asset as finance income rather than to separately present the interest income on plan assets as finance income and the interest cost on the defined benefit obligation as finance costs – see note 1 of the 2020 full-year results press release for more information on the restatement of comparative information.

(*) Belron at 52.48% (weighted average percentage for the 2019 period – see note 6 of the 2020 full-year results press release).

In both periods, the column "Eliminations" reconciles the segment statement of profit or loss (with the 12-month result of Belron presented on all lines under global integration method) to the IFRS Group consolidated statement of profit or loss (with the net result of Belron presented in the line "share of result of equity-accounted investees and long-term interest in equity-accounted investees, net of income tax", representing the share of the Group in the 12-month net result of Belron).

Explanations and details of the figures presented as *adjusting* items

In 2020 and 2019, the Group identified the following items as *adjusting* items throughout the four operating segments:

€m	2020							
	D'Ieteren Auto		Belron		Moleskine		Corp. & unallocated	Total (segment)*
Adjusting items								
Included in operating result	***-46.9***		***-94.2***		***-22.0***		***0.7***	***-162.4***
Re-measurements of financial instruments	*-*		*-0.7*	*(c)*	*0.3*	*(i)*	*-*	*-0.4*
Amortisation of customer contracts	*-*		*-24.5*	*(d)*	*-*		*-*	*-24.5*
Amortisation of brands with finite useful life	*-*		*-3.7*	*(e)*	*-*		*-*	*-3.7*
Impairment of goodwill and of non-current assets	*-*		*-18.6*	*(f)*	*-21.0*	*(j)*	*-*	*-39.6*
Other adjusting items	*-46.9*	*(a)*	*-46.7*	*(g)*	*-1.3*	*(k)*	*0.7*	*-94.2*
Included in net finance costs	***-***		***-1.9***		***0.1***		***-***	***-1.8***
Re-measurements of financial instruments	*-*		*-*		*0.1*	*(i)*	*-*	*0.1*
Other adjusting items	*-*		*-1.9*	*(h)*	*-*		*-*	*-1.9*
Included in equity accounted result	***-1.3***	*(b)*	***-***		***-***		***-***	***-1.3***
Included in segment result before taxes (PBT)	***-48.2***		***-96.1***		***-21.9***		***0.7***	***-165.5***

* Total of the adjusting items at the level of each segment. The adjusting items presented in the Belron segment should be deducted from this total to reconcile with the Group figures reported in the segment statement of profit or loss.

€m	2019(1)								
	D'Ieteren Auto		Belron		Moleskine		Corp. & unallocated		Total (segment)*
Adjusting items									
Included in operating result	**-2.5**		**-67.5**		**-102.3**		**6.5**		**-165.8**
Re-measurements of financial instruments	*-*		*4.9*	*(c)*	*-*		*-*		*4.9*
Amortisation of customer contracts	*-*		*-12.2*	*(d)*	*-*		*-*		*-12.2*
Amortisation of brands with finite useful life	*-*		*-1.4*	*(e)*	*-*		*-*		*-1.4*
Impairment of goodwill and of non-current assets	*-*		*-21.3*	*(f)*	*-102.3*	*(j)*	*-*		*-123.6*
Other adjusting items	*-2.5*	*(a)*	*-37.5*	*(g)*	*-*		*6.5*	*(l)*	*-33.5*
Included in net finance costs	**-**		**-4.8**		**-**		**-15.7**		**-20.5**
Re-measurements of financial instruments	*-*		*-*		*-*		*-15.7*	*(m)*	*-15.7*
Other adjusting items	*-*		*-4.8*	*(h)*	*-*		*-*		*-4.8*
Included in equity accounted result	**-**		**-**		**-**		**-**		**-**
Included in segment result before taxes (PBT)	**-2.5**		**-72.3**		**-102.3**		**-9.2**		**-186.3**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R – see note 1 of the 2020 full-year results press release for more information on the restatement of comparative information.

* Total of the adjusting items at the level of each segment. The adjusting items presented in the Belron segment should be deducted from this total to reconcile with the Group figures reported in the segment statement of profit or loss.

Explanations and details of the figures presented as *adjusting* items (continued)

D'Ieteren Auto

(a) In the current period, other *adjusting* items in operating result (-€46.9m) mainly includes a charge of -€3.2m (-€2.5m in the prior period) in the framework of the "Market Area" project (optimization of the independent dealer network), costs of -€1.7m incurred in relation to the carve-out of the automobile distribution activities (D'Ieteren Auto) into new fully owned subsidiaries (up to the end of December 2020 D'Ieteren Auto's activities were included at D'Ieteren SA's level) and a provision of €41.0m (mainly severance costs) related to the finalization of the project carried out in 2020 by D'Ieteren Auto for the acceleration of the transformation of its activities in response to a rapidly changing market. This project entailed measures to adapt internal structures and working methods to the new market realities and transformed or ceased those activities that no longer met the needs of dealers or customers.

(b) In the current period, *adjusting* items included in equity-accounted result relates to the share of the Group's in the provision related to the project for accelerating the transformation of D'Ieteren Auto's activities (see (a) above).

Belron

(c) Fair value of fuel hedge instruments amounts to -€0.7m (€4.9m in the prior period) and arises from changes in the "clean" fair value of derivatives. Change in "clean" fair value of derivatives corresponds to the change of "dirty" fair value (i.e. the change of value between the opening and the end of the period) excluding the accrued cash flows of the derivatives that occurred during the period.

(d) In the framework of the recent acquisitions (mainly TruRoad acquired in August 2019 in the United States), certain customer contracts were recognised as intangible assets with a finite useful life. The amortisation amounts to -€24.5m (-€12.2m in the prior period).

(e) The amortisation of brands with finite useful lives (certain brands are no longer considered to be intangibles with indefinite useful lives since there is now a limit to the period over which these assets are expected to generate cash inflows) amounts to -€3.7m (-€1.4m in the prior period).

(f) In the current period, a total impairment charge of -€18.6m is recognized and relates to the write-down of assets classified as held for sale at the year end to reflect the disposal fair value, and other software write offs. At year-end, Belron undertook a full impairment review of all cash generating units in accordance with the requirements of IAS 36 and no impairments were booked as a result of this review.

In the prior period, a total impairment charge of -€21.3m was recognized in Italy (-€21.0m on goodwill, brands and other intangible assets) and in the Netherlands (-€0.3m on other intangible assets).

(g) In the current period, other *adjusting* items of -€46.7m include -€16.0m in relation to restructurings and integrations (mostly resulting from integration of US TruRoad acquisition in 2019 and restructuring costs in the US, Canada and Italy), and -€30.6m in relation to the disposal of several "other services" businesses in France, Belgium, Italy, United Kingdom and Canada. These disposal-related costs comprise provisions for restructuring, costs to sell and obligations in signed sale agreements. There are also assets impairments in relation to these disposals (see f) above).

In the prior period, other *adjusting* items of -€37.5m included -€30.7m in relation to restructurings and integrations (the majority of which was spent on the integration of the US TruRoad acquisition with some costs on Eurozone projects and restructurings), -€3.7m for acquisition costs and -€3.0m due to disposal costs.

(h) In the period, other *adjusting* items in net finance costs are mainly costs incurred to increase the amount of the committed syndicated revolving credit facility.

In the prior period, other *adjusting* items in net finance costs were costs incurred in relation to the additional financing undertaken in Q4 2019 (new 7-year Term Loan B of $830m maturing in 2026 and "add-on-loan" to existing EUR Term Loan B of €100m maturing in 2024. Proceeds were used to pay a dividend to shareholders).

Moleskine

(i) In the period, a total amount of €0.4m (€0.3m in operating result and €0.1m in net finance costs) has been recognised to reflect the change in the fair value of a forward contract used to hedge transactional and financial exposure against the fluctuation of the USD.

(j) At half-year, an impairment charge of -€21.0m was recognized on the Moleskine cash-generating unit (fully allocated to goodwill) following the impairment calculation performed at half-year. The formal impairment review was performed at year-end in accordance with the requirements of IAS 36 and no additional impairment charge was booked as a result of this review. See specific information in note 4 of the financial highlights section. In the prior period, an impairment charge of -€102.3m was recognized and fully allocated to goodwill.

(k) In the period, other *adjusting* items of -€1.3m mainly include sunk costs and severance costs.

Corporate & Unallocated

(l) In the prior period, the €6.5m *adjusting* item in operating result related to the consolidated gain on the disposal of a property.

(m) In the prior period, the re-measurement of financial instruments represented the loss on the fair value of a contingent liability relating to the disposal of the 40% stake of Belron to CD&R. The re-measurement has been adjusted in the comparative information (refer to note 1 of the 2020 full-year results press release for more information).

Adjusted result before tax, Group's share (*adjusted* PBT, Group's share)

All results in both periods are on a post-IFRS 16 basis.

€m	2020					2019(1)				
	D'Ieteren Auto	Belron (53.75%)	Moleskine	Corp. & unallocated	Total (segment)	D'Ieteren Auto	Belron (52.48%)	Moleskine	Corp. & unallocated	Total (segment)
Segment reported PBT	**51.8**	**365.6**	**-35.4**	**-4.1**	**377.9**	**122.5**	**247.1**	**-92.8**	**-19.5**	**257.3**
Less: Adjusting items in PBT	48.2	96.1	21.9	-0.7	165.5	2.5	72.3	102.3	9.2	186.3
Segment adjusted PBT	**100.0**	**461.7**	**-13.5**	**-4.8**	**543.4**	**125.0**	**319.4**	**9.5**	**-10.3**	**443.6**
Share of the group in tax on adjusted results of equity-accounted investees	2.8	-	-	-	2.8	3.4	-	-	-	3.4
Share of non-controlling interests in adjusted PBT	-	-213.5	-	-	-213.5	-	-151.8	-	-	-151.8
Segment adjusted PBT, Group's share	**102.8**	**248.2**	**-13.5**	**-4.8**	**332.7**	**128.4**	**167.6**	**9.5**	**-10.3**	**295.2**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R – see note 1 of the 2020 full-year results press release for more information on the restatement of comparative information.

In the period, the weighted average percentage used for computing the segment *adjusted* PBT, Group's share of Belron amounts to 53.75% (52.48% in the prior period).

All results in both periods are on a post-IFRS 16 basis.

€m	2020					2019(1)				
	D'Ieteren Auto	Belron (53.75%)	Moleskine	Corp. & unallocated	Total (segment)	D'Ieteren Auto	Belron (53.75%)	Moleskine	Corp. & unallocated	Total (segment)
Segment adjusted PBT, Group's share	**102.8**	**248.2**	**-13.5**	**-4.8**	**332.7**	**128.4**	**167.6**	**9.5**	**-10.3**	**295.2**
Adjustment of the share of the Group (comparable basis with 2020)	-	-	-		-	-	4.1	-		4.1
Adjusted PBT, Group's share (key performance indicator)	**102.8**	**248.2**	**-13.5**	**-4.8**	**332.7**	**128.4**	**171.7**	**9.5**	**-10.3**	**299.3**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R – see note 1 of the 2020 full-year results press release for more information on the restatement of comparative information.
The column Belron has also been restated based on the weighted average percentage used for computing the segment adjusted PBT in 2020 (53.75% in 2020 vs 52.48% in 2019) to make both periods comparable.

Net debt

In order to better reflect its indebtedness, the Group uses the concept of net debt. This non-GAAP measure, i.e. its definition is not addressed by IFRS, is an Alternative Performance Measure ("APM") and is not presented as an alternative to financial measures determined in accordance with IFRS.

Net debt is based on loans and borrowings less cash, cash equivalents and non-current and current asset investments. It excludes the fair value of derivative debt instruments. The hedged loans and borrowings (i.e. those that are accounted for in accordance with the hedge accounting rules of IAS 39) are translated at the contractual foreign exchange rates of the related cross currency swaps. The other loans and borrowings are translated at closing foreign exchange rates.

€m	31 December 2020				31 December 2019 (1)			
	D'Ieteren Auto	Belron (100%)	Moleskine	Corp. & unallocated	D'Ieteren Auto	Belron (100%)	Moleskine	Corp. & unallocated
Non-current loans and borrowings	17.9	2,812.3	62.9	4.7	8.4	3,055.8	121.1	4.9
Current loans and borrowings	3.2	179.3	14.2	0.5	5.7	207.6	40.3	0.5
Inter-segment financing	202.6	-	253.9	-456.5	-	-	190.8	-190.8
Adjustment for hedged borrowings	-	26.9	-	-	-	-1.7	-	-
Gross debt	**223.7**	**3,018.5**	**331.0**	**-451.3**	**14.1**	**3,261.7**	**352.2**	**-185.4**
Less: Cash and cash equivalents	-56.0	-617.8	-30.2	-265.1	119.6	-282.6	-55.2	-731.9
Less: Current financial assets	-	-	-	-737.2	-	-	-	-597.8
Less: Other non-current receivables	-	-	-	-1.5	-	-	-	-1.3
Net debt from continuing activities excluding assets and liabilities classified as held for sale	**167.7**	**2,400.7**	**300.8**	**-1,455.1**	**133.7**	**2,979.1**	**297.0**	**-1,516.4**
Net debt in assets and liabilities classified as held for sale	-	12.3	-	-	-	-	-	-
Total net debt	**167.7**	**2,413.0**	**300.8**	**-1,455.1**	**133.7**	**2,979.1**	**297.0**	**-1,516.4**

(1) As restated, in the Corporate & unallocated segment, to reflect the reclassification of €54,4m from "Cash and cash equivalent" to "Current financial assets" in the framework of continuous improvement of the financial reporting presentation.

In both periods, the inter-segment loans comprise amounts lent by the Corporate department to the Moleskine segment (non-recourse loan, increased by €63.1m during the period – of which €55.2m are an increase of the nominal loan and €7.9m are capitalized interests) and, in the current period, to the D'Ieteren Auto segment, at arm's length conditions.

D'Ieteren Auto's net debt reached €167.7m at the end of December 2020 (€133.7m at the end of December 2019). The increase of €34.0m on the year-end net debt mainly reflects the new €200m inter-segment financing put in place during the first semester of the year, partially offset by the positive free cash flow generation during the period thanks to the cash inflow from working capital (€158.9m) despite reduction of the EBITDA. Under IFRS 16, €20.6m of lease liabilities are recognised on the balance sheet and therefore included in the net debt calculation (€13.5m at the end of December 2019).

Belron's net financial debt reached €2,413.0m at the end of December 2020. This compares with €2,979.1m at the end of December 2019. The decrease of €566.1m on the year-end net debt is primarily the result of strong cash generation during the year as a result of actions taken by Belron amid COVID-19 crisis and the strong recovery of the business.

Under IFRS 16, €580.6m of lease liabilities are recognised on the balance sheet and therefore included in the net debt calculation (€654.7m at the end of December 2019).

Moleskine's net debt reached €300.8m (of which €253.9m of inter-segment financing) at the end of December 2020 (€297.0m at the end of December 2019, of which €190.8m of inter-segment financing). Moleskine operated a refinancing of its existing debt at the end of December 2020 with a new €53m bank term loan maturing in December 2023 (with possible extension) and an additional €55m in shareholder loan. Under IFRS 16, €24.8m of lease liabilities are recognised on the balance sheet and therefore included in the net debt calculation (€29.5m at the end of December 2019).

The net cash position of the Corporate & unallocated segment decreased from €1,516.4m to €1,455.1m at 31 December 2020 mainly as a result of the purchase, in February 2020, of €150m of Belron's preference shares previously held by CD&R, the settlement of the financial contingent liability (€31.9m) towards CD&R, the purchase of treasury shares (€24.4m), the payment in June 2020 of the dividend (€53.9m) to the shareholders of D'Ieteren, partially offset by the dividend received from D'Ieteren Auto (€200m).

s.a. D'Ieteren n.v.

Consolidated Financial Statements 2020

Content

Consolidated Statement of Profit or Loss

Year ended 31 December

€m	Notes	2020	2019[(1)]
Revenue	5	**3,318.0**	**3,798.8**
Cost of sales	6	-2,877.4	-3,303.3
Gross margin		**440.6**	**495.5**
Commercial and administrative expenses	6	-370.0	-382.2
Other operating income	6	13.3	21.8
Other operating expenses	6	-73.7	-110.7
Operating result	6	**10.2**	**24.4**
Net finance costs	7	-1.9	-22.8
Finance income		5.1	1.4
Finance costs		-7.0	-24.2
Share of result of equity-accounted investees and long-term interests in equity-accounted investees, net of income tax	17	149.9	93.2
Result before tax		**158.2**	**94.8**
Income tax expense	11	-17.4	-28.7
Result from continuing operations		**140.8**	**66.1**
Discontinued operations		-	-
RESULT FOR THE PERIOD		**140.8**	**66.1**
Result attributable to:			
Equity holders of the Company		**141.9**	**66.1**
Non-controlling interests ("NCI")		-1.1	-
Earnings per share			
Basic (in €)	8	2.62	1.21
Diluted (in €)	8	2.60	1.21
Earnings per share - Continuing operations			
Basic (in €)	8	2.62	1.21
Diluted (in €)	8	2.60	1.21

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R – see note 1 for more information on the restatement of comparative information.

The notes on pages 28 to 82 are an integral part of these consolidated financial statements.
The Group uses Alternative Performance Measures (non-GAAP measures) to reflect its financial performance – See consolidated management report and press release.

Consolidated Statement of Comprehensive Income

Year ended 31 December

€m	Notes	2020	2019(1)
Result for the period		140.8	66.1
Other comprehensive income			
Items that will never be reclassified to profit or loss (net of tax):		15.7	-4.0
Re-measurements of defined benefit liabilities/assets	*10*	*-*	*-5.0*
Equity-accounted investees - share of OCI	*17*	*15.7*	*1.0*
Items that may be reclassified subsequently to profit or loss (net of tax)		10.1	-0.4
Translation differences		*-0.7*	*1.2*
Cash flow hedges: fair value gains (losses) in equity		*0.3*	*-*
Equity-accounted investees - share of OCI	*17*	*10.5*	*-1.6*
Other comprehensive income, net of tax		25.8	-4.4
Total comprehensive income for the period		**166.6**	**61.7**
being: attributable to equity holders of the Company		***167.7***	***61.7***
attributable to non-controlling interests ("NCI")		***-1.1***	***-***

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R – see note 1 for more information on the restatement of comparative information.

The notes on pages 28 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December

€m	Notes	2020	2019[1]
Goodwill	12	76.2	97.1
Intangible assets	13	451.2	444.8
Property, plant & equipment	14	262.9	268.7
Investment property	15	31.7	28.9
Equity-accounted investees & long-term interests in equity-accounted investees	17	675.4	349.3
Deferred tax assets	11	39.2	41.3
Other receivables	20	4.4	4.6
Non-current assets		**1,541.0**	**1,234.7**
Inventories	16	457.4	492.8
Current financial investments	4/18	737.2	597.8
Derivative financial instruments		0.5	0.1
Current tax assets	11	18.2	10.5
Trade and other receivables	20	339.3	454.8
Cash & cash equivalents	19	351.3	667.5
Assets classified as held for sale	4	2.1	-
Current assets		**1,906.0**	**2,223.5**
TOTAL ASSETS		**3,447.0**	**3,458.2**
Capital & reserves attributable to equity holders		2,739.4	2,646.3
Non-controlling interests ("NCI")		3.5	0.6
Equity		**2,742.9**	**2,646.9**
Employee benefits	10	31.7	31.6
Provisions	22	11.6	14.7
Loans & borrowings	23	85.5	134.4
Deferred tax liabilities	11	131.1	132.8
Non-current liabilities		**259.9**	**313.5**
Provisions	22	6.5	2.5
Loans & borrowings	23	17.9	46.5
Derivative financial instruments	18	-	0.4
Other financial liabilities	18	-	31.9
Current tax liabilities	11	1.7	5.0
Trade & other payables	24	413.4	411.5
Liabilities directly associated with the assets held for sale	4	4.7	-
Current liabilities		**444.2**	**497.8**
TOTAL EQUITY AND LIABILITIES		**3,447.0**	**3,458.2**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R and to reflect the reclassification of financial investments at FVTPL from "Cash and cash equivalent" to "Current financial investments" in the framework of continuous improvement of the financial reporting presentation – see note 1 for more information on the restatement of comparative information.

The notes on pages 28 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

At 31 December

€m	Capital and reserves attributable to equity holders						Total Group's share	Non-controlling interests	Equity
	Share capital	Share premium	Treasury shares reserve	Hedging reserve	Retained earnings	Cumulative translation differences			
At 1 January 2019	**160.0**	**24.4**	**-38.3**	**2.6**	**2,521.2**	**-14.8**	**2,655.1**	**0.3**	**2,655.4**
Adjustment on initial application of IFRS 16 (net of tax)	-	-	-	-	-6.7	-	-6.7	-	-6.7
Restatement[(1)]	-	-	-	-	4.0	-	4.0	-	4.0
At 1 January 2019 (adjusted and restated)	**160.0**	**24.4**	**-38.3**	**2.6**	**2,518.5**	**-14.8**	**2,652.4**	**0.3**	**2,652.7**
Profit for the period	-	-	-	-	66.1	-	66.1	-	66.1
Other comprehensive income	-	-	-	-10.3	-4.4	10.3	-4.4	-	-4.4
Total comprehensive income for the period	**-**	**-**	**-**	**-10.3**	**61.7**	**10.3**	**61.7**	**-**	**61.7**
Movement of treasury shares (see note 21)	-	-	-18.7	-	-	-	-18.7	-	-18.7
Dividends (see note 21)	-	-	-	-	-54.8	-	-54.8	-	-54.8
Other movements	-	-	-	-	5.7	-	5.7	0.3	6.0
Total contribution and distribution	**-**	**-**	**-18.7**	**-**	**-49.1**	**-**	**-67.8**	**0.3**	**-67.5**
Total change in ownership interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2019	**160.0**	**24.4**	**-57.0**	**-7.7**	**2,531.1**	**-4.5**	**2,646.3**	**0.6**	**2,646.9**
At 1 January 2020	**160.0**	**24.4**	**-57.0**	**-7.7**	**2,531.1**	**-4.5**	**2,646.3**	**0.6**	**2,646.9**
Profit for the period	-	-	-	-	141.9	-	141.9	-1.1	140.8
Other comprehensive income	-	-	-	-17.0	18.6	24.2	25.8	-	25.8
Total comprehensive income for the period	**-**	**-**	**-**	**-17.0**	**160.5**	**24.2**	**167.7**	**-1.1**	**166.6**
Movement of treasury shares (see note 21)	-	-	-24.4	-	-	-	-24.4	-	-24.4
Dividends (see note 21)	-	-	-	-	-53.9	-	-53.9	-	-53.9
Treasury shares - cancellation (buy-back programme - see note 21)	-	-	43.4	-	-43.4	-	-	-	-
Other movements	-	-	-	-	3.7	-	3.7	4.0	7.7
Total contribution and distribution	**-**	**-**	**19.0**	**-**	**-93.6**	**-**	**-74.6**	**4.0**	**-70.6**
Total change in ownership interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2020	**160.0**	**24.4**	**-38.0**	**-24.7**	**2,598.0**	**19.7**	**2,739.4**	**3.5**	**2,742.9**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R – see note 1 for more information on the restatement of comparative information.

The notes on pages 28 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December

€m	Notes	2020	2019[(1)]
Cash flows from operating activities - Continuing			
Result for the period		140.8	66.1
Income tax expense	11	17.4	28.7
Share of result of equity-accounted investees and long-term interests in equity-accounted investees, net of income tax	17	-149.9	-93.2
Net finance costs	7	1.9	22.8
Operating result from continuing operations		**10.2**	**24.4**
Depreciation	6/14/15	38.4	34.8
Amortisation of intangible assets	6/13	8.5	7.1
Impairment and write-offs on goodwill and other non-current assets	12	21.4	102.3
Other non-cash items		10.4	1.8
Employee benefits		-4.2	-4.2
Other cash items		0.2	-0.1
Change in net working capital		125.5	-74.9
Cash generated from operations		**210.4**	**91.2**
Income tax paid		-32.1	-42.0
Net cash from operating activities		**178.3**	**49.2**
Cash flows from investing activities - Continuing			
Purchase of property, plant and equipment and intangible assets		-35.0	-50.4
Sale of property, plant and equipment and intangible assets		1.9	8.2
Net capital expenditure		**-33.1**	**-42.2**
Acquisition of subsidiaries (net of cash acquired)	25	-0.4	-13.8
Acquisition of equity-accounted investees and long-term interests in equity-accounted investees	17	-150.0	-
Contribution of cash from / (to) joint ventures		-1.6	-20.7
Proceeds from the sale of / (investments in) financial assets	4	-139.4	-597.8
Interest received		4.3	1.6
Dividends and proceeds from capital reduction received from equity-accounted investees & long-term interests in equity accounted investees	4	-	460.7
Net investment in other financial assets		-0.1	19.1
Net cash from investing activities		**-320.3**	**-193.1**
Cash flows from financing activities - Continuing			
Acquisition (-)/Disposal (+) of non-controlling interests		6.0	0.1
Net disposal/(acquisition) of treasury shares		-24.4	-18.7
Repayment of lease liabilities	23	-15.8	-14.9
Net change in other loans and borrowings	23	-80.6	-27.1
Interest paid		-5.0	-6.5
Dividends paid by Company	21	-53.9	-54.8
Net cash from financing activities		**-173.7**	**-121.9**
Cash flows from continuing operations		**-315.7**	**-265.8**
Cash flows from discontinued operations		**-**	**-**
TOTAL CASH FLOW FOR THE PERIOD		**-315.7**	**-265.8**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R and to reflect the re-classification of financial investments at FVTPL from "Cash and cash equivalent" to "Current financial assets" in the framework of continuous improvement of the financial reporting presentation – see note 1 for more information on the restatement of comparative information.

The notes on pages 28 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows (continued)

Year ended 31 December

€m	Notes	2020	2019(1)
Reconciliation with statement of financial position			
Cash at beginning of period	19	495.2	673.4
Cash equivalents at beginning of period	19	172.3	259.6
Cash and cash equivalents at beginning of period		**667.5**	**933.0**
Total cash flow for the period		-315.7	-265.8
Translation differences		-0.5	0.3
Cash and cash equivalents at end of period		**351.3**	**667.5**
Included within "Cash and cash equivalents"	*19*	*351.3*	*667.5*

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R and to reflect the reclassification of financial investments at FVTPL from "Cash and cash equivalent" to "Current financial assets" in the framework of continuous improvement of the financial reporting presentation – see note 1 for more information on the restatement of comparative information.

The notes on pages 28 to 82 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 1: General information

s.a. D'Ieteren n.v. (the Company) is a public company incorporated and domiciled in Belgium, whose controlling shareholders are listed in note 21 of these consolidated financial statements. The address of the Company's registered office is: Rue du Mail 50, B-1050 Brussels.

In existence since 1805, and across family generations, the Company seeks growth and value creation by pursuing a strategy on the long term for its businesses and actively encouraging and supporting them to develop their position in their industry or in their geographies. The Company, its subsidiaries and its interests in associates and joint ventures (together the Group) form an international group, currently active in four activities:

- D'Ieteren Auto distributes Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti and Porsche vehicles in Belgium. It has a market share of more than 23% and 1.2 million vehicles on the road. Its business model is evolving towards improving the lives of citizens with fluid, accessible and sustainable mobility;
- Belron (equity-accounted investee) has a clear purpose: "making a difference by solving people's problems with real care". It is the worldwide leader in vehicle glass repair and replacement and operates in 40 countries, through wholly owned businesses and franchises, with market leading brands – including Carglass®, Safelite® AutoGlass and Autoglass®. In addition, Belron manages vehicle glass and other insurance claims on behalf of insurance customers;
- Moleskine is a premium aspirational lifestyle brand which develops and sells iconic branded notebooks and writing, travel and reading accessories through a global multichannel platform.
- D'Ieteren Immo groups together the Belgian real estate interests of D'Ieteren Group. It owns and manages approximately 30 properties. It also pursues investment projects and carries out studies into possible site renovations.

The Company is listed on Euronext Brussels.

These consolidated financial statements have been authorized for issue by the Board of Directors on 26 March 2021.

Restatement of comparative information

According to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, and the consolidated statement of cash flows have been restated in 2019 to take into account the adjustment on the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R (a result of the correction of a past error identified in 2020). As a result, the fair value of the contingent liability in the statement of financial position (included in the line "other financial liabilities") has been reduced by €5.6m at the end of December 2019. Finance income increased by €1.6m for the year ended 31 December 2019. Opening retained earnings have been restated by €4.0m as of 1 January 2019. The contingent liability has been settled during the first semester of 2020 for a total amount of €31.9m.

The consolidated statement of financial position and the consolidated statement of cash flows have also been restated in 2019 in the Corporate & unallocated segment to reflect the reclassification of €54.4m from "Cash and cash equivalent" to "Current financial investments" in the framework of continuous improvement of the financial reporting presentation.

Alternative Performance Measurement – Non-GAAP measurement

In order to better reflect its underlying performance and assist investors in gaining a better understanding of its financial performance, the Group uses Alternative Performance Measures ("APMs"). These APMs are non-GAAP measures, i.e. their definition is not addressed by IFRS. The Group does not present APMs as an alternative to financial measures determined in accordance with IFRS and does not give to APMs greater prominence than defined IFRS measures.

Note 2: Basis of preparation

These 2020 consolidated financial statements are for the 12 months ended 31 December 2020. They are presented in euro, which is the Group's functional currency. All amounts have been rounded to the nearest million, unless otherwise indicated. They have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the related International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued which have been adopted by the European Union ("EU") as at 31 December 2020 and are effective for the period ending 31 December 2020.

Note 2: Basis of preparation (continued)

These consolidated financial statements have been prepared under the historical cost convention, except for employee benefits, non-current assets and liabilities held for sale, business combination and financial assets and financial liabilities (including derivative instruments) that have been measured at fair value. On 31 December 2020, financial assets measured at fair value are limited to the portfolio of marketable securities held in the Corporate & unallocated segment (see note 18) and to derivative financial instruments (see note 18). Financial liabilities measured at fair value is limited to the liability in relation to the disposal of the 40% stake in Belron to CD&R in 2018 at 31 December 2019 (see note 18).

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of income, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change or prospectively. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are listed below. They are also disclosed in the relevant notes.

- Measurement of defined benefit obligations (key actuarial assumptions used). See note 10.
- Recognition of deferred tax assets (availability of future taxable profit against which deductible temporary differences and carried forward tax losses can be used). See note 11.
- Goodwill and brands with indefinite useful lives. See note 12.
- Impairment tests (key assumptions underlying recoverable amounts). See note 12.
- Recognition and measurement of provisions and contingencies (key assumptions about the likelihood and magnitude of an outflow of resources). See note 22.
- Measurement of expected credit loss (ECL) allowance for doubtful trade receivables (key assumptions in determining the weighted average loss rate). See note 20.
- Provision for inventory obsolescence. See note 16.
- Acquisition of subsidiary (fair value of the consideration transferred and of the assets acquired and liabilities assumed). See note 25.
- Lease term (whether the Group is reasonably certain to exercise extension or termination options). See note 31.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Further information is included in the relevant notes. The main areas are employee benefits (see note 10), share-based payments (see note 9), investment properties (see note 15), financial instruments (see note 18) and business combinations (see note 25). When measuring the fair value of an asset or a liability, the Group used observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

COVID-19

The coronavirus (COVID-19) pandemic has caused an unprecedented and sudden shock to the overall economy and has been affecting all Group's activities throughout the world. The Group's activities experienced underactivity during Q2 2020 and at the end of the year with related decline in sales due the temporary shutdowns of the vast majority of the Group's operations (at the level of D'Ieteren Auto, Belron and Moleskine).

Several measures were launched at the beginning of the pandemic by its activities to preserve cash by reducing costs, optimizing working capital, postponing payments of social expenses in some countries thanks to some national governments initiatives and delay certain non-strategic investments. D'Ieteren Auto, Belron, Moleskine and D'Ieteren Immo rapidly adjusted their capacity where needed in conformity with country specific legal framework and regulations. Taking into account local, regional and national sanitary and health recommendations, the Group implemented strict sanitary and social distancing measures for employees and clients in its locations, to ensure a COVID-proof work environment. Together with the strengthening of personal sanitary measures and other precautionary measures in reopened locations, the Group also expanded throughout its organizations its home-work protocol for its white collars.

A Solidarity Programme has been established to support and help employees of the Group who may suffer hardship as a consequence of the COVID-19 crisis. As announced on 27 April 2020, the Board of Directors of the Company has decided to allocate the initially planned dividend increase compared to last year of €0.15 per share to this Solidarity Programme, leading to an €8m of dedicated provision recognised on the balance sheet. Additional contributions from salary and fee from senior managers and Board members have been added to the programme during the second semester and an amount of approximately €3m has already been used to support the Group's activities and employees. At 31 December 2020, €5.1m remains available in the programme.

Note 2: Basis of preparation (continued)

The impact of government stimulus is not material to the income statement, except for support related to the temporary unemployment in Europe (ca. €24m at Belron level recognized in the income statement, together with a further €25m directly paid to employees, and ca. €10m of cost savings at D'Ieteren Auto level). The Group was exposed to additional credit risk arising from its customers (distress resulting from the sanitary crisis). Thanks to the intensified focus and tracking throughout the activities, there has been no significant increase in bad debt.

A review was undertaken during Q4 2020 to assess whether the consequences of COVID-19 crisis indicate that some assets could be impaired. Except for the €21m impairment charge already accounted for at Moleskine level at half-year 2020, this review confirmed that there was no other indication of impairment for some cash generating units. See note 12 for additional information on the impairment tests performed and the related consequences on the consolidated income statement.

As a consequence of the current environment, the Group also re-assessed the utilization of tax losses previously recognized as deferred tax assets, based on updated forecasts of taxable income. This review concluded that the recognised deferred tax assets are justified.

The Group also reviewed the valuation as at 31 December 2020 of the assets and liabilities considering the potential impacts of the current uncertainties and concluded that the carrying amounts are currently justified.

Despite the crisis and thanks to its adequate taken measures to preserve cash, the Group has a strong funding and liquidity structure in place as at 31 December 2020, with approximately €1.0bn of net cash (cash, cash equivalents and non-current and current asset investments less loans and borrowings) sitting on the consolidated balance sheet level and a well-balanced debt profile at Belron level with no near-term significant maturities before 2024. As of 31 December 2020, the Group complied with all requirements of the loan covenants. The Group continues to take measures to minimize the impact of the crisis on cash flows and is ensuring that it has the necessary liquidity structure in place for the foreseeable future. Taking this into account, the Board of Directors has a reasonable expectation that the Group is well placed to manage its business risks, has sufficient funds to continue to meet its liabilities as they fall due and to continue in operational existence for the foreseeable future. The consolidated financial statements have therefore been prepared on a going concern basis.

Brexit

The exit of the UK from the European Union (Brexit) could affect estimations or judgments made in the preparation of the financial statements, mostly for the entities with operations in the UK or Europe. Risks and potential exposures to the Brexit are however assessed as reasonable due to the limited exposure of the Group to the UK economic environment and to the measures taken by local management to mitigate the risks.

Note 3: Changes in accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in note 33. These policies have all been consistently applied to all the years presented, unless otherwise stated.

Note 4: Segment information

The Group's reportable operating segments are D'Ieteren Auto, Belron, Moleskine and "Corporate & unallocated". These operating segments are consistent with the Group's organisational and internal reporting structure, and with the requirements of IFRS 8 "Operating Segments".

D'Ieteren Auto comprises the automobile distribution activities of the Group. Belron comprises Belron Group s.a. and its subsidiaries. Despite its classification as an equity-accounted investee, Belron remains a reportable operating segment, reflecting the Group's internal reporting structure. The figures presented in the Belron segment are the consolidated financial statements of Belron Group s.a.. Moleskine includes Moleskine S.p.a. and its subsidiaries. The segment "Corporate & unallocated" comprises the corporate and the real estate activities of the Group.

These operating segments are consistent with the Group's organisational and internal reporting structure.

Note 4: Segment information (continued)

Segment Statement of Profit or Loss - Operating Segments (Year ended 31 December)

€m	Notes	2020					
		D'Ieteren Auto	Belron (100%)	Moleskine	Corp. & unallocated	Eliminations	Group
External revenue	5	3,215.7	3,898.8	102.3	-	-3,898.8	3,318.0
Inter-segment revenue		-	-	-	-	-	-
Segment revenue		**3,215.7**	**3,898.8**	**102.3**	**-**	**-3,898.8**	**3,318.0**
Operating result (being segment result)	6	**52.0**	**488.9**	**-23.5**	**-18.3**	**-488.9**	**10.2**
Net finance costs	7	-4.2	-123.6	-11.9	14.2	123.6	-1.9
Finance income		0.2	3.2	0.9	4.0	-3.2	5.1
Finance costs		-1.9	-126.8	-4.9	-0.2	126.8	-7.0
Inter-segment financing interest		-2.5	-	-7.9	10.4	-	-
Share of result of equity-accounted investees and long-term interests in equity-accounted investees, net of income tax	17	4.0	0.3	-	-	145.6	149.9
Result before tax		**51.8**	**365.6**	**-35.4**	**-4.1**	**-219.7**	**158.2**
Income tax expense	11	-15.8	-94.2	-0.7	-0.9	94.2	-17.4
Result from continuing operations		**36.0**	**271.4**	**-36.1**	**-5.0**	**-125.5**	**140.8**
Discontinued operations		-	-	-	-	-	-
RESULT FOR THE PERIOD		**36.0**	**271.4**	**-36.1**	**-5.0**	**-125.5**	**140.8**

Attributable to:	D'Ieteren Auto	Belron(*)	Moleskine	Corp. & unallocated	Group
Equity holders of the Company(*)	**37.1**	**145.9**	**-36.1**	**-5.0**	**141.9**
Non-controlling interests	-1.1	-	-	-	-1.1
RESULT FOR THE PERIOD	**36.0**	**145.9**	**-36.1**	**-5.0**	**140.8**

(*) Belron at 53.75% (weighted average percentage for the 2020 period – see note 17).

In 2020, in the Corporate & unallocated segment, the line "Operating result" includes, amongst other amounts, the provision (€8.2m) related to the decision of the Board of Directors, as announced on 27 April 2020, to allocate the initially planned dividend increase of €0.15 per share to a solidarity program that will help employees of D'Ieteren Group who may suffer hardship as a consequence of the Covid-19 crisis. From the initial provision, €3.1m has been used and expensed during the year and the remaining €5.1m is presented in the current provisions in the consolidated statement of financial position.

In 2020, in the D'Ieteren Auto segment, the line "Operating result" includes, amongst other amounts, the liability (€41.0m) related to the finalization of the project carried out in 2020 by D'Ieteren Auto for the acceleration of the transformation of its activities in response to a rapidly changing market (see press release dated 3rd June 2020). This project entailed measures to adapt internal structures and working methods to the new market realities and transformed or ceased those activities that no longer met the needs of dealers or customers. This charge (not paid as per 31 December 2020) is presented in the line "other operating expenses" in the consolidated statement of profit or loss.

In 2020, in the Moleskine segment, the line "Operating result" includes, amongst other amounts, the impairment charge recognised at half-year in the Moleskine segment (€21.0m). This non-cash charge is presented in the line "other operating expenses" in the consolidated statement of profit or loss. The formal impairment review was performed at year-end in accordance with the requirements of IAS 36 and no additional impairment charge was booked as a result of this review. See note 12 for additional information.

In 2020, in the Belron segment, the increase in net finance costs on the same period last year reflects the new term loan taken out in Q4 2019 (issuance of a new seven-year Term Loan B of $830m - which matures in October 2026 - and a €100m add-on-loan to the existing € Term Loan B which matures in November 2024).

Note 4: Segment information (continued)

Segment Statement of Profit or Loss – Operating Segments (Year ended 31 December)

€m	2019(1)					
	D'Ieteren Auto	Belron (100%)	Moleskine	Corp. & unallocated	Eliminations	Group
External revenue	3,634.9	4,228.1	163.9	-	-4,228.1	3,798.8
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**3,634.9**	**4,228.1**	**163.9**	**-**	**-4,228.1**	**3,798.8**
Operating result (being segment result)	**116.6**	**348.9**	**-83.4**	**-8.8**	**-348.9**	**24.4**
Net finance costs	-2.7	-101.9	-9.4	-10.7	101.9	-22.8
Finance income	0.2	7.1	0.8	0.4	-7.1	1.4
Finance costs	-2.9	-109.0	-5.3	-16.0	109.0	-24.2
Inter-segment financing interest	-	-	-4.9	4.9	-	-
Share of result of equity-accounted investees and long-term interests in equity-accounted investees, net of income tax	8.6	0.1	-	-	84.5	93.2
Result before tax	**122.5**	**247.1**	**-92.8**	**-19.5**	**-162.5**	**94.8**
Income tax expense	-36.7	-85.9	-4.8	12.8	85.9	-28.7
Result from continuing operations	**85.8**	**161.2**	**-97.6**	**-6.7**	**-76.6**	**66.1**
Discontinued operations	-	-	-	-	-	-
RESULT FOR THE PERIOD	**85.8**	**161.2**	**-97.6**	**-6.7**	**-76.6**	**66.1**

Attributable to:	D'Ieteren Auto	Belron(*)	Moleskine	Corp. & unallocated	Group
Equity holders of the Company(*)	**85.8**	**84.6**	**-97.6**	**-6.7**	**66.1**
Non-controlling interests	-	-	-	-	-
RESULT FOR THE PERIOD	**85.8**	**84.6**	**-97.6**	**-6.7**	**66.1**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R and, in the Belron segment, to present the net interest on long-term employee benefit asset as finance income rather than to separately present the interest income on plan assets as finance income and the interest cost on the defined benefit obligation as finance costs – see note 1 for more information on the restatement of comparative information.
(*) Belron at 52.48% (weighted average percentage for the 2019 period – see note 17).

In 2019, in the Corporate & unallocated segment, the line "Operating result" included, among other amounts, the gain (€6.5m) realised on the disposal of a property (recognized in other operating income in the consolidated statement of profit or loss) and the line "net finance costs" mainly included the loss (-€15.7m – as restated; see note 1 for more information) on the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R. The line "income tax expenses" mainly included the deferred tax assets recognized on unused tax losses and credits.

In both periods, the column "Eliminations" reconciles the segment statement of profit or loss (with the 12-month result of Belron presented on all lines under global integration method) to the IFRS Group consolidated statement of profit or loss (with the net result of Belron presented in the line "share of result of equity-accounted investees and long-term interest in equity-accounted investees, net of income tax" representing the share of the Group – 53.75% in 2020; 52.48% in 2019 – in the net result of Belron).

Note 4: Segment information (continued)

Segment Statement of Financial Position - Operating Segment

€m	Notes	31 December 2020					
		D'Ieteren Auto	Belron	Moleskine	Corp. & unallocated	Eliminations	Group
Goodwill	12	27.4	577.7	48.8	-	-577.7	76.2
Intangible assets	13	38.8	505.2	411.7	0.7	-505.2	451.2
Property, plant & equipment	14	63.3	783.6	27.2	172.4	-783.6	262.9
Investment property	15	0.1	-	-	31.6	-	31.7
Equity-accounted investees & long-term interests in equity-accounted investees	17	88.8	-	-	-	586.6	675.4
Financial investments		-	1.4	-	-	-1.4	-
Employee benefits		-	152.4	-	-	-152.4	-
Deferred tax assets	11	11.1	63.8	7.1	21.0	-63.8	39.2
Other receivables	20	2.1	5.0	1.0	1.3	-5.0	4.4
Non-current assets		**231.6**	**2,089.1**	**495.8**	**227.0**	**-1,502.5**	**1,541.0**
Inventories	16	432.0	299.0	25.4	-	-299.0	457.4
Current financial investments	4/18	-	-	-	737.2	-	737.2
Derivative financial instruments		-	1.6	0.5	-	-1.6	0.5
Current tax assets	11	8.4	6.7	9.8	-	-6.7	18.2
Trade and other receivables	20	303.9	281.3	30.3	5.1	-281.3	339.3
Cash & cash equivalents	19	56.0	617.8	30.2	265.1	-617.8	351.3
Assets classified as held for sale	4	2.1	46.8	-	-	-46.8	2.1
Current assets		**802.4**	**1,253.2**	**96.2**	**1,007.4**	**-1,253.2**	**1,906.0**
TOTAL ASSETS		**1,034.0**	**3,342.3**	**592.0**	**1,234.4**	**-2,755.7**	**3,447.0**
Equity		**-**	**-**	**-**	**2,742.9**	**-**	**2,742.9**
Employee benefits	10	28.1	7.6	2.4	1.2	-7.6	31.7
Provisions	22	11.3	32.0	-	0.3	-32.0	11.6
Loans & borrowings	23	17.9	2,812.3	62.9	4.7	-2,812.3	85.5
Inter-segment loan		202.6	-	253.9	-456.5	-	-
Derivative financial instruments	18	-	73.2	-	-	-73.2	-
Other payables	24	-	0.8	-	-	-0.8	-
Deferred tax liabilities	11	0.6	95.5	110.4	20.1	-95.5	131.1
Non-current liabilities		**260.5**	**3,021.4**	**429.6**	**-430.2**	**-3,021.4**	**259.9**
Provisions	22	-	49.4	1.4	5.1	-49.4	6.5
Loans & borrowings	23	3.2	179.3	14.2	0.5	-179.3	17.9
Derivative financial instruments	18	-	8.3	-	-	-8.3	-
Current tax liabilities	11	0.8	56.0	0.7	0.2	-56.0	1.7
Trade & other payables	24	366.8	616.8	28.6	18.0	-616.8	413.4
Liabilities directly associated with the assets held for sale	4	4.7	30.7	-	-	-30.7	4.7
Current liabilities		**375.5**	**940.5**	**44.9**	**23.8**	**-940.5**	**444.2**
TOTAL EQUITY AND LIABILITIES		**636.0**	**3,961.9**	**474.5**	**2,336.5**	**-3,961.9**	**3,447.0**

Note 4: Segment information (continued)

Segment Statement of Financial Position – Operating Segments

€m	31 December 2019[1]					
	D'Ieteren Auto	Belron	Moleskine	Corp. & unallocated	Eliminations	Group
Goodwill	27.3	590.1	69.8	-	-590.1	97.1
Intangible assets	31.9	594.0	412.7	0.2	-594.0	444.8
Property, plant & equipment	54.9	938.2	37.7	176.1	-938.2	268.7
Investment property	-	-	-	28.9	-	28.9
Equity-accounted investees & long-term interests in equity-accounted investees	84.8	-	-	-	264.5	349.3
Financial investments	-	1.9	-	-	-1.9	-
Derivative financial instruments	-	0.1	-	-	-0.1	-
Employee benefits	-	105.1	-	-	-105.1	-
Deferred tax assets	11.6	53.1	8.5	21.2	-53.1	41.3
Other receivables	2.1	6.0	1.2	1.3	-6.0	4.6
Non-current assets	**212.6**	**2,288.5**	**529.9**	**227.7**	**-2,024.0**	**1,234.7**
Inventories	462.7	330.4	30.1	-	-330.4	492.8
Current financial investments	-	-	-	597.8	-	597.8
Derivative financial instruments	-	5.0	0.1	-	-5.0	0.1
Current tax assets	0.9	2.5	9.5	0.1	-2.5	10.5
Trade and other receivables	414.2	355.8	35.7	4.9	-355.8	454.8
Cash & cash equivalents	-119.6	282.6	55.2	731.9	-282.6	667.5
Current assets	**758.2**	**976.3**	**130.6**	**1,334.7**	**-976.3**	**2,223.5**
TOTAL ASSETS	**970.8**	**3,264.8**	**660.5**	**1,562.4**	**-3,000.3**	**3,458.2**
Equity	**-**	**-**	**-**	**2,646.9**	**-**	**2,646.9**
Employee benefits	28.4	7.9	2.1	1.1	-7.9	31.6
Provisions	14.2	26.8	-	0.5	-26.8	14.7
Loans & borrowings	8.4	3,055.8	121.1	4.9	-3,055.8	134.4
Inter-segment loan	-	-	190.8	-190.8	-	-
Derivative financial instruments	-	6.5	-	-	-6.5	-
Other payables	-	1.2	-	-	-1.2	-
Deferred tax liabilities	1.3	97.4	111.1	20.4	-97.4	132.8
Non-current liabilities	**52.3**	**3,195.6**	**425.1**	**-163.9**	**-3,195.6**	**313.5**
Provisions	-	138.4	2.5	-	-138.4	2.5
Loans & borrowings	5.7	207.6	40.3	0.5	-207.6	46.5
Derivative financial instruments	-	9.6	0.4	-	-9.6	0.4
Other financial liabilities	-	-	-	31.9	-	31.9
Current tax liabilities	4.3	33.7	0.6	0.1	-33.7	5.0
Trade & other payables	361.7	585.8	37.6	12.2	-585.8	411.5
Current liabilities	**371.7**	**975.1**	**81.4**	**44.7**	**-975.1**	**497.8**
TOTAL EQUITY AND LIABILITIES	**424.0**	**4,170.7**	**506.5**	**2,527.7**	**-4,170.7**	**3,458.2**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R and to reflect the reclassification of financial investments at FVTPL from "Cash and cash equivalent" to "Current financial assets" in the framework of continuous improvement of the financial reporting presentation - see note 1 for more information on the restatement of comparative information.

In 2019 and 2020, in the Corporate & unallocated segment, the line "Current financial Investments" comprises investments in a portfolio of marketable securities (mainly corporate bonds in Europe and equity instruments). These investments are accounted for at amortized costs (corporate bonds) and FVTPL (equity instruments). Related cash movement of -€139.4m is included in the line "proceeds from the sale of / (investment in) financial assets" in the consolidated statement of cash flows.

Note 4: Segment information (continued)

In 2020, the lines "Assets classified as held-for-sale" and "Liabilities directly associated with the assets held for sale" represent, in the D'Ieteren Auto segment, the fair value of the assets and liabilities of those activities that no longer met the needs of dealers or customers, as a result of the finalization of the project carried out for the acceleration of the transformation of activities in response to a rapidly changing market. These assets and liabilities are going to be ceased in 2021. In the Belron segment, these amounts include the fair value of the activities that are expected to be sold during 2021 (see note 17 for more information).

In 2019 and 2020, the inter-segment loans comprise amounts lent by the Corporate department to the Moleskine segment (non-recourse loan in the framework of the acquisition) and, in the current period, to the D'Ieteren Auto segment, at arm's length conditions.

In 2020, in the D'Ieteren Auto segment, the trade and other payables include the liability (€41.0m) related to the finalization of the project carried out in 2020 for the acceleration of the transformation of its activities in response to a rapidly changing market

In 2020, in the Corporate & unallocated segment, the current provisions include the €5.1m remaining provision related to the decision of the Board of Directors, as announced on 27 April 2020, to allocate the initially planned dividend increase of €0.15 per share to a solidarity program that will help employees of D'Ieteren Group who may suffer hardship as a consequence of the Covid-19 crisis (see note 2 for more information).

In 2019, the line "Other financial liabilities" of €31.9m represents the fair value of the financial contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R. This contingent liability has been settled in the first semester of 2020. The fair value of this contingent liability has been adjusted in the comparative periods (see note 1 for more information on the restatement of comparative information).

In 2020 and 2019, the column "Eliminations" reconciles the segment statement of financial position (including the assets and liabilities of Belron) to the IFRS consolidated statement of financial position (with Belron presented as an equity-accounted investee – see note 17).

In 2020 and 2019, right-of-use assets recognised under IFRS 16 are included in the line "Property, plant and equipment". The related lease liabilities are accounted for under "Loans and borrowings".

Note 4: Segment information (continued)

Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)

€m	Notes	2020					
		D'Ieteren Auto	Belron	Moleskine	Corp. & unallocated	Eliminations	Group
Cash flows from operating activities - Continuing							
Result for the period		36.0	271.4	-36.1	-5.0	-125.5	140.8
Income tax expense	11	15.8	94.2	0.7	0.9	-94.2	17.4
Share of result of equity-accounted investees and long-term interests in equity-accounted investees, net of income tax	17	-4.0	-0.3	-	-	-145.6	-149.9
Net finance costs	7	4.2	123.6	11.9	-14.2	-123.6	1.9
Operating result from continuing operations		**52.0**	**488.9**	**-23.5**	**-18.3**	**-488.9**	**10.2**
Depreciation	6/14/15	17.7	229.9	10.7	10.0	-229.9	38.4
Amortisation of intangible assets	6/13	5.2	65.7	3.3	-	-65.7	8.5
Impairment and write-offs on goodwill and other non-current assets	12	0.4	23.9	21.0	-	-23.9	21.4
Other non-cash items		3.1	29.6	0.4	6.9	-29.6	10.4
Employee benefits		-4.2	-	-	-	-	-4.2
Other cash items		-	-	0.2	-	-	0.2
Change in net working capital		158.9	34.1	1.5	-34.9	-34.1	125.5
Cash generated from operations		**233.1**	**872.1**	**13.6**	**-36.3**	**-872.1**	**210.4**
Income tax paid		-28.3	-98.4	-2.2	-1.6	98.4	-32.1
Net cash from operating activities		**204.8**	**773.7**	**11.4**	**-37.9**	**-773.7**	**178.3**
Cash flows from investing activities - Continuing							
Purchase of property, plant and equipment and intangible assets		-22.6	-38.1	-2.6	-9.8	38.1	-35.0
Sale of property, plant and equipment and intangible assets		1.4	5.5	-	0.5	-5.5	1.9
Net capital expenditure		**-21.2**	**-32.6**	**-2.6**	**-9.3**	**32.6**	**-33.1**
Acquisition of subsidiaries (net of cash acquired)	25	-0.4	-13.7	-	-	13.7	-0.4
Acquisition of equity-accounted investees and long-term interests in equity-accounted investees	17	-	-	-	-150.0	-	-150.0
Disposal of subsidiaries (net of cash disposed of)		-	-0.4	-	-	0.4	-
Contribution of cash from/(to) joint venture		-1.6	-	-	-	-	-1.6
Proceeds from the sale of / (investments in) financial assets	4	-	-	-	-139.4	-	-139.4
Interest received		0.3	1.6	-	4.0	-1.6	4.3
Dividends and proceeds from capital reduction received from /(paid by) equity-accounted investees & long-term interests in equity accounted investees		-	-8.8	-	-	8.8	-
Net investment in other financial assets		-0.1	-	-	-	-	-0.1
Net cash from investing activities		**-23.0**	**-53.9**	**-2.6**	**-294.7**	**53.9**	**-320.3**

Note 4: Segment information (continued)

Segment Statement of Cash Flows - Operating Segments (Year ended 31 December – continued)

€m	Notes	2020					
		D'Ieteren Auto	Belron	Moleskine	Corp. & unallocated	Eliminations	Group
Cash flows from financing activities - Continuing							
Acquisition (-)/Disposal (+) of non-controlling interests		6.0	-	-	-	-	6.0
Net disposal/(acquisition) of treasury shares		-	-	-	-24.4	-	-24.4
Purchase of own shares (buyback from MRP participants)		-	-39.9	-	-	39.9	-
Repayment of lease liabilities	23	-10.3	-172.8	-5.1	-0.4	172.8	-15.8
Net change in other loans and borrowings	23	-	-16.6	-80.5	-0.1	16.6	-80.6
Inter-segment loans		200.0	-	55.2	-255.2	-	-
Interest paid		-1.9	-127.2	-2.9	-0.2	127.2	-5.0
Dividends received from/(paid to) other segment		-200.0	-	-	200.0	-	-
Dividends paid by the Company	21	-	-	-	-53.9	-	-53.9
Net cash from financing activities		**-6.2**	**-356.5**	**-33.3**	**-134.2**	**356.5**	**-173.7**
Cash flows from continuing operations		**175.6**	**363.3**	**-24.5**	**-466.8**	**-363.3**	**-315.7**
Cash flows from discontinued operations		**-**	**-**	**-**	**-**	**-**	**-**
TOTAL CASH FLOW FOR THE PERIOD		**175.6**	**363.3**	**-24.5**	**-466.8**	**-363.3**	**-315.7**
Reconciliation with statement of financial position							
Cash at beginning of period	19	-190.9	282.6	55.2	630.9	-282.6	495.2
Cash equivalents at the beginning of the period	19	71.3	-	-	101.0	-	172.3
Cash and cash equivalents at beginning of period		**-119.6**	**282.6**	**55.2**	**731.9**	**-282.6**	**667.5**
Total cash flow for the period		175.6	363.3	-24.5	-466.8	-363.3	-315.7
Translation differences		-	-24.2	-0.5	-	24.2	-0.5
Cash and cash equivalents at end of period		**56.0**	**621.7**	**30.2**	**265.1**	**-621.7**	**351.3**
Included within "Cash and cash equivalents	*19*	*56.0*	*617.8*	*30.2*	*265.1*	*-617.8*	*351.3*
Included within "Non-current assets held for sale"		*-*	*3.9*	*-*	*-*	*-3.9*	*-*

The line "impairment and write-offs on goodwill and other non-current assets" includes the impairment charges recognized in the Belron segment (€23.9m – see note 17) and in the Moleskine segment (€21m, fully allocated to goodwill – see note 12).

In the Belron segment, the line "Other non-cash items" includes, among other amounts, the losses on disposal of businesses in 2020. The cash outflow (€93m) related to the settlement of long-term management incentive program is included in the change in net working capital.

In the D'Ieteren Auto segment, the line "Change in net working capital" mainly reflects the lower level of inventories and a significant cash inflow from trade receivables.

In the Corporate & unallocated segment, the line "Change in net working capital" mainly includes the settlement of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R.

In the Corporate & unallocated segment, the line "Acquisition of equity-accounted investees and long-term interests in equity-accounted investees" represents the non-voting preference shares acquired by the Group in February 2020, previously held by CD&R (see note 17 for more information).

The line "inter-segment loans" represents the additional amount lent by the Corporate department to the Moleskine and D'Ieteren Auto segments, at arm's length conditions.

Note 4: Segment information (continued)

The line "Dividends received from / (paid to) other segments" relates to the intra-group dividend paid by the D'Ieteren Auto segment to the Corporate & unallocated segment.

The line "Dividends paid by the Company" includes the distribution to shareholders of the ordinary dividend (€1.00 per share).

The column "Eliminations" reconciles the segment statement of cash flows (with Belron presented on all lines under global integration method) to the IFRS Group consolidated statement of cash flows (with Belron consolidated under equity-accounting method).

Segment Statement of Cash Flows - Operating Segments (Year ended 31 December)

€m	2019(1)					
	D'Ieteren Auto	Belron	Moleskine	Corp. & unallocated	Eliminations	Group
Cash flows from operating activities - Continuing						
Result for the period	85.8	161.2	-97.6	-6.7	-76.6	66.1
Income tax expense	36.7	85.9	4.8	-12.8	-85.9	28.7
Share of result of equity-accounted investees and long-term interests in equity-accounted investees, net of income tax	-8.6	-0.1	-	-	-84.5	-93.2
Net finance costs	2.7	101.9	9.4	10.7	-101.9	22.8
Operating result from continuing operations	**116.6**	**348.9**	**-83.4**	**-8.8**	**-348.9**	**24.4**
Depreciation	12.4	237.9	13.0	9.4	-237.9	34.8
Amortisation of intangible assets	3.7	49.9	3.4	-	-49.9	7.1
Impairment and write-offs on goodwill and other non-current assets	-	21.3	102.3	-	-21.3	102.3
Other non-cash items	9.2	57.9	-3.0	-4.4	-57.9	1.8
Employee benefits	-3.6	-	-0.6	-	-	-4.2
Other cash items	-	-	-	-0.1	-	-0.1
Change in net working capital	-83.7	14.5	9.9	-1.1	-14.5	-74.9
Cash generated from operations	**54.6**	**730.4**	**41.6**	**-5.0**	**-730.4**	**91.2**
Income tax paid	-38.1	-41.8	-2.1	-1.8	41.8	-42.0
Net cash from operating activities	**16.5**	**688.6**	**39.5**	**-6.8**	**-688.6**	**49.2**
Cash flows from investing activities - Continuing						
Purchase of property, plant and equipment and intangible assets	-28.1	-70.4	-7.5	-14.8	70.4	-50.4
Sale of property, plant and equipment and intangible assets	0.9	4.6	-	7.3	-4.6	8.2
Net capital expenditure	**-27.2**	**-65.8**	**-7.5**	**-7.5**	**65.8**	**-42.2**
Acquisition of subsidiaries (net of cash acquired)	-13.6	-199.9	-0.2	-	199.9	-13.8
Acquisition of equity-accounted investees and long-term interests in equity-accounted investees	-	-	-	-	-	-
Disposal of subsidiaries (net of cash disposed of)	-	-6.3	-	-	6.3	-
Contribution of cash from/(to) joint venture	-20.7	-	-	-	-	-20.7
Proceeds from the sale of / (investments in) financial assets	-	-	-	-597.8	-	-597.8
Interest received	1.1	4.2	0.1	0.4	-4.2	1.6
Dividends and proceeds from capital reduction received from /(paid by) equity-accounted investees & long-term interests in equity accounted investees	-	-839.9	-	460.7	839.9	460.7
Net investment in other financial assets	-0.9	-	-	20.0	-	19.1
Net cash from investing activities	**-61.3**	**-1,107.7**	**-7.6**	**-124.2**	**1,107.7**	**-193.1**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R and to reflect the reclassification of financial investments at FVTPL from "Cash and cash equivalent" to "Current financial assets" in the framework of continuous improvement of the financial reporting presentation – see note 1 for more information on the restatement of comparative information.

Note 4: Segment information (continued)

Segment Statement of Cash Flows - Operating Segments (Year ended 31 December – continued)

€m	2019(1)					
	D'Ieteren Auto	Belron	Moleskine	Corp. & unallocated	Eliminations	Group
Cash flows from financing activities - Continuing						
Acquisition (-)/Disposal (+) of non-controlling interests	0.1	-	-	-	-	0.1
Share capital increase	-	0.6	-	-	-0.6	-
Net disposal/(acquisition) of treasury shares	-	-	-	-18.7	-	-18.7
Repayment of lease liabilities	-6.2	-156.4	-8.3	-0.4	156.4	-14.9
Net change in other loans and borrowings	-7.8	826.5	-19.2	-0.1	-826.5	-27.1
Inter-segment loans	-	-	30.0	-30.0	-	-
Interest paid	-3.0	-99.1	-3.3	-0.2	99.1	-6.5
Dividends paid by the Company	-	-	-	-54.8	-	-54.8
Net cash from financing activities	**-16.9**	**571.6**	**-0.8**	**-104.2**	**-571.6**	**-121.9**
Cash flows from continuing operations	**-61.7**	**152.5**	**31.1**	**-235.2**	**-152.5**	**-265.8**
Cash flows from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL CASH FLOW FOR THE PERIOD	**-61.7**	**152.5**	**31.1**	**-235.2**	**-152.5**	**-265.8**
Reconciliation with statement of financial position						
Cash at beginning of period	-59.0	124.2	23.8	708.6	-124.2	673.4
Cash included in non-current assets held for sale	-	0.8	-	-	-0.8	-
Cash equivalents at the beginning of the period	1.1	-	-	258.5	-	259.6
Cash and cash equivalents at beginning of period	**-57.9**	**125.0**	**23.8**	**967.1**	**-125.0**	**933.0**
Total cash flow for the period	-61.7	152.5	31.1	-235.2	-152.5	-265.8
Translation differences	-	5.1	0.3	-	-5.1	0.3
Cash and cash equivalents at end of period	**-119.6**	**282.6**	**55.2**	**731.9**	**-282.6**	**667.5**
Included within "Cash and cash equivalents	*-119.6*	*282.6*	*55.2*	*731.9*	*-282.6*	*667.5*

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R and to reflect the reclassification of financial investments at FVTPL from "Cash and cash equivalent" to "Current financial assets" in the framework of continuous improvement of the financial reporting presentation – see note 1 for more information on the restatement of comparative information.

The line "impairment and write-offs on goodwill and other non-current assets" included the impairment charges recognized in the Belron segment (€21.3 m) and in the Moleskine segment (€102.3m fully allocated to goodwill) following the impairment exercise performed at the end of 2019.

In the Belron segment, the line "Other non-cash items" included, among other amounts, the provision for long-term management incentive program.

In the Belron segment, the line "acquisition of subsidiaries (net of cash acquired) included, among other amounts, the US TruRoad acquisition.

The line "Dividends and proceeds from capital reduction received from / (paid by) equity-accounted investees and long-term interests in equity-accounted investees" represented the share of the Group in the distribution of the dividend (€60.5m) and the share capital reduction (€400.2m) operated by the Belron segment in December 2019.

The inter-segment loans represented additional amount lent by the Corporate department to the Moleskine segment, at arm's length conditions.

The line "Dividends paid by the Company" included the distribution to shareholders of the ordinary dividend (€1.00 per share).

Note 4: Segment information (continued)

In the period, the column "Eliminations" reconciled the segment statement of cash flows (with Belron presented on all lines under global integration method) to the IFRS Group consolidated statement of cash flows (with Belron consolidated under equity-accounting method).

Geographical Segment Information (Year ended 31 December)

The Group's operating segments (being D'Ieteren Auto, Moleskine and Corporate & unallocated) operate in three main geographical areas, being Belgium (main market for the D'Ieteren Auto segment), the rest of Europe and the rest of the world. Figures for Belron are not presented in the below table since it is an equity-accounted investee. Non-current assets and capital additions in 2019 presented below do not include the right-of-use assets recognised upon adoption of IFRS 16 at 1 January 2019.

€m	2020				2019			
	Belgium	Rest of Europe	Rest of the world	Group	Belgium	Rest of Europe	Rest of the world	Group
Segment revenue from external customers(1)	3,196.9	58.1	63.0	3,318.0	3,616.0	90.2	92.6	3,798.8
Non-current assets(2)	337.8	478.6	10.0	826.4	304.6	486.8	6.2	797.6
Capital additions(3)	50.5	1.9	1.7	54.1	63.7	5.2	3.2	72.1

(1) Based on the geographical location of the customers.
(2) Non-current assets (pre-IFRS 16 in 2019), as defined by IFRS 8, consists of goodwill, intangible assets, property, plant and equipment, investment property and non-current other receivables.
(3) Capital additions include both additions and acquisitions through business combinations including goodwill.

Note 5: Revenue

Disaggregation of revenue issued from contracts with customers for the year ended 31 December 2020 and 31 December 2019 is presented in the table below:

€m	2020	2019(1)
D'Ieteren Auto		
New vehicles	2,792.0	3,193.5
Used cars	95.5	76.1
Spare parts and accessories	182.3	215.7
After-sales activities by D'Ieteren Car Centers	83.6	97.9
D'Ieteren Sport	32.2	31.4
Other revenue	30.1	20.3
Subtotal D'Ieteren Auto	**3,215.7**	**3,634.9**
Moleskine		
Europe, Middle-East and Africa (EMEA)	43.6	74.9
America	37.0	60.9
Asia-Pacific (APAC)	21.7	28.1
Subtotal Moleskine	**102.3**	**163.9**
Total Revenue	**3,318.0**	**3,798.8**

(1) As restated in the framework of continuous improvement of the financial reporting presentation.

There was no material revenue recognised in the current reporting period that related to carried-forward contract liabilities (deferred income) or performance obligations satisfied in the previous year. There is no material revenue that is likely to arise in future periods from unsatisfied performance obligations at the Consolidated Statement of Financial Position date.

There is no material contract income or costs recognised on the Consolidated Statement of Financial Position as contract liabilities or contract assets.

Note 6: Operating result

Operating result is stated after charging:

€m	2020				2019			
	D'Ieteren Auto	**Moleskine**	**Corp. & unallocated**	**Group**	**D'Ieteren Auto**	**Moleskine**	**Corp. & unallocated**	**Group**
Purchases and changes in inventories	-2,721.9	-20.7	-2.5	-2,745.1	-3,089.0	-37.5	-6.0	-3,132.5
Depreciation on PP&E & investment property	-17.7	-10.7	-10.0	-38.4	-12.4	-13.0	-9.4	-34.8
Amortisation	-5.2	-3.3	-	-8.5	-3.7	-3.4	-	-7.1
Impairment on goodwill & other non-current assets (see note 12)	-0.4	-21.0	-	-21.4	-	-102.3	-	-102.3
Write-down on inventories	1.4	-1.1	-	0.3	-2.8	-0.3	-	-3.1
Write down on receivables	-0.8	-0.1	-	-0.9	0.7	-0.1	-	0.6
Employee benefit expenses (see note 10)	-181.0	-24.3	-13.3	-218.6	-185.2	-25.8	-15.7	-226.7
Gain on sale of property, plant and equipment	0.2	-	0.1	0.3	0.6	-	6.6	7.2
Loss on sale of property, plant and equipment	-0.2	-	-	-0.2	-	-	-	-
Rental income from investment property (1)	-	-	3.6	3.6	-	-	2.8	2.8
Sundry (2)	-238.1	-44.6	3.8	-278.9	-226.5	-64.9	12.9	-278.5
NET OPERATING EXPENSES / INCOME	**-3,163.7**	**-125.8**	**-18.3**	**-3,307.8**	**-3,518.3**	**-247.3**	**-8.8**	**-3,774.4**

(1) The full amount is related to investment property that generated rental income.
(2) Mainly relates to marketing and IT costs, legal and consultancy fees and inter-segment rental income and expenses between the segment "Corporate & unallocated" and D'Ieteren Auto.

In 2019 and 2020, the line "depreciation on PP&E & investment property" includes the depreciation on right-of-use assets recognised in accordance with IFRS 16 (see note 31 for additional information on the right-of-use assets).

In 2019 and 2020, in the consolidated statement of profit or loss, the line "other operating expenses" include, among other amounts, the impairment charge recognised in the Moleskine segment (€102.3m in 2019 and €21.0m in 2020 – included in the line "Impairment on goodwill & other non-current assets" in the above table) and the provision related to the finalization of the project carried out in 2020 by D'Ieteren Auto for the acceleration of the transformation of its activities in response to a rapidly changing market (included in the line "Sundry" in the above table, partially compensated by general cost containment (primarily marketing expenses)).

In 2019, the line "other operating income" in the consolidated statement of profit or loss included, among other amounts, the consolidated gain on disposal of a property.

Note 7: Net finance costs

Net finance costs are broken down as follows:

€m	2020				2019(1)			
	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group
Finance costs:								
Interest expense	-0.9	-4.1	-0.1	-5.1	-1.3	-4.2	-0.1	-5.6
Interest costs on pension	-0.2	-	-	-0.2	-0.2	-0.1	-	-0.3
Other financial charges	-0.8	-0.8	-0.1	-1.7	-1.4	-1.0	-0.2	-2.6
Subtotal finance costs	-1.9	-4.9	-0.2	-7.0	-2.9	-5.3	-0.3	-8.5
Re-measurements of financial instruments:								
Measured at fair value upon initial recognition	-	-	-	-	-	-	-15.7	-15.7
Finance income	0.2	0.9	4.0	5.1	0.2	0.8	0.4	1.4
Inter-segment financing interest	-2.5	-7.9	10.4	-	-	-4.9	4.9	-
NET FINANCE COSTS	**-4.2**	**-11.9**	**14.2**	**-1.9**	**-2.7**	**-9.4**	**-10.7**	**-22.8**

(1) As restated to reflect the adjustment of the fair value of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R – see note 1 for more information on the restatement of comparative information.

In 2019, the re-measurement of financial instruments in the segment "Corporate & unallocated" of -€15.7m (as restated – see note 1) related to the loss on the fair value of a financial liability relating to the disposal of the 40% stake of Belron to CD&R (see note 18).

In 2019 and 2020, the line "interest expense" includes the interest charge recognized on lease liabilities recognised in accordance with IFRS 16. Refer to note 23 for more information on the lease liabilities.

The increase in finance income in the period is mainly due to the additional interests generated by the current financial investments held in the Corporate & unallocated segment.

Note 8: Earnings per share

Earnings per share ("EPS") and earnings per share from continuing operations ("Continuing EPS") are shown on the face of the consolidated statement of profit or loss. Basic and diluted EPS are based on the result for the period attributable to equity holders of the Company (based on the result from continuing operations attributable to equity holders of the Company for the continuing EPS), after adjustment for participating shares (each participating share confers one voting right and gives right to a dividend equal to one eighth of the dividend of an ordinary share).

The weighted average number of ordinary shares in issue for the period is shown in the table below.

The Group has granted options to employees over ordinary shares of the Company. Such shares constitute the only category of potentially dilutive ordinary shares.

The options over ordinary shares of the Company increased the weighted average number of shares of the Company taken into account for diluted earnings per share in 2019 and 2020 as some option exercise prices were below the average market share price.

Note 8: Earnings per share (continued)

The computation of basic and diluted EPS is set out below:

		2020	2019[1]
Result for the period attributable to equity holders		141.9	66.1
Adjustment for participating shares		-1.6	-0.7
Numerator for EPS (€m)	(a)	140.3	65.4
Result from continuing operations		140.8	66.1
Share of non-controlling interests in result from continuing operations		1.1	-
Result from continuing operations attributable to equity holders		141.9	66.1
Adjustment for participating shares		-1.6	-0.7
Numerator for continuing EPS (€m)	(b)	140.3	65.4
Weighted average number of ordinary shares outstanding during the period	(c)	53,587,252	53,965,827
Adjustment for stock option plans		379,732	289,391
Weighted average number of ordinary shares taken into account for diluted EPS	(d)	53,966,984	54,255,218
Result for the period attributable to equity holders			
Basic EPS (in €)	**(a)/(c)**	**2.62**	**1.21**
Diluted EPS (€)	**(a)/(d)**	**2.60**	**1.21**
Result from continuing operations attributable to equity holders			
Basic continuing EPS (in €)	(b)/(c)	2.62	1.21
Diluted continuing EPS (in €)	(b)/(d)	2.60	1.21

(1) As restated – refer to note 1 for further information on the restatement of comparative information.

Note 9: Share-based payments

There is in the Group an equity-settled share-based payment scheme. Since 1999, share option schemes have been granted to officers and managers of the D'Ieteren Auto and "Corporate & unallocated" segments, in the framework of the Belgian law of 26 March 1999. The underlying share is the ordinary share of s.a. D'Ieteren n.v. Under these schemes, vesting conditions are three years' service from grant date and holders of vested options are entitled to purchase shares at the exercise price of the related scheme during the exercise period.

Note 9: Share-based payments (continued)

Options outstanding are as follows:

Date of grant	Number of options (in units)		Exercise price	Exercise period	
	2020	2019	(€)	From	To
2020	166,500	-	49.36	1/01/2024	7/06/2030
2019	185,000	185,000	33.19	1/01/2023	28/02/2029
2018	187,000	187,000	33.32	1/01/2022	5/06/2028
2017	173,853	173,853	38.47	1/01/2021	13/03/2027
2016	10,866	10,866	35.05	1/01/2020	13/03/2026
2016	73,177	146,689	29.18	1/01/2020	13/03/2026
2016	29,794	81,609	29.18	1/01/2020	13/03/2026
2016	33,685	106,486	26.62	1/01/2020	21/01/2026
2015	19,450	21,732	29.54	1/01/2019	12/03/2025
2015	14,222	20,475	29.54	1/01/2019	12/03/2025
2014	22,989	22,989	30.44	1/01/2018	10/03/2024
2013	11,410	17,152	32.20	1/01/2017	24/11/2023
2013	12,258	15,892	31.50	1/01/2017	7/03/2023
2012	12,062	19,560	33.35	1/01/2016	14/10/2022
2011	10,045	19,988	32.21	1/01/2015	22/12/2021
2010	-	8,837	36.44	1/01/2014	3/10/2020
2007	9,263	11,567	24.30	1/01/2011	2/12/2022
2006	4,188	5,216	24.48	1/01/2010	27/11/2021
2005	-	4,229	19.23	1/01/2009	6/11/2020
Total	**975,762**	**1,059,140**			

All outstanding options are covered by treasury shares (see note 21).

A reconciliation of the movements in the number of outstanding options during the year is as follows:

	Number (in units)		Weighted average exercise price (€)	
	2020	2019	2020	2019
Outstanding options at the beginning of the period	1,059,140	1,127,390	32.14	33.78
Granted during the period	166,500	185,000	49.36	33.19
Exercised during the period	-248,248	-311,233	28.88	30.54
Other movements during the period	-1,630	57,983	19.23	32.27
Outstanding options at the end of the period	**975,762**	**1,059,140**	**35.93**	**32.14**
of which: exercisable at the end of the period	263,409	167,637	29.55	30.47

In 2020, the options have mainly been exercised during the first, second and last quarter of the period. The average share price during the period was €52.35 (2019: €43.28). Other movements during the period relate to options that expired in 2020 and were not exercised. Other movements in 2019 mainly relate to adjustments of existing option plans and to options that expired in 2019 and were not exercised. The treasury shares underlying to these expired options are being kept for future plans.

For share options outstanding at the end of the period, the weighted average remaining contractual life is as follows:

	Number of years
31 December 2020	**6.8**
31 December 2019	6.8

IFRS 2 "Share-Based Payments" requires that the fair value of all share options issued after 7 November 2002 is charged to the income statement (€1.8m during the period). The fair value of the options must be assessed on the date of each issue. A simple Black & Scholes valuation model was used at each issue date re-assessing the input assumptions on each occasion. The assumptions for the 2020 and 2019 issues were as follows:

Note 9: Share-based payments (continued)

	2020	2019
Number of employees	13	11
Spot share price (in €)	47.6	36.2
Option exercise price (in €)	49.4	33.2
Vesting period (in years)	3.5	3.0
Expected life (in years)	6.0	6.5
Expected volatility (in %)	34%	28%
Risk free rate of return (in %)	0%	0%
Expected dividend (in €)	0.8	0.8
Probability of ceasing employment before vesting (in %)	7%	0%
Weighted average fair value per option (in €)	12.6	7.8

Expected volatility and expected dividends were provided by an independent expert. The risk-free rate of return is based upon EUR zero-coupon rates with an equivalent term to the options granted.

Note 10: Employee benefits

Note 10.1: Employee benefit expense

The employee benefit expense is analysed below:

€m	2020				2019			
	D'Ieteren Auto	**Moleskine**	**Corp. & unallocated**	**Group**	**D'Ieteren Auto**	**Moleskine**	**Corp. & unallocated**	**Group**
Retirement benefit charges under Belgian defined contribution schemes considered as defined benefit schemes	*-4.2*	*-*	*-0.2*	*-4.4*	*-4.6*	*-*	*-0.2*	*-4.8*
Retirement benefit charges under defined benefit schemes	*-*	*-0.9*	*-*	*-0.9*	*-*	*-0.6*	*-*	*-0.6*
Total retirement benefit charge (see note 10.2)	-4.2	-0.9	-0.2	-5.3	-4.6	-0.6	-0.2	-5.4
Wages, salaries and social security costs	-176.8	-23.4	-11.3	-211.5	-180.3	-25.2	-13.5	-219.0
Share-based payments: equity-settled	-	-	-1.8	-1.8	-0.3	-	-2.0	-2.3
Total employee benefit expense	**-181.0**	**-24.3**	**-13.3**	**-218.6**	**-185.2**	**-25.8**	**-15.7**	**-226.7**

Note 10.2: Post-employment and long-term employee benefits

Long-term employee benefits include post-employment employee benefits and other long-term employee benefits. Post-employment employee benefits are analysed below. Other long-term employee benefits are presented among non-current provisions or non-current other payables, and, if material, separately disclosed in the relevant note.

Post-employment benefits are limited to retirement benefit schemes. Certain Group entities operate schemes which provide retirement benefits, including those of the defined benefit type, which are in most cases funded by investments held outside the Group.

The Group has established pension schemes for its employees in various locations. The major schemes are located in Belgium and in Italy. Since Belron is an equity-accounted investee, the schemes in place in the Belron segment are not separately disclosed. The schemes in Belgium relate to the D'Ieteren Auto and "Corporate & unallocated" segments and are funded and unfunded. The main scheme in Italy relates to the Moleskine segment. Independent actuarial valuations for the plans in these countries are performed as required. The Group is and has always been fully compliant with all local governance and funding requirements.

The overall investment policy and strategy for the Group's defined benefit schemes is guided by the objective of achieving an investment return, which together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The investment strategies for the plans are managed under local laws and regulations in each jurisdiction.

Note 10: Employee benefits (continued)

Note 10.2: Post-employment and long-term employee benefits (continued)

The actual asset allocation is determined by the current and expected economic and market conditions and in consideration of specific asset class risk and risk profile. In addition, consideration is given to the maturity profile of scheme liabilities.

The Group operates one defined benefit scheme in Belgium that was closed to new members in 2005. The retirement capital plan accrues a percentage of annual salary inflated to the point of retirement with an annual average of 2,5% (and a maximum of 4,0%). A full actuarial valuation of the plan was carried out in December 2019 by a qualified independent actuary. Full IAS19 measurements are carried out every three years and roll-forwards are performed in the meantime. The Group also operates defined contribution plans with a minimal interest guarantee borne by the employer under the Belgian Legislation.

The Group recognises all actuarial gains and losses directly in the Consolidated Statement of Comprehensive Income.

The main actuarial assumptions are as follows (the assumptions on life expectancy are provided for the D'Ieteren Auto segment only). Given the amounts of net position of unfunded schemes recognised in the consolidated statement of financial position which are not considered material to the Group, the assumptions related to the unfunded schemes are not provided anymore.

	Funded schemes			
	2020		2019	
	Min.	Max.	Min.	Max.
Inflation rate	0.8%	1.8%	1.2%	2.0%
Discount rate	0.1%	0.1%	0.4%	0.8%
Rate of salary increases	2.0%	2.0%	2.0%	3.2%
Rate of pension increases	0.0%	0.0%	0.0%	0.0%
Life expectancy of male pensioner	18.6	18.6	18.6	18.6
Life expectancy of female pensioner	22.0	22.0	22.0	22.0
Life expectancy of male non-pensioner	18.6	18.6	18.6	18.6
Life expectancy of female non-pensioner	22.0	22.0	22.0	22.0

The weighted average duration of the liabilities across the plans ranges from 8 to 11 years.

The amounts recognised in the statement of financial position are summarised as follows, depending on the net position of each pension scheme:

€m	2020	2019
Long-term employee benefit assets	-	-
Long-term employee benefit obligations	-31.7	-31.6
Recognised net deficit (-) / surplus (+) in the schemes	**-31.7**	**-31.6**
of which: amount expected to be settled within 12 months	*-0.1*	*-0.2*
of which: amount expected to be settled in more than 12 months	*-31.6*	*-31.4*

For all schemes, the amounts recognised in the statement of financial position are analysed as follows:

€m	2020			2019		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Present value of defined benefit obligations	-90.0	-3.8	-93.8	-100.5	-2.9	-103.4
Fair value of scheme assets	62.1	-	62.1	71.8	-	71.8
Net deficit (-) / surplus (+) in the schemes	**-27.9**	**-3.8**	**-31.7**	**-28.7**	**-2.9**	**-31.6**

Note 10: Employee benefits (continued)

Note 10.2: Post-employment and long-term employee benefits (continued)

The amounts recognised through the statement of comprehensive income are as follows. They do not include the Belron segment from 2018 onwards, Belron being an equity-accounted investee.

€m	2020			2019		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Actual return less interest return on pension assets net of asset management charges	3.3	-	3.3	1.8	-	1.8
Experience gain (+) / loss (-) on liabilities	0.4	-	0.4	-	-	-
Gain (+) / Loss (-) on change of financial assumptions	-3.3	-	-3.3	-8.3	0.1	-8.2
Gain (+) / Loss (-) on change of demographic assumptions	-	-	-	-	-	-
Actuarial gains (+) / losses (-)	**0.4**	**-**	**0.4**	**-6.5**	**0.1**	**-6.4**

Changes to financial assumptions during 2020, all of which were prepared on a consistent basis to prior period, impacted the total actuarial gains (+) / losses (-) by -€3.3m (2019: -€8.2m). The actuarial loss of the current period is primarily the result of a decrease of the discount rate in 2020 compared to 2019.

The cumulative amount of actuarial gains and losses (group's share, before tax and including Belron despite its presentation as equity-accounted investee) recognised in the consolidated statement of comprehensive income is a loss of €10m (in 2019 a loss of €35m).

The fair value of scheme assets includes the following items:

€m	2020			2019[1]		
	Quoted in an active market	Other	Total	Quoted in an active market	Other	Total
Other assets	-	62.1	62.1	-	71.8	71.8
Fair value of scheme assets	**-**	**62.1**	**62.1**	**-**	**71.8**	**71.8**

(1) As restated to reflect the correct presentation of Other assets.

The fair value of scheme assets does not comprise any property or other assets used by the Group, nor any financial instruments of the Group. Other assets are mainly composed of cash.

The movements in the fair value of plan assets are as follows:

€m	2020			2019		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Scheme assets at 1 January before restatement	71.8	-	71.8	70.4	-	70.4
Restatement[1]	2.1	-	2.1	-	-	-
Scheme assets at 1 January	**73.9**	**-**	**73.9**	**70.4**	**-**	**70.4**
Employer contribution	4.6	-	4.6	3.6	-	3.6
Interest on pension assets	0.4	-	0.4	1.1	-	1.1
Contributions paid by employees	1.5	-	1.5	1.5	-	1.5
Benefits paid	-21.4	-	-21.4	-6.6	-	-6.6
Actual return less interest return on pension assets	3.3	-	3.3	1.8	-	1.8
Group changes	-0.2	-	-0.2	-	-	-
Scheme assets at 31 December	**62.1**	**-**	**62.1**	**71.8**	**-**	**71.8**

(1) As restated to reflect the correct presentation of the gross defined benefit obligation and the plan assets.

Note 10: Employee benefits (continued)

Note 10.2: Post-employment and long-term employee benefits (continued)

The actual return on scheme assets is as follows:

€m	2020	2019
Interest return on pension assets	0.4	1.1
Actual return less interest return on pension assets	3.3	1.8
Actual net return on pension assets	**3.7**	**2.9**

The movements in the present value of defined benefit obligations are as follows:

€m	2020			2019		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Defined benefit obligations at 1 January before restatement	-100.5	-2.9	-103.4	-91.2	-3.1	-94.3
Restatement(1)	-2.1	-	-2.1	-	-	-
Defined benefit obligations at 1 January	**-102.6**	**-2.9**	**-105.5**	**-91.2**	**-3.1**	**-94.3**
Current service cost	-7.1	-1.1	-8.2	-5.3	-0.1	-5.4
Interest payable on pension liabilities	-0.6	-	-0.6	-1.4	-	-1.4
Benefits paid	21.8	0.2	22.0	7.2	0.2	7.4
Contribution paid by employees	-1.4	-	-1.4	-1.5	-	-1.5
Experience gain (+) / loss (-) on liabilities	0.4	-	0.4	-	-	-
Gain (+) / Loss (-) arising from changes to financial assumptions	-3.3	-	-3.3	-8.3	0.1	-8.2
Curtailment and settlements(2)	2.9	-	2.9	-	-	-
Group change	-0.1	-	-0.1	-	-	-
Defined benefit obligations at 31 December	**-90.0**	**-3.8**	**-93.8**	**-100.5**	**-2.9**	**-103.4**

(1) As restated to reflect the correct presentation of the gross defined benefit obligation and the plan assets
(2) Impact of the measures taken to accelerate the transformation of D'Ieteren Auto as described in Note 4.

The amounts recognised in the statement of profit or loss are as follows:

€m	2020			2019		
	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
Current service cost	-7.1	-1.1	-8.2	-5.3	-0.1	-5.4
Effect of curtailment or settlement	2.9	-	2.9	-	-	-
Pension costs within the operating result	**-4.2**	**-1.1**	**-5.3**	**-5.3**	**-0.1**	**-5.4**
Interest payable on pension liabilities	-0.6	-	-0.6	-1.4	-	-1.4
Interest return on pension assets	0.4	-	0.4	1.1	-	1.1
Net pension interest cost	**-0.2**	**-**	**-0.2**	**-0.3**	**-**	**-0.3**
Expense recognised in the statement of profit or loss	**-4.4**	**-1.1**	**-5.5**	**-5.6**	**-0.1**	**-5.7**

The best estimate of normal contributions expected to be paid to the schemes during the 2021 annual period is ca. €4m.

The obligation of defined benefit schemes is calculated on the basis of a set of actuarial assumptions (including among others: mortality, discount rate of future payments, salary increases, personnel turnover, etc.). Should these assumptions change in the future, the obligation may increase. The defined benefit scheme assets are invested in a diversified portfolio, with a return that is likely to experience volatility in the future. Should the return of these assets be insufficient, the deficit might increase (the surplus might decrease).

In 2020 and 2019, the net deficit (€31.7m in 2020; €31.6m in 2019) recognised in the consolidated statement of financial position does not include Belron's net surplus since Belron is an equity-accounted investee.

Note 10: Employee benefits (continued)

Note 10.2: Post-employment and long-term employee benefits (continued)

The following table presents a sensitivity analysis for the discount rate and the inflation rate, showing how the defined benefit obligation at 31 December 2020 would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. The sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

€m	(Increase) / decrease in defined benefit obligation at 31 December 2020	(Increase) / decrease in defined benefit obligation at 31 December 2019
Discount rate		
Increase by 50 basis points	6.6	8.0
Decrease by 50 basis points	-7.1	-8.4
Inflation rate		
Increase by 50 basis points	-2.4	-2.5
Decrease by 50 basis points	2.3	2.4

There is a pension plan in Belgium legally structured as defined contribution plan. Because of the Belgian social legislation applicable, all Belgian defined contribution plans are considered under IFRS as defined benefit plan because the employer must guarantee a minimum return on employee and employer contributions. The Group is therefore exposed to a financial risk (legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits). Disclosures in tables above include those Belgian defined contribution plans.

The plan is insured at an insurance company. The insurance company guarantees a minimum rate of return on the contributions paid. However, the minimum guaranteed rates have dropped significantly the last years and are currently below the social minimum return borne by the employer on the contributions (according to article 24 of the Law of 28 April 2003 on occupational pensions, the Group has to guarantee an average minimum return of 3.75% on employee contributions and of 3.25% on employer contributions paid up to 31 December 2015). The financial risk has therefore increased. The Belgian law of 18 December 2015 entered into effect on 1 January 2016 and amended, inter alia, the calculation of the minimum return guaranteed by law (minimum of 1.75% and maximum of 3.75%).

The IFRS valuation and accounting of this kind of plan with contribution-based promises are not envisaged by IAS 19. Taking into account the change in the pension law and the current consensus on this specific matter, and after analysis of the pension plan, the Group now considers that a method based on the IAS 19 methodology ("Projected unit credit" method used for defined benefit plan) is appropriate to measure the liability in the Belgian context as from 2016 onwards. The present value of the defined benefit obligation amounts to €80.6m (2019: €94.3m, as restated to reflect the correct presentation of the gross defined benefit obligation and the plan assets). The calculation is based on the "Projected unit credit" method with projection of the future contributions and services pro-rate for the employer contract and without projection of the future contributions for the employee contract. The fair value of the scheme assets amounts to €57.9m (2019: €70.1m, as restated to reflect the correct presentation of the gross defined benefit obligation and the plan assets) and is set equal to the contractual assets held by the insurance company (no application of paragraph 115 of IAS 19). The net deficit amounts to €21.8m (2019: €23.4m), recognized in the consolidated statement of financial position.

Note 11: Current and deferred income taxes

Note 11.1: Income tax expenses

Income tax expense is broken down as follows:

€m	2020	2019
Current year income tax	-17.8	-41.1
Prior year income tax	0.1	1.0
Movement in deferred taxes	0.3	11.4
Income tax expense	**-17.4**	**-28.7**

Note 11: Current and deferred income taxes (continued)

Note 11.1: Income tax expenses (continued)

The relationship between income tax expense and accounting profit is explained below:

€m	2020	2019(1)
Result before taxes	158.2	94.8
Tax at the Belgian corporation tax rate of 25.00% (29.58% in 2019)	-39.6	-27.5
Reconciling items (see below)	22.2	-1.2
Actual tax on result before taxes	**-17.4**	**-28.7**

(1) As restated – refer to note 1 for additional information on the restatement of comparative information.

The reconciling items are provided below:

€m	2020	2019(1)
Result before taxes	158.2	94.8
Tax at the Belgian corporation tax rate of 25.00% (29.58% in 2019)	-39.6	-27.5
Rate differential	-0.3	0.3
Permanent differences	-10.6	-41.4
Other temporary differences	-	0.5
Deferred tax assets not recognised	-2.8	-2.8
Recognition of previously unrecognised deferred tax assets	0.5	14.2
Derecognition of previously recognised deferred tax assets	-1.2	-
Joint venture and associate	37.5	27.5
Other	-0.9	0.5
Actual income tax on PBT	**-17.4**	**-28.7**

(1) As restated – refer to note 1 for additional information on the restatement of comparative information.

The Group's consolidated effective tax rate for the twelve months ended 31 December 2020 is 11.0% (twelve months ended 31 December 2019: 30.3% - as restated, see note 1). The decrease in effective tax rate is primarily the result of the lower impairment charge in the Moleskine segment (€21.0m in 2020 versus €102.3m in 2019) for which no tax relief is available.

In 2020 and 2019, the line "Permanent differences" mainly includes the tax impact of the impairment charge (€102.3m in 2019 and €21.0m in 2020) recognised in the Moleskine segment (no tax relief available).

The line "Joint venture and associate" mainly includes the tax impact on the profit before tax of equity-accounted investees.

The Group is subject to several factors which may affect future tax charges, principally the levels and mix of profitability in different jurisdictions and tax rates imposed.

The Group operates in multiple jurisdictions with often complex legal and tax regulatory environments. The income tax positions taken are considered by the Group to be supportable and are intended to withstand challenge from tax authorities. However, it is acknowledged that some of the positions are uncertain and include interpretations of complex tax laws which could be disputed by tax authorities. The Group judges these positions on their technical merits and this on a regular basis using all the information available (legislation, case law, regulations, established practice, authoritative doctrine as well as certain third-party tax opinions issued by Belgian and foreign tax lawyers). These positions are based on facts and circumstances existing at the end of the reporting period and will be reviewed at each reporting date.

A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities and after using all legal remedies of defending the position before Court, based on all relevant information.

Note 11.2: Current tax assets and liabilities

Current tax assets (liabilities) are largely expected to be recovered (settled) within 12 months.

Note 11.3: Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Note 11: Current and deferred income taxes (continued)

Note 11.3: Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the period and the prior period is as follows:

€m	Revaluations	Depreciation amortisation write-downs	Provisions	Tax losses available for offset	Financial	Other	Total
Deferred tax liabilities (negative amounts)							
At 1 January 2019	**-111.7**	**-19.6**	**1.3**	**-**	**-1.5**	**0.1**	**-131.4**
Credited (charged) to income statement	-	-1.5	-	-	0.6	-0.3	-1.2
Other variations	-	-0.2	-	-	-	-	-0.2
At 31 December 2019	**-111.7**	**-21.3**	**1.3**	**-**	**-0.9**	**-0.2**	**-132.8**
Credited (charged) to income statement	-	0.5	-0.1	-	-	-	0.4
Credited (charged) to equity	-	-	-	-	0.7	-	0.7
Other variation	-	-	-	-	-	0.5	0.5
Exchange differences	-	-	-	-	-	0.1	0.1
At 31 December 2020	**-111.7**	**-20.8**	**1.2**	**-**	**-0.2**	**0.4**	**-131.1**
Deferred tax assets (positive amounts)							
At 1 January 2019	**-**	**-2.2**	**6.6**	**9.2**	**-**	**12.7**	**26.3**
Credited (charged) to income statement	-	0.3	-0.9	13.1	0.7	-0.6	12.6
Credited (charged) to equity	-	-	1.5	-	-	0.8	2.3
Exchange differences	-	-	-	-	-	0.1	0.1
At 31 December 2019	**-**	**-1.9**	**7.2**	**22.3**	**0.7**	**13.0**	**41.3**
Credited (charged) to income statement	-	0.2	1.4	-1.2	-	-0.5	-0.1
Credited (charged) to equity	-	-	-	-	-0.7	-0.1	-0.8
Exchange differences	-	-	-0.3	-	-	-0.3	-0.6
At 31 December 2020	**-**	**-1.7**	**8.3**	**21.1**	**-**	**11.5**	**39.2**
Net deferred tax assets (liabilities) after offsetting recognised in the consolidated statement of financial position:							
31 December 2019	-111.7	-23.2	8.5	22.3	-0.2	12.8	-91.5
31 December 2020	**-111.7**	**-22.5**	**9.5**	**21.1**	**-0.2**	**11.9**	**-91.9**

The deferred tax liability of €111.7m presented in the column « revaluations » relates to the deferred tax recognized on the Moleskine brand with indefinite useful life.

The net deferred tax balance includes net deferred tax assets amounting to €10.8m (2019: €15.6m) that are expected to be reversed in the following year. However, given the low predictability of deferred tax movements, this net amount might not be reversed as originally foreseen.

At the balance sheet date, the Group has unused tax losses and credits of €42.9m (2019: €30.8m) available for offset against future profits, for which no deferred tax asset has been recognised, due to the unpredictability of future profit streams. This includes unused tax losses of €7.3m (2019: €5.4m) that will expire in the period 2021-2029 (2019: 2020-2029). Other losses may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of temporary differences associated with the investments in subsidiaries, branches, associates and interests in joint ventures (being mainly the accumulated positive consolidated reserves of these entities) for which deferred tax liabilities have not been recognised is €419m (2019: €1,250m). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. It should also be noted that the reversal of these temporary differences, for example by way of distribution of dividends by the subsidiaries to the Company, would generate no (or a marginal) current tax effect.

Note 11: Current and deferred income taxes (continued)

Note 11.3: Deferred income taxes (continued)

Deferred tax assets are recognised provided that there is a sufficient probability that they will be recovered in the foreseeable future. Recoverability has been conservatively assessed. However, should the conditions for this recovery not be met in the future, the current carrying amount of the deferred tax assets may be reduced.

Note 12: Goodwill

The reconciliation of the carrying amount of goodwill is set out below:

€m	**2020**	**2019**
Gross amount at 1 January	199.4	190.7
Accumulated impairment losses at 1 January	-102.3	-
Carrying amount at 1 January	**97.1**	**190.7**
Additions (see note 25)	0.1	8.7
Impairment losses	-21.0	-102.3
Carrying amount at 31 December	**76.2**	**97.1**
of which: gross amount	*199.5*	*199.4*
of which: accumulated impairment losses	*-123.3*	-102.3

In accordance with the requirements of IAS 36 "Impairment of Assets", the Group completed a review of the carrying value of goodwill and of the intangible assets with indefinite useful lives (disclosed in note 13). The impairment review is based on the value in use calculation and is carried out to ensure that the carrying value of the assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

For the purpose of impairment testing, goodwill has been allocated to the Group's CGUs (being the Group's operating segments) as follows:

€m	**2020**	**2019**
D'Ieteren Auto	27.4	27.3
Moleskine	48.8	69.8
GROUP	**76.2**	**97.1**

As a result of its classification as an equity-accounted investee, information on the impairment tests performed in the Belron segment are provided in note 17.

The Group completed the annual impairment test for goodwill and intangible assets with indefinite useful lives and concluded that, based on the assumptions described below, no additional impairment charge was required. Impairment testing relies on a number of critical judgments, estimates and assumptions. Management believes that all of its estimates are reasonable since they are consistent with the Group's internal reporting and reflect management best estimates. Projected revenue growth rates, competitive and consumer trends, operating margins, discount rates and terminal growth rates are assumptions and estimates that may be revised in future periods. Should these vary adversely in the future, the value in use of goodwill and intangible assets with indefinite useful lives may reduce below their carrying amounts.

Moleskine's operations were affected by the Covid-19 pandemic and the measures taken to contain it. These measures, which included lockdown periods imposed by local governments, constituted a triggering event leading to an impairment test in the interim condensed financial statements for the six months ended 30 June 2020, The interim impairment test resulted in an impairment charge of €21.0m, fully allocated to the goodwill of the Moleskine segment, and included in the other operating expenses in the consolidated statement of profit or loss. The calculation was based on a revised version of the Moleskine's five-year business plan (over the period H2-2020 to 2023) taking into account the expected impacts over the years of the Covid-19 crisis.

Despite the level of uncertainty inherent to the duration and full extent of the Covid-19 pandemic's impact on Moleskine's operation, the Group chose not to consider a scenario-based approach in estimating the future cash flows. To calculate the recoverable amount of the CGU, the Group used a single cash flow scenario that appropriately considers the uncertainty surrounding the Covid-19 pandemic on the projected cash flows of the CGU.

At year-end 2020 the Board of Directors of the Company reviewed the carrying amount of the Moleskine cash-generating unit.

Note 12: Goodwill (continued)

In determining the value in use of the CGU, the Company calculated the present value of the estimated future cash flows, based on Moleskine's new five-year strategic plan (2021 – 2025) prepared by management in the second half of the year, reviewed and approved by the Board of Directors. This strategic plan has been prepared under the assumptions that the Covid-19 pandemic will continue to adversely impact the performance in 2021 and part of 2022, reflected in the revenue growth rates and margins. As from 2023 and beyond, the revenue growth rates and underlying margins have been estimated based on historical values achieved during the pre-crisis situation. The terminal growth rate applied to the model is 1.5% (2019: 2%). The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The pre-tax discount rate applied amounts to 7.0% (2019: 7.9%; 30 June 2020: 7.9%) and is based upon the weighted average cost of capital of the Moleskine segment, considering appropriate adjustments for the relevant risks associated with investing in equities, with the business and with the underlying country (country risk premium).

The Board of Directors of the Company is satisfied that the carrying amount of the Moleskine cash-generating unit is stated at no more than its value in use. Sensitivity analyses prepared by management revealed that an individual 1% adverse movement in either the terminal growth rate or the discount rate would not lead to further impairment. The individual change required for carrying amount to equal recoverable amount is 2.8% for the discount rate or -3.8% for the terminal growth rate. At 31 December 2019 and 30 June 2020, the recoverable amount of the CGU was equal to its carrying amount (taking respectively into account the €102.3m and the €21.0m impairment charges accounted for).

Note 13: Intangible assets

Goodwill is analysed in note 12. All intangible assets have finite useful lives, unless otherwise specified.

€m	Brands (finite and indefinite useful lives)	Other	Total
Gross amount at 1 January 2020	402.8	79.9	482.7
Accumulated amortisation and impairment losses at 1 January 2020	-	-37.9	-37.9
Carrying amount at 1 January 2020	**402.8**	**42.0**	**444.8**
Additions:			
Items separately acquired	-	16.6	16.6
Disposals	-	-1.1	-1.1
Amortisation	-	-8.5	-8.5
Carrying amount at 31 December 2020	**402.8**	**48.4**	**451.2**
of which: gross amount	*402.8*	*95.2*	*498.0*
of which:accumulated amortisation and impairment losses	*-*	*-46.8*	*-46.8*
Gross amount at 1 January 2019	402.8	60.7	463.5
Accumulated amortisation and impairment losses at 1 January 2019	-	-30.8	-30.8
Carrying amount at 1 January 2019	**402.8**	**29.9**	**432.7**
Additions:			
Items separately acquired	-	19.4	19.4
Disposals	-	-0.2	-0.2
Amortisation	-	-7.1	-7.1
Carrying amount at 31 December 2019	**402.8**	**42.0**	**444.8**
of which: gross amount	*402.8*	*79.9*	*482.7*
of which:accumulated amortisation and impairment losses	*-*	*-37.9*	*-37.9*

The Moleskine brand (€402.8m; acquired in November 2016) has an indefinite useful life, since, given the absence of factors that could cause its obsolescence and in light of the life cycles of the products to which the trademark relates, there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Group.

The caption "Other" mainly includes computer software, other licences and similar rights, and intangibles under development.

The other disclosures required by IAS 36 for intangible assets with indefinite useful lives are provided in note 12.

Note 14: Property, plant and equipment

€m	Property	Plant and equipment	Assets under construction	Total
Gross amount at 1 January 2020	391.8	157.3	6.5	555.6
Accumulated depreciation and impairment losses at 1 January 2020	-181.5	-105.4	-	-286.9
Carrying amount at 1 January 2020	**210.3**	**51.9**	**6.5**	**268.7**
Additions	13.9	17.8	4.7	36.4
Disposals	-	-1.4	-0.4	-1.8
Depreciation	-12.2	-25.1	-	-37.3
Transfer from (to) another caption	-0.6	-	-2.6	-3.2
Items acquired through business combinations (see note 25)	0.3	-	-	0.3
Translation differences	-	-	-0.3	-0.3
Carrying amount at 31 December 2020	**211.7**	**43.2**	**7.9**	**262.9**
of which: gross amount	*405.4*	*173.7*	*7.9*	*587.1*
of which: accumulated depreciation and impairment losses	*-193.7*	*-130.5*	*-*	*-324.2*
Gross amount at 1 January 2019	332.7	130.4	11.7	474.8
Accumulated depreciation and impairment losses at 1 January 2019	-158.2	-94.6	-	-252.8
Carrying amount at 1 January 2019	**174.5**	**35.8**	**11.7**	**222.0**
Recognition of right-of-use assets on initial application of IFRS 16	44.5	12.8	-	57.3
Adjusted carrying amount at 1 January 2019	**219.0**	**48.6**	**11.7**	**279.3**
Additions	9.8	13.5	11.8	35.1
Disposals	-	-0.8	-	-0.8
Depreciation	-23.3	-10.8	-	-34.1
Transfer from (to) another caption	0.6	0.7	-17.0	-15.7
Items acquired through business combinations	4.2	0.5	-	4.7
Translation differences	-	0.2	-	-
Carrying amount at 31 December 2019	**210.3**	**51.9**	**6.5**	**268.7**
of which: gross amount	*391.8*	*157.3*	*6.5*	*555.6*
of which: accumulated depreciation and impairment losses	*-181.5*	*-105.4*	*-*	*-286.9*

At 31 December 2020 and at 31 December 2019, assets under construction mainly included property under construction in the segment "Corporate & unallocated", as part of the real estate activities of the Group.

The right-of-use assets, including those previously held under finance lease under IAS 17, are included in the above at the following amounts (see note 31):

€m	Property	Plant and equipment	Assets under construction	Total
31 December 2020	**-**	**50.4**	**-**	**50.4**
31 December 2019	-	50.2	-	50.2

Note 15: Investment property

€m	2020	2019
Gross amount at 1 January	37.5	21.8
Accumulated depreciation at 1 January	-8.6	-7.9
Carrying amount at 1 January	**28.9**	**13.9**
Additions	0.7	-
Depreciation	-1.1	-0.7
Transfer from (to) another caption	3.2	15.7
Carrying amount at 31 December	**31.7**	**28.9**
of which: gross amount	41.4	37.5
of which: accumulated depreciation	-9.7	-8.6
Fair value	47.1	44.3

The fair value is supported by market evidence and is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification, and who has recent experience in the location and category of the investment property held by the Group. The latest valuations were performed in July 2019. The fair value of €47.1m at 31 December 2020 is based on the fair value estimated by the independent valuer in July 2019, increased by the change in net book value during the period.

All items of investment property are located in Belgium and are held by the segment "Corporate & unallocated". The line "transfer from (to) another caption" in 2019 and 2020 relates to the transfer of assets from assets under construction (see note 14).

See also note 31 for other disclosures on investment property.

Note 16: Inventories

€m	2020	2019
D'Ieteren Auto		
Vehicles	398.0	428.7
Spare parts and accessories	33.1	33.8
Other	0.9	0.2
Subtotal	**432.0**	**462.7**
Moleskine	**25.4**	**30.1**
GROUP	**457.4**	**492.8**

The accumulated write-down on inventories amounts to €12.6m (2019: €13.2m). The amount of write down of inventories recognised in the cost of sales (see note 6) is an income of €0.3m (2019: a net charge of ca €3m).

The inventories are expected to be recovered within 12 months and are mainly composed of merchandises.

Note 17: Equity-accounted investees

In 2020 and 2019, two group entities are accounted for using the equity method.

€m	2020			2019		
	D'Ieteren Auto	Belron	Group	D'Ieteren Auto	Belron	Group
Interests in joint ventures	88.8	586.6	675.4	84.8	264.5	349.3
Total of equity-accounted investees and long-term interests in equity-accounted investees	**88.8**	**586.6**	**675.4**	**84.8**	**264.5**	**349.3**
Share of profit in joint ventures	4.0	145.9	149.9	8.6	84.6	93.2
Total of share of result after tax of equity-accounted investees and long-term interests in equity-accounted investees	**4.0**	**145.9**	**149.9**	**8.6**	**84.6**	**93.2**

Note 17: Equity-accounted investees (continued)

Belron

In 2020 and in 2019, the largest equity-accounted investee is Belron Group s.a. ("BGSA"), being the joint venture holding the Belron activities (see note 1 for more information), owned 54.85% in voting rights by the Group. The Group has joint control over BGSA as a result of some reserved matters being shared with Clayton, Dubilier & Rice ("CD&R").

At inception (February 2018), the capital structure of BGSA was composed of voting ordinary shares (ca. 3 % of total equity) and non-voting preference shares (ca. 97% of total equity), in the same proportion between shareholders (the Group, CD&R, and the family holding company of Belron's CEO). For the year 2020, preference shares bear a fixed annual compounding dividend rate of 10% (any distribution being first allocated to the preference shares in order to satisfy the accumulated dividend and to redeem the subscription amount of preference shares).

A new Management Reward Plan (MRP) involving about 250 key employees was set up on 15 June 2018. The participants of the MRP acquired non-voting equity instruments in BGSA (representing the fair value of various classes of equity instruments, being all treated as equity under IFRS). Part of the issued equity consists of "ratchet shares" which will allow management to enjoy additional returns if certain performance hurdles (IRR and Cash on Cash) are satisfied at exit, which will result in additional dilution for existing shareholders. Note that the MRP does not impact the Group's percentage voting rights (54.85%).

The detailed statement of financial position of Belron as included in its own financial statements is disclosed in note 4 "Segment information".

Belron carried out a full impairment review for each of its cash generating units (being the different countries where it operates). There was no impairment recognised as part of the review carried out. However, a total impairment charge of €11m is recognised and relates to the write-down of assets classified as held for sale at the year-end to reflect the disposal fair value. In addition, Belron recognised other disposal-related costs of €30.6m (of which €12.9m of write-off of non-current assets). These costs relate to the Italy ADRR business, which was sold during the reporting period, and certain Group businesses (France, Belgium and UK) classified as held for sale at 31 December 2020. These costs in the Belron segment however have no impact on the Group operating result since Belron is an equity-accounted investee (the share of the Group in the impairment charge and disposal costs of Belron is included in the line "share of result of equity-accounted investees and long-term interest in equity-accounted investees, net of tax").

In 2020, based on IAS28, the Board of Directors of the Company did not identify any indication of possible impairment (a triggering event) on its investment in Belron (equity-accounted investee) and therefore did not perform an impairment test.

A shareholders' agreement was signed in May 2018 between the Group and the family holding company of the Belron's CEO, including put options (with related call options) related to the interest held by the family holding company of the Belron's CEO. Based on IFRS requirements, the (financial) obligation to buy the equity instruments in an equity-accounted investee does not give rise to a financial liability in the consolidated statement of financial position (because equity-accounted investees are not part of the Group). This contract is a derivative that is in the scope of IFRS 9 "Financial Instruments", measured at fair value through profit or loss and categorised within the fair value hierarchy as level 3. The fair value of this derivative amounts to nil as at 31 December 2020; the value of the Belron's share based on the put formula being equal to the recent fair market value of Belron (recent MRP valuation).

In the consolidated statement of comprehensive income, the lines "Equity-accounted investees – share of OCI" mainly relate to the remeasurements of defined benefit assets/liabilities (primarily due to the UK pension scheme recording an actuarial gain with return on scheme assets less than offset by an actuarial loss due to a decrease in the discount rate), to the cash flow hedges (interest rate swaps and cross currency interest rate swaps used to partially hedge the debt) and translation differences of Belron.

The table below presents the revenue, profit before tax, the net result, and the other comprehensive income for the year ended 31 December 2020 and 31 December 2019. The Group's share in net result is computed based on a weighted average percentage of 53.75% in 2020 and 52.48% in 2019.

Note 17: Equity-accounted investees (continued)

€m	2020	2019
Revenue	3,898.8	4,228.1
Profit before tax	365.6	247.1
Result for the period (100%)	271.4	161.2
Other comprehensive income (100%)	54.8	-0.8
Profit (or loss) and total comprehensive income (100%)	326.2	160.4
Group's share of profit (or loss) and comprehensive income	**172.1**	**84.2**
Group's share of profit (or loss)	*145.9*	*84.6*
Group's share of comprehensive income	*26.2*	*-0.4*

Given the equity structure described above, the Group's share in the net result of Belron for period ended 31 December 2020 and 31 December 2019 was determined based on the Group's percentage of ownership in the preference shares (for the fixed annual compounding dividend rate of 10% which benefits to preference shares) and based on the Group's percentage of ownership in the ordinary shares (for the net result in surplus, after deduction of the fixed dividend of the preference shares). This calculation resulted in a Group's share in the net result of Belron computed based on a weighted average percentage of 53.75% (52.48% in 2019), corresponding to a Group's share in the profit of Belron of €145.9m (out of which €42.6m relate to preference shares and €103.3m relate to ordinary shares). The 2020 calculation took into account the €150m non-voting preference shares acquired by the Group in February 2020 (these shares were previously held by CD&R).

The reconciliation of the Group's share in the net assets of BGSA from 31 December 2019 to 31 December 2020 is presented below:

€m	
Group's share of net assets at 31 December 2019	**264.5**
Group's share of profit (or loss) and comprehensive income	172.1
Other movements, Group's share	150.0
Group's share of net assets at 31 December 2020	**586.6**

As at 31 December 2020, BGSA owns €39.9m of its own shares previously held by MRP participants. As the repurchase transaction took place at fair value (the fair value of the own shares repurchased corresponds to the cash-out made to acquire these shares at transaction date), the transaction did not impact the carrying amount of the equity-accounted investee that the Group owns in BGSA as at 31 December 2020. These shares will be re-purchased in the future by existing and new participants of the MRP.

D'Ieteren Auto

In 2020 and 2019, the second largest equity-accounted investee is the joint venture Volkswagen D'Ieteren Finance (VDFin), owned 50% minus one share by the Group and 50% plus one share by Volkswagen Financial Services (a subsidiary of the Volkswagen group), active in a full range of financial services related to the sale of the Volkswagen group vehicles on the Belgian market.

The following table summarises the financial information of VDFin as included in its own financial statements, adjusted for differences in accounting policies, and also reconciles this summarised financial information to the carrying amount of the Group's interest in VDFin.

€m	2020	2019
Non-current assets	1,607.3	1,556.3
Current assets (excluding cash and cash equivalents)	966.9	927.9
Cash and cash equivalents	54.8	66.0
Non-current liabilities (excluding financial liabilities)	-8.5	-10.2
Non-current financial liabilities	-954.9	-886.2
Current liabilities (excluding financial liabilities)	-147.5	-170.0
Current financial liabilities	-1,340.5	-1,314.2
Net assets (100%)	177.6	169.6
Group's share of net assets (49.99%) and carrying amount of interest in joint venture	**88.8**	**84.8**

Note 17: Equity-accounted investees (continued)

€m	2020	2019
Revenue	658.6	636.3
Depreciation and amortization	-120.3	-117.9
Net finance costs	26.1	24.9
Profit before tax	12.7	24.0
Tax expense	-4.7	-6.8
Result for the period (100%)	8.0	17.2
Other comprehensive income (100%)	-	-0.8
Profit (or loss) and total comprehensive income (100%)	8.0	16.4
Group's share of profit (or loss) and comprehensive income (49.99%)	**4.0**	**8.2**

Note 18: Financial instruments – fair value and risk management

Financial instruments - measurement

Financial assets held by the Group at 31 December 2020 are limited to trade and other receivables (see note 20), cash and cash equivalents (see note 19) and financial investments (in the Corporate & unallocated segment – see note 4). Trade and other receivables and cash and cash equivalents are measured at amortised costs under IFRS 9. Short-term financial investments are measured both at amortised costs under IFRS 9 (corporate bonds) and at FVTPL (equity instruments).

Financial liabilities held by the Group at 31 December 2020 consist in loans and borrowings (see note 23) and trade and other payables (see note 24), both classified as liabilities at amortised costs under IFRS 9. As at 31 December 2019, the financial liability relating to the disposal of the 40% stake of Belron was measured at FVTPL and amounted to €31.9m (as restated, see note 1). This financial liability has been settled in 2020.

In the current period (see note 4 segment information), the financial instruments held in the Belron segment (equity-accounted investee) are carried out at fair value using a level 2 valuation method (see below) and consist in cross-currency and interest rate swaps to hedge against changes in market interest rates, forward exchange contracts used to hedge the cost of future purchases where those payables are denominated in a currency other than the functional currency of the purchasing company (both measured as hedging instruments), fuel derivatives used to hedge the price of fuel purchase (measured at FVTPL) and other forward exchange contracts used to swap foreign currency cash balances to reduce borrowings and minimise interest expense (measured at FVTPL).

At 31 December 2020, in the Moleskine segment, the €0.5m derivative hedging instrument (measured at FVTPL) relates to forward exchange contracts used to hedge transactional and financial exposure against the fluctuation of the USD. At 31 December 2019, the €0.4m derivative hedging instrument related to interest rate swaps used to hedge future loan reimbursements against fluctuation in interest rates. This contract has been closed in the period.

All Group's financial assets and liabilities measured at fair value in the consolidated statement of financial position are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted market prices in an active market (that are unadjusted) for identical assets and liabilities;
- Level 2: valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable);
- Level 3: valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

In 2020 and 2019, all Group's financial assets and liabilities measured at fair value in the consolidated statement of financial position are classified in level 2 except, in 2019, the financial liability (€31.9m; as restated see note 1) classified in level 3 and in 2019 and 2020, the money-market assets (€346.1m) classified in "Current financial assets" classified in level 1.

Valuation techniques

The fair values of derivative hedging instruments and derivatives held for trading are determined using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions at the balance sheet date. The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of future estimated cash flows. The fair value of interest rate caps and collars is valued using option valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the date of the consolidated statement of financial position.

Note 18: Financial instruments – fair value and risk management (continued)

The fair value of fuel hedge instruments is determined using market valuations prepared by the respective banks that executed the initial transactions at the statement of financial position date based on the present value of the monthly futures forward curve for gasoline given the volume hedged and the contract period. The fair value of foreign exchange swap contracts is determined using forward foreign exchange market rate at the date of the consolidated statement of financial position.

The main risks managed by the Group under policies approved by the Board of Directors, are liquidity and re-financing risk, market risk, credit risk, counterparty risk and price risk. The Board periodically reviews the Group's treasury activities, policies and procedures. Treasury policies aim to ensure permanent access to sufficient liquidity, and to monitor and limit interest and currency exchange risks. These are summarised below.

Liquidity and re-financing risk

Liquidity risk is associated with the Group's ability to meet its obligations. Each business unit of the Group manages liquidity risk by maintaining sufficient cash and funding available through an adequate amount of committed credit facilities to cover its anticipated medium-term commitments at all times. To minimise liquidity risk, the Group ensures, on the basis of its long-term financial projections, that it has a core level of committed long-term funding in place, with maturities spread over a wide range of dates, supplemented by various shorter-term facilities, and various funding sources.

Cash pooling schemes are sought and implemented each time when appropriate in order to minimise gross financing needs and costs of liquidity.

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities.

€m	Due within one year		Due between one and five years		Due after five years		Total	
	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
At 31 December 2020								
Loans and borrowings								
Lease liabilities	9.5	0.4	24.7	0.8	17.5	0.2	51.7	1.4
Other borrowings and private bonds	8.4	1.4	44.6	1.7	-	-	53.0	3.1
Total	17.9	1.8	69.3	2.5	17.5	0.2	104.7	4.5
Trade and other payables	413.4	-	-	-	-	-	413.4	-
Total	**431.3**	**1.8**	**69.3**	**2.5**	**17.5**	**0.2**	**518.1**	**4.5**
At 31 December 2019								
Loans and borrowings								
Obligations under finance leases	12.9	0.2	29.4	0.5	7.7	0.1	50.0	0.8
Other borrowings and private bonds	33.7	2.3	99.2	2.5	0.1	-	133.0	4.8
Total	46.6	2.5	128.6	3.0	7.8	0.1	183.0	5.6
Trade and other payables	411.5	-	-	-	-	-	411.5	-
Total	**458.1**	**2.5**	**128.6**	**3.0**	**7.8**	**0.1**	**594.5**	**5.6**

The settlement of the financial liability of €31.9m recognised at 31 December 2019 occurred in the first semester of 2020.

Interest Rate Risk

The Group's interest rate risk arises from changes in interest rates on interest-bearing assets and from loans and borrowings.

The Group seeks to cap the impact of adverse interest rates movements on its financial results, particularly in relation to the next 12 months. To manage its interest rate exposures, the Group primarily uses forward rate agreements, interest rate swaps, caps and floors. Each business unit determines its own minimum hedge percentages, which, for the period up to 12 months, are comprised between 50% and 100%, and thereafter sets them gradually lower over time. The overall hedge horizon is typically 3 years. Hedges, or fixed rate indebtedness, beyond 5 years are unusual.

The interest rate and currency profiles of loans and borrowings are disclosed in note 23.

A change of 100 basis points in interest rate at the reporting date would have increased/decreased the result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant.

€m	Result from continuing operations	
	1% increase	1% decrease
31 December 2020	**-3.1**	**3.1**
31 December 2019	-2.5	2.5

Note 18: Financial instruments – fair value and risk management (continued)

Currency Risk

The Group's objective is to protect its cash flows, commercial transactions and net investments in foreign operations from the potentially high volatility of the foreign exchange markets by hedging any material net foreign currency exposure.

The Group has certain investments in foreign operations whose net assets and related goodwill are exposed to foreign currency translation risk. Group policy is to hedge the economic value of material foreign currency investments (limited to the net book value of the asset) in a particular currency with financial instruments including debt in the currency of the investment. The proportion to which an investment is hedged is individually determined having regard to the economic and accounting exposures and the currency of the investment. To complement these natural hedges, the Group uses instruments such as forwards, swaps, plain-vanilla foreign exchange options and, when appropriate, cross currency swaps. The hedging levels are reviewed periodically, in light of the market conditions and each time a material asset is added or removed.

The significant exchange rates applied in 2020 and in 2019 are disclosed in note 29.

A 10 percent strengthening/weakening of the euro against the following currencies at 31 December would have increased/decreased result from continuing operations by the amounts shown below. This analysis assumes that all other variables remain constant.

€m	Result from continuing operations	
	10% strenghtening	10% weakening
31 December 2020		
EUR vs GBP	-0.2	0.3
EUR vs USD	-3.6	4.4
EUR vs HKD	-0.9	1.1
31 December 2019		
EUR vs GBP	-0.3	0.2
EUR vs USD	-2.7	3.3
EUR vs CHF	-0.5	0.6

Price Risk

Price risk is related to oscillations in the prices of raw materials, semi-finished and finished goods purchased. Specifically, the price risk mainly arises from the presence of a limited number of supplier of goods and the need to guarantee procurement volumes. The Group limits price risk through its procurement policy.

Counterparty risk

Exposure limits to financial counterparties in respect of both amount and duration are set in respect of derivatives and cash deposits. Such transactions are entered into with a limited number of pre-designated banks on the basis of their publicly available credit ratings, which are checked at least once a year. Limits on length of exposure per category of transaction are in place to protect liquidity and mitigate counterparty default risks. The instruments and their documentation must be authorized before entering the contemplated transactions.

Note 19: Cash and cash equivalents

Cash and cash equivalents are analysed below:

€m	2020				2019[1]			
	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group
Cash at bank and in hand	-41.0	30.2	265.1	254.3	-121.4	55.2	630.9	564.7
Short-term deposits	97.0	-	-	97.0	-	-	101.0	101.0
Money Market Assets	-	-	-	-	1.8	-	-	1.8
Cash and cash equivalents	**56.0**	**30.2**	**265.1**	**351.3**	**-119.6**	**55.2**	**731.9**	**667.5**

(1) As restated to reflect the reclassification of financial investments at FVTPL from "Cash and cash equivalent" to "Current financial assets" in the framework of continuous improvement of the financial reporting presentation - see note 1 for more information on the restatement of comparative information.

Note 19: Cash and cash equivalents (continued)

Cash and cash equivalents are mainly floating rate assets which earn interest at various rates set with reference to the prevailing EONIA, LIBID or equivalent. Their carrying amount is equal to their fair value.

At 31 December 2019 and 31 December 2020, the negative balance of "Cash at bank and in hand" in the D'Ieteren Auto segment is due to the intragroup balances with the "Corporate & unallocated" segment.

Note 20: Trade and other receivables

€m	2020				2019			
	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group
Non-current receivables	**2.1**	**1.0**	**1.3**	**4.4**	**2.1**	**1.2**	**1.3**	**4.6**
Trade receivables - net	279.6	29.0	0.5	309.1	339.2	33.4	0.8	373.4
Current receivables from equity-accounted investees	10.9	-	-	10.9	52.3	-	-	52.3
Other current receivables	13.4	1.3	4.6	19.3	22.7	2.3	4.1	29.1
Trade and other receivables	**303.9**	**30.3**	**5.1**	**339.3**	**414.2**	**35.7**	**4.9**	**454.8**

The trade and other receivables are expected to be recovered within 12 months. Their carrying amount approximates their fair value, and they generate no interest income.

The Group is exposed to credit risk arising from its operating activities (potential losses arising from the non-fulfilment of obligations assumed by trade and financial counterparties). Such risks are mitigated by selecting clients and other business partners on the basis of their credit quality and by avoiding as far as possible concentration on a few large counterparties. Credit quality of large counterparties is assessed systematically, and credit limits are set prior to taking exposure. Payment terms are on average less than one month except where local practices are otherwise. Receivables from sales involving credit are closely tracked and collected mostly centrally in the D'Ieteren Auto segment, and at the country level in the Belron segment (equity-accounted investee). In the Moleskine segment, the risk of insolvency is monitored centrally with review of the credit exposure. The credit risk is differentiated by sales channel and the acceptance of new customers is monitored by conducting qualitative and quantitative corporate rating services.

In the D'Ieteren Auto segment, concentration on top ten customers (excluding trade receivables from VW Group), based on the gross receivables, is 8.0% (2019: 23.5%) and no customer is above 5% (2020: 2.9%; 2019: 4%). Certain receivables are also credit insured. In the Belron segment (equity-accounted investee), concentrations of risk with respect to receivables are limited due to the diversity of Belron's customer base. In the Moleskine segment, trade receivables are concentrated due to the distribution model. However, there were no specific concentration risks since the counterparties do not present solvency risk and in any event could be replaced, if required, which would not entail operational difficulties. The credit position of certain customers is also partly guaranteed by letters of credit.

Statement of financial position amounts are stated net of provisions for doubtful debts, and accordingly, the maximum credit risk exposure is the carrying amount of the receivables in the statement of financial position.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historic payment profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted where relevant to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As at 31 December 2020, the provisions for bad and doubtful debt amount to €5.1m (2019: €4.9m).

The ageing analysis of trade and other receivables past due but not impaired is as follows:

€m	2020	2019
Up to three months past due	25.7	52.4
Over three months past due	7.4	16.2
Total	**33.1**	**68.6**

The charge in 2020 for bad and doubtful debts amounts to €0.9m (2019: income of €0.6m). See note 6.

Note 21: Capital and reserves

A reconciliation of share capital and reserves are set out in the consolidated statement of changes in equity.

Share capital

The change in ordinary share capital is set out below:

€m, except number of shares stated in units	Number of ordinary shares	Ordinary share capital
At 1 January 2019	**55,302,620**	**160.0**
Change	-	-
At 31 December 2019	**55,302,620**	**160.0**
Change	-934,692	-
At 31 December 2020	**54,367,928**	**160.0**

The 5,000,000 nominative participating shares do not represent share capital. Each participating share confers one voting right and gives the right to a dividend equal to one eighth of the dividend of an ordinary share.

The decrease in the number of ordinary shares is the result of the cancellation, in May 2020, of 934,692 treasury shares held by the Company as part of the program approved by the Board on 28 August 2019 to repurchase the Company's own shares.

Treasury shares reserve

Treasury shares are held by the Company and by subsidiaries as set out below:

€m, except number of shares stated in units	31 December 2020		31 December 2019	
	Number	Amount	Number	Amount
Treasury shares held by the Company	987,392	38.0	1,508,653	57.0
Treasury shares held by subsidiaries	-	-	-	-
Treasury shares held	**987,392**	**38.0**	**1,508,653**	**57.0**

Treasury shares are held to cover the stock option plans set up by the Company since 1999 (see note 9).

Share-based payment reserve

The share-based payment reserve relates to the employee stock option plans (equity-settled) granted to officers and managers of the D'Ieteren Auto and "Corporate & unallocated" segments (see note 9).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial instruments that hedge the Group's net investment in a foreign subsidiary.

Registered shares not fully paid-up may not be transferred except by virtue of a special authorisation from the Board of Directors for each assignment and in favour of an assignee appointed by the Board (art. 7 of the Articles). Participating shares may not be transferred except by the agreement of a majority of members of the Board of Directors, in which case they must be transferred to an assignee appointed by said members (art. 8 of the Articles).

The Group's objectives when managing capital are to safeguard each of its activities ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors the capital adequacy at the level of each of its activities through a set of ratios relevant to their specific business. In order to maintain or adjust the capital structure, each activity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, taking into account the existence of non-controlling shareholders.

Note 21: Capital and reserves (continued)

The controlling shareholders are listed here below:

Shareholders with controlling interest according to the declaration of transparency dated 2 November 2011, and to further communications to the company (of which the latest on 26 March 2021).	Capital shares		Participating shares		Total voting rights	
	Number	%	Number	%	Number	%
s.a. de Participations et de Gestion, Brussels	12,246,827	22.53%	-	-	12,246,827	20.63%
Reptid Commercial Corporation, Dover, Delaware	1,943,500	3.57%	-	-	1,943,500	3.27%
Mrs Catheline Périer-D'Ieteren	0	0.00%	1,250,000	25.00%	1,250,000	2.11%
Mr Olivier Périer	10,000	0.02%	-	-	10,000	0.02%
The four abovementioned shareholders (collectively "SPDG Group") are associated.	**14,200,327**	**26.12%**	**1,250,000**	**25.00%**	**15,450,327**	**26.02%**
Nayarit Participations s.c.a., Brussels	17,684,020	32.53%	-	-	17,684,020	29.79%
Mr Nicolas D'Ieteren	10,000	0.02%	3,750,000	75.00%	3,760,000	6.33%
The two abovementioned shareholders (collectively "Nayarit Group") are associated.	**17,694,020**	**32.54%**	**3,750,000**	**75.00%**	**21,444,020**	**36.12%**
The shareholders referred to as SPDG Group and Nayarit Group act in concert.						

The Board of Directors proposed the distribution of a gross dividend amounting to €1.35 per share (2019: an ordinary dividend of €1.00 per share), or €72.9m in aggregate (2019: €54.4m).

Note 22: Provisions

Liabilities for post-retirement benefit schemes are analysed in note 10. The other provisions, either current or non-current, are analysed below.

The major classes of provisions are the following ones:

€m	2020				2019			
	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group
Non-current provisions								
Dealer-related	6.9	-	-	6.9	9.2	-	-	9.2
Other non-current items	4.4	-	0.3	4.7	5.0	-	0.5	5.5
Subtotal	**11.3**	**-**	**0.3**	**11.6**	**14.2**	**-**	**0.5**	**14.7**
Current provisions								
Other current items	-	1.4	5.1	6.5	-	2.5	-	2.5
Subtotal	**-**	**1.4**	**5.1**	**6.5**	**-**	**2.5**	**-**	**2.5**
Total provisions	**11.3**	**1.4**	**5.4**	**18.1**	**14.2**	**2.5**	**0.5**	**17.2**

The changes in provisions are set out below for the year ended 31 December 2020:

€m	Dealer-related	Other non-current items	Other current items	Total
At 1 January 2020	**9.2**	**5.5**	**2.5**	**17.2**
Charged in the year	3.4	5.5	-	8.9
Utilised in the year	-3.2	-0.7	-1.1	-5.0
Reversed in the year	-0.2	-0.1	-	-0.3
Transferred during the year	-2.3	-5.5	5.1	-2.7
At 31 December 2020	**6.9**	**4.7**	**6.5**	**18.1**

The timing of the outflows being largely uncertain, most of the provisions are considered as non-current items. The non-current provisions are not discounted since the impact is not considered material to the Group. Current provisions are expected to be settled within 12 months.

Note 22: Provisions (continued)

In the D'Ieteren Auto segment, the dealer-related provisions arise from the ongoing improvement of the distribution networks.

Other non-current provisions also comprise:

- Dilapidation and environmental provisions to cover the costs of the remediation of certain properties held under leases;
- Provision against legal claims that arise in the normal course of business, that are expected to crystallise in the next couple of years. After taking appropriate legal advice, the outcome of these legal claims should not give rise to any significant loss beyond amounts provided at 31 December 2020.

Note 23: Loans and borrowings

Loans and borrowings are presented as follows:

€m	2020				2019			
	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group
Non-current loans and borrowings								
Lease liabilities	17.9	18.8	4.2	40.9	8.4	22.8	4.3	35.5
Bank and other loans	-	44.1	0.5	44.6	-	98.3	0.6	98.9
Inter-segment loan	202.6	253.9	-456.5	-	-	190.8	-190.8	-
Subtotal non-current loans and borrowings	**220.5**	**316.8**	**-451.8**	**85.5**	**8.4**	**311.9**	**-185.9**	**134.4**
Current loans and borrowings								
Lease liabilities	3.1	6.0	0.4	9.5	5.6	6.7	0.4	12.7
Bank and other loans	0.1	8.2	0.1	8.4	0.1	33.6	0.1	33.8
Subtotal current loans and borrowings	**3.2**	**14.2**	**0.5**	**17.9**	**5.7**	**40.3**	**0.5**	**46.5**
TOTAL LOANS AND BORROWINGS	**223.7**	**331.0**	**-451.3**	**103.4**	**14.1**	**352.2**	**-185.4**	**180.9**

Obligations under lease contracts are analysed below:

€m	2020		2019	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	9.5	9.5	12.7	12.7
Between one and five years	24.7	24.9	29.6	29.5
More than five years	17.5	16.0	7.9	6.0
Subtotal	51.7	50.4	50.2	48.2
Present value of lease obligations	**50.4**		**48.2**	

In 2019 and 2020, the inter-segment loans comprise amounts lent by the Corporate department to the Moleskine segment (non-recourse loan, increased by €63.1m during the period – of which €55.2m are an increase of the nominal loan and €7.9m are capitalized interests) and, in the current period, to the D'Ieteren Auto segment, at arm's length conditions.

Moleskine operated a refinancing of its existing debt at the end of December 2020 with a new €53m bank term loan maturing in December 2023 (with possible extension) and an additional €55m in shareholder loan.

Note 23: Loans and borrowings (continued)

Non-current loans and borrowings are due for settlement after more than one year, in accordance with the maturity profile set out below:

€m	2020	2019
Between one and five years	69.4	128.4
After more than five years	16.1	6.0
Non-current loans and borrowings	**85.5**	**134.4**

The exposure of the Group's loans and borrowings to interest rate changes and the repricing dates (before the effect of the debt derivatives) at the balance sheet date is as follows:

€m	2020	2019
Less than one year	17.9	46.5
Between one and five years	69.4	128.4
After more than five years	16.1	6.0
Loans and borrowings	**103.4**	**180.9**

The interest rate and currency profiles of loans and borrowings are as follows (including the effects of debt derivatives and excluding the lease liabilities accounted for in accordance with IFRS 16 in 2020 and 2019):

€m	2020			2019		
Currency	**Fixed rate**	**Floating rate**	**Total**	**Fixed rate**	**Floating rate**	**Total**
EUR	1.3	52.3	53.6	93.8	33.9	127.7
USD	-	-	-	-	1.0	1.0
HKD	-	-	-	-	4.6	4.6
Total	**1.3**	**52.3**	**53.6**	**93.8**	**39.5**	**133.3**

EUR borrowings are stated after deduction of deferred financing costs of €0.6m (2019: €0.7m).

The floating rate borrowings bear interest at various rates set with reference to the prevailing EURIBOR or equivalent. The range of interest rates applicable for fixed rate borrowings outstanding is as follows:

	2020		2019	
Currency	**Min.**	**Max.**	**Min.**	**Max.**
EUR	3.4%	4.2%	0.5%	3.1%

The fair value of loans and borrowings (both current and non-current) approximates their carrying amount. Certain of the borrowings in the Group have covenants attached. At year-end, there is no breach of covenants.

The table below provides information about the changes in liabilities arising from financing activities:

€m	At 1 January 2020	Cash flows	Non-cash movements			Sub-total	At 31 December 2020
			Additions/ Terminations IFRS16	**Transfer**	**Other**		
Long-term loans and borrowings	98.9	-54.8	-	-	0.5	44.6	44.6
Short-term loans and borrowings	33.8	-25.8	-	-	0.4	8.4	8.4
Lease liabilities	48.2	-15.8	18.0	-	-	50.4	50.4
Total liabilities arising from financing activities	**180.9**	**-96.4**	**18.0**	**-**	**0.9**	**103.4**	**103.4**

Note 23: Loans and borrowings (continued)

€m	At 1 January 2019	Cash flows	Non-cash movements			Sub-total	At 31 December 2019
			IFRS 16 adoptions	Transfer	Other		
Long-term loans and borrowings	115.7	-1.5	-	-16.7	1.4	98.9	98.9
Short-term loans and borrowings	39.3	-25.6	-	16.7	3.4	33.8	33.8
Lease liabilities	0.7	-14.9	58.3	-	4.1	48.2	48.2
Total liabilities arising from financing activities	**155.7**	**-42.0**	**58.3**	**-**	**8.9**	**180.9**	**180.9**

In both periods, the other non-cash movements include, among other amounts, the amortization of deferred financing costs in the Moleskine segment and in 2019 only, the lease contracts additions and terminations during the period.

Note 24: Trade and other payables

Trade and other payables are described below:

€m	2020				2019			
	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group	D'Ieteren Auto	Moleskine	Corp. & unallocated	Group
Non-current payables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade payables	226.4	23.0	3.4	252.8	258.0	29.9	3.2	291.1
Accrued charges and deferred income	51.1	1.2	1.9	54.2	42.2	1.0	1.5	44.7
Non-income taxes	0.8	0.3	-	1.1	-2.0	1.0	-	-1.0
Other current creditors	88.5	4.1	12.7	105.3	63.5	5.7	7.5	76.7
Trade and other payables	**366.8**	**28.6**	**18.0**	**413.4**	**361.7**	**37.6**	**12.2**	**411.5**

Trade and other current payables are expected to be settled within 12 months. The carrying value of trade and other current payables approximates their fair value.

At 31 December 2020, in the D'Ieteren Auto segment, the other current creditors include, among other amounts, the liability (€41.0m) related to the finalization of the project carried out in 2020 by D'Ieteren Auto for the acceleration of the transformation of its activities in response to a rapidly changing market.

Note 25: Business combinations

During the period, the D'Ieteren Auto segment finalized the acquisition of F.A.I.D. n.v., a company that holds a building located next to a dealership. The net assets acquired amount to €0.3m and are related to property, plant & equipment. The acquisition led to the recognition of a goodwill for €0.1m.

The goodwill recognised reflects the expected synergies and other benefits resulting from the combination of the acquired activities with those of the D'Ieteren Auto segment. As permitted by IFRS 3 "Business Combinations" (maximum period of 12 months to finalize the acquisition accounting), the above provisional allocation will be reviewed and if necessary reallocated to brands and intangible assets.

The additional revenue and result arising subsequent to this acquisition are not considered material to the Group and accordingly are not disclosed separately.

Note 26: List of subsidiaries, associates and joint ventures

The full list of companies concerned by articles 3:104 and 3:156 of the Royal Decree of 29 April 2019 implementing the Company Code will be lodged with the Central Balance Sheet department of the National Bank of Belgium. It is also available on request from the Company head office (see note 1).

Note 26: List of subsidiaries, associates and joint ventures (continued)

The main subsidiaries, associates and joint ventures of the Company are listed below:

Name	Country of incorporation	% of share capital owned at 31 December 2020	% of share capital owned at 31 December 2019
D'Ieteren Auto			
D'Ieteren Automotive s.a.	Belgium	100%	100%
P.C. Mechelen n.v.	Belgium	100%	100%
Kronos Automobiles s.a.	Belgium	100%	100%
Garage Rietje n.v.	Belgium	100%	100%
Carrosserie Rietje n.v.	Belgium	100%	100%
Rietje Waasland n.v.	Belgium	100%	100%
Garage Clissen n.v.	Belgium	100%	100%
J&J n.v.	Belgium	100%	100%
Garage Bruynseels n.v.	Belgium	100%	100%
Carrosserie Bruynseels n.v.	Belgium		100%
Garage Dielis n.v.	Belgium	100%	100%
Auto Center Kontich b.v.b.a.	Belgium	100%	100%
Automobiel Center Puurs n.v.	Belgium	100%	100%
Sopadis Wommelgem n.v.	Belgium	100%	100%
Don Bosco b.v.b.a.	Belgium	100%	100%
Autonatie n.v.	Belgium	100%	100%
Overijse Automotive n.v.	Belgium	100%	100%
Autobedrijf Y&N Claessens b.v.b.a.	Belgium	100%	100%
Sopadis Knokke n.v.	Belgium	100%	100%
Automobile Center Mechelen 2 b.v.b.a.	Belgium	100%	100%
Garage Thuy Wommelgem n.v.	Belgium	100%	100%
Garage Thuy Kontich b.v.b.a.	Belgium	100%	100%
RUMA003 b.v.b.a.	Belgium	100%	100%
P.C. Liège s.a.	Belgium	100%	100%
Sopadis s.a.	Belgium	100%	100%
P.C. Paal-Beringen n.v.	Belgium	100%	100%
s.a. D'Ieteren Services n.v.	Belgium	100%	100%
s.a. Volkswagen D'Ieteren Finance n.v.	Belgium	49.99%	49.99%
s.a. D'Ieteren Sport n.v.	Belgium	100%	100%
s.a. D'Ieteren Treasury n.v.	Belgium		100%
s.a. Wondercar n.v.	Belgium	100%	100%
Lab Box s.a.	Belgium	100%	100%
Poppy Mobility n.v.	Belgium	100%	100%
Skipr n.v.	Belgium	61.97%	100%
CarASAP s.a.	Belgium	100%	100%
Electric By D'Ieteren (EDI)	Belgium	100%	100%
Lizy n.v.	Belgium	52.64%	
F.A.I.D n.v.	Belgium	100%	
PC Brussels s.a.	Belgium	100%	
PC Antwerp n.v.	Belgium	100%	
D'Ieteren Centers s.a.	Belgium	100%	
Belron			
Belron Group s.a. (in voting rights)	Luxembourg	54.85%	54.85%
Moleskine			
Moleskine SpA	Italy	100.00%	100.00%
Corp. & unallocated			
s.a. D'Ieteren Immo n.v.	Belgium	100.00%	100.00%
D'IM s.a.	Luxembourg	100.00%	100.00%
D'Ieteren Vehicle Glass s.a.	Luxembourg	100.00%	100.00%
D Participation Management s.a.	Belgium	100.00%	100.00%

The Group's average stake (used for the income statement) in Belron equalled 53.75% in 2020 (52.48% in 2019). See note 17.

Note 26: List of subsidiaries, associates and joint ventures (continued)

The main entities accounted for using the equity method are the joint venture Belron Group s.a. and Volkswagen D'Ieteren Finance s.a. See note 17 for adequate disclosures.

Note 27: Contingencies and commitments

€m	2020	2019
Commitments to acquisition of non-current assets	0.8	2.8
Other important commitments:		
Commitments given	9.9	2.8
Commitments received	0.8	-

In 2019 and 2020, the commitments to acquisition of non-current assets mainly concerned property, plant and equipment in the segment "Corporate & unallocated".

In 2020, Other important commitments given mainly relate to guarantees given on behalf of subsidiaries.

Further to the carve-out of D'Ieteren Auto into a fully owned subsidiary as of the 1rst of January 2021, D'Ieteren SA has granted a parental guarantee to the VW group in relation D'Ieteren Auto's obligations under the importers contracts. This parental guarantee is limited to three years and to an amount of €80m.

Note 28: Related party transactions

€m	2020	2019
With entities with joint control or significant influence over the Group:		
Amount of the transactions entered into during the period	1.3	1.1
With joint ventures in which the Group is a venturer:		
Sales	257.1	362.1
Purchases	-15.5	-13.4
Trade receivables outstanding at 31 December	13.1	52.3
With key management personnel:		
Compensation:		
Short-term employee benefits	3.7	3.6
Post-employment benefits	0.2	0.3
Termination benefits	-	1.9
Total compensation	3.9	5.8
Amount of the other transactions entered into during the period	-	0.5
Outstanding creditor balance at 31 December	0.8	-
With other related parties:		
Amount of the transactions entered into during the period	0.1	0.2

Shareholders and other related parties

The Nayarit group (Nayarit Participations S.c.a., Roland D'Ieteren and Nicolas D'Ieteren) and the SPDG group (s.a. de Participations et de Gestion, Reptid Commercial Corporation, Catheline D'Ieteren and Olivier Périer), acting in concert following an agreement pertaining to the exercise of their voting rights with a view to leading a sustainable joint strategy, together hold 62.15% of the voting rights of the Company (see note 21).

In 2020, some of these shareholders and/or entities related to them carried out commercial transactions with the Company. These transactions (total of €1.4m) can be outlined as follows:

- Automobile repair, supply of spare parts and sale of a vehicule carried out by the Company and invoiced to these parties for a total amount of €1.3m;
- Architecture fees invoiced by one of these parties to the Company for a total amount of €0.01m.
- The rental by one of these parties of a property belonging to a subsidiary of the Company which led to the payment of a rent for a total amount of €0.05m.

Note 28: Related party transactions (continued)

Joint Ventures

In 2020, the Group was venturer in two joint ventures, the main one being Belron Group s.a. (BGSA). The second one is Volkswagen D'Ieteren Finance (VDFin). See note 17 for more information related to the joint ventures.

In 2020, sales of €257.1m to joint ventures mainly consist in sales of new vehicles by the D'Ieteren Auto segment to VDFin. Purchases of €15.5m mainly relate to used cars purchased by the D'Ieteren Auto segment from VDFin (former fleet vehicles). The outstanding trade receivables (€13.1m) are mainly related to VDFin.

Key management personnel

The key managers comprise the members of the Company's Board of Directors and its Executive Committee (see the Corporate Governance Statement).

In 2020, a total of 95,000 options were issued to key managers (at an exercise price of EUR 49,36 per option). The total fair value of all share options granted to key management personnel charged to the 2020 income statement amounted to €1.2m. For more information on the remuneration of key managers, reference is made to the remuneration report that can be found in the Corporate Governance Statement.

In 2020, loans granted by the Company and one of its subsidiaries to the members of the Executive Committee were outstanding for a total amount of €0.8m. These loans were granted in the context of the stock option plans in order to enable those concerned to pay the taxes due at the moment the options were accepted. The loans granted in 2020 were granted for periods of 10 or 5 years with interest rates of respectively 1.39% and 1.295%.

Note 29: Exchange rates

Monthly income statements of foreign operations are translated at the relevant rate of exchange for that month. Except for the statement of financial position which is translated at the closing rate, each line item in these consolidated financial statements represents a weighted average rate.

The main exchange rates used for the translations were as follows:

Number of euros for one unit of foreign currency	2020	2019
Closing rate		
CAD	0.64	0.69
GBP	1.11	1.18
USD	0.81	0.89
HKD	0.11	0.11
CNY	0.12	0.13
JPY	0.01	0.01
SGD	0.62	0.65
Average rate (1)		
CAD	0.65	0.67
GBP	1.12	1.14
USD	0.88	0.89
HKD	0.11	0.11
CNY	0.13	0.13
JPY	0.01	0.01
SGD	0.64	0.65

(1) Effective average rate for the profit or loss attributable to equity holders.

Note 30: Services provided by the statutory auditor

The external audit is conducted by KPMG Réviseurs d'Entreprises, represented by Axel Jorion, whose audit mandate expires at the General Meeting of 2023.

€m	2020	2019
Audit services	**3.9**	**3.5**
KPMG in Belgium	0.9	0.6
Other firms in the KPMG network	3.0	2.9
Non-audit services	**0.5**	**0.7**
KPMG in Belgium	0.1	0.2
Other firms in the KPMG network	0.4	0.5
Services provided by the Statutory Auditor and its network	**4.4**	**4.2**

Note 31: Leases

Leases as lessee

The Group leases buildings, stores, non-fleet vehicles and items of property, plant and equipment. The Group also leases IT equipment for which no right-of-use assets and lease liabilities have been recognised since these leases are short-term and/or leases of low-value items.

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

€m	Land and buildings	Plant and equipment	Total
Balance at 1 January 2020	**13.9**	**36.3**	**50.2**
Depreciation charge for the year	-2.0	-15.2	-17.2
Additions to right-of-use assets	6.6	18.9	25.5
Derecognition of right-of-use assets	-0.3	-7.8	-8.1
Balance at 31 December 2020	**18.2**	**32.2**	**50.4**

Some property leases contain extension options exercisable by the Group. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control. The impact on the lease liability resulting from the exercise of extension options is not considered material to the Group.

Leases as lessor

The Group leases out its investment property (held in the "Corporate & unallocated" segment). All leases are classified as operating leases from a lessor perspective because they do not transfer substantially of the risks and rewards incidental to the ownership of the assets. Rental income recognised by the Group during 2020 equals €3.6m (2019: €2.8m).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

€m	2020			2019		
	Investment property	Other property, plant and equipment	Total	Investment property	Other property, plant and equipment	Total
Within one year	2.7	-	2.7	2.2	-	2.2
Later than one year and less than five years	9.4	-	9.4	8.0	-	8.0
After five years	0.6	-	0.6	1.2	-	1.2
Total	**12.7**	**-**	**12.7**	**11.4**	**-**	**11.4**

The revenue, expenses, rights and obligations arising from leasing arrangements regarding investment property are not considered material to the Group, and accordingly a general description of these leasing arrangements is not disclosed.

Note 31: Leases (continued)

The Group is not acting as a lessor under finance leases.

Note 32: Subsequent events

As per 22 March 2021, Belron announced that it launches a syndication of €1,575m equivalent USD/EUR 7-year of new Term Loan to refinance part of existing loans and upstream cash to shareholders. The proceeds of the debt issuance will be used to refinance the Term Loan of €525m maturing in 2024 and be upstreamed to the shareholders, together with €412m of cash on the balance sheet (out of €618m on 31 December 2020).

No other significant transactions out of the ordinary course of business occurred between the closing date and the date these consolidated financial statements were authorised for issue.

Note 33: Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The new standards and amendments to standards that are mandatory for the first time for the Group's accounting period beginning on 1 January 2020 are listed below.

- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020 – endorsed by the EU);
- Amendments to IFRS 3 "Definition of a Business" (effective 1 January 2020 – endorsed by the EU);
- Amendments to IAS 1 and IAS 8 "Definition of Material" (effective 1 January 2020 – endorsed by the EU);
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform" (effective 1 January 2020 – endorsed by the EU)
- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (effective 1 June 2020 – endorsed by the EU).

These new standards do not have a significant impact on the Group's financial statements.

The standards, amendments and interpretations to existing standards issued by the IASB but not yet effective in 2020 have not been early adopted by the Group. They are listed below.

- Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current (effective 1 January 2023 – subject to endorsement by the EU);
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual improvements to IFRS Standards 2018-2020 (effective 1 January 2022 – subject to endorsement by the EU);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021 – subject to endorsement by the EU);
- IFRS 17 "Insurance Contracts" (effective 1 January 2023 – subject to endorsement by the EU);
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective date to be determined at future date – subject to endorsement by the EU);

The above standards, amendments and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries, which are those entities in which the Group has, directly or indirectly, an interest of more than half of the voting rights or otherwise has the power to exercise control over the operations, are consolidated. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date that control is transferred to the Group and are no longer consolidated from the date that control ceases. All inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated upon consolidation.

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired in their interests in the subsidiary's equity is recorded in equity. Gains or losses on disposals to non-controlling interest (that do not result in loss of control) are also recorded in equity.

Note 33: Accounting policies (continued)

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date where control is lost, with the change in carrying amount recognised in profit or loss as part of the gain or loss recognized upon loss of control. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income are reclassified to profit or loss if required by IFRS standards.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method. The investment is initially recognised at cost (including transaction costs), and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and OCI of the investee after the date of acquisition, until the date on which significant influence ceases. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of profit from the associate represents the Group's share of the associate's profit after tax. Profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised gains on transactions between the Group and its associate are also eliminated based on the same principle; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Interests in joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are recognised using the equity method. The above principles regarding associates are also applicable to joint ventures.

Impairment of associates and joint ventures

The Group determines at each reporting date whether there is any objective evidence that the investment in the equity-accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount (being the higher of the value in use or fair value less costs to sell) of the associate or joint venture and its carrying value and recognises the amount adjacent to "share of result of equity-accounted investees, net of income tax" in the income statement.

FOREIGN CURRENCY TRANSLATION

The Group consolidation is prepared in euro. Income statements of foreign operations are translated into euro at the weighted average exchange rates for the period and statements of financial positions are translated into euro at the exchange rate at the reporting date (except for each component of equity, translated once at the exchange rates at the dates of the relevant transactions). Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate. The translation reserve, which is recorded in other comprehensive income (except to the extent that the translation difference is allocated to NCI) includes both the difference generated by translating income statement items at a different exchange rate from the period-end rate and the differences generated by translating opening shareholders' equity amounts at a different exchange rate from the period-end rate.

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised within the income statement (or within OCI if it relates to equity instruments designated at FVOCI).

On disposal of a foreign operation, gains and losses accumulated in other comprehensive income are included in the income statement.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Note 33: Accounting policies (continued)

The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed constitutes goodwill and is recognised as an asset. In case this excess is negative, it is recognised immediately in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Acquisition-related costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's or groups of CGU's that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level for business combinations performed by the Company.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

INTANGIBLE ASSETS

An item of intangible assets is valued at its cost less any accumulated amortisation and any accumulated impairment losses. Customer contracts and brands acquired in a business combination are recognised at fair value at the acquisition date. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred when the capitalization criteria are not met. However, costs that are directly associated with identifiable and unique software products controlled by the Group which have probable economic benefits exceeding the cost beyond one year are recognised as intangible assets.

The amortisation method used reflects the pattern in which the assets' future economic benefits are expected to be consumed. Intangible assets with a finite useful life are generally amortised over their useful life on a straight-line basis. The estimated useful lives are between 2 and 10 years.

Brands for which there is a limit to the period over which these assets are expected to generate cash inflows will be amortised on a straight-line basis over their remaining useful lives which are estimated to be up to 5 years. Amortisation periods are reassessed annually.

Brands that have indefinite useful lives are those, thanks to the marketing spend, the advertising made and the absence of factors that could cause their obsolescence, where there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for the Group. They are therefore not amortised but tested for impairment annually.

For any intangible asset with a finite or indefinite useful life, where an indication of impairment exists, its carrying amount is assessed and written down immediately to its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Expenditure on internally generated intangible assets which does not meet the capitalization conditions under IFRS is recognised in the consolidated income statement as an expense as incurred. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit, on a pro rata basis.

RESEARCH AND DEVELOPMENT

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) the Group has the intention to complete the intangible asset and use or sell it;
(c) the Group has ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits;

Note 33: Accounting policies (continued)

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
(f) the Group has the ability to measure reliably the expenditure attributable to the intangible asset during its development.

PROPERTY, PLANT AND EQUIPMENT

An item of property, plant and equipment is initially measured at cost. This cost comprises its purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates), plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating. If applicable, the initial estimate of the cost of dismantling and removing the item and restoring the site is also included in the cost of the item.

After initial recognition, the item is carried at its cost less any accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads if directly attributable. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The depreciable amount of the item is allocated according to the straight-line method over its useful life. Land is not depreciated. The main depreciation periods are the following:

- Buildings: 40 to 50 years;
- Plant and equipment: 3 to 15 years;
- IT equipment: 2 to 7 years;

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

LEASES

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019.

Lessee

At inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into or changed on or after 1 January 2019.

As a lessee, the Group recognizes right-of-use assets and lease liabilities at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate at that date. Generally, the Group uses its incremental borrowing rate as the discount rate.

Note 33: Accounting policies (continued)

The Group determines its incremental borrowing rate by reference to the interest rate it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the initial measurement of the lease liability comprise fixed payments, and in some cases, variable lease payments (being those depending on an index or a rate, initially measured using the index or rate as at the commencement date), the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise the extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate the lease earlier. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognized.

The lease liability is measured at amortised cost using the effective interest method and is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

In case the lease liability is remeasured, corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets that do not meet the definition of investment property are presented in “property, plant and equipment” in the statement of financial position, under the same line item than the assets of the same nature that it owns. Lease liabilities are presented in “loans and borrowings” in the statement of financial position.

Consideration on transition:
For the leases previously classified as finance leases under IAS 17, the carrying amount of the right-of-use assets and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Group applied the practical expedient whereby short-term leases (less than or equal to 12 months) and leases of low-value assets are not recognized as right-of-use assets and lease liabilities and to recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lessor

Lessor accounting remained substantially unchanged compared to previous guidance. At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

In rare situations in which the Group acts as an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases.

INVESTMENT PROPERTIES

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. These items are amortised over their useful life on a straight-line basis method. The estimated useful lives are between 40 and 50 years.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Items that are not interchangeable, like new vehicles and second-hand vehicles, are valued using specific identification of their individual costs. Other items are valued using the first in, first out or weighted average cost formula. When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. Losses and write-downs of inventories are recognised in the period in which they occur. Reversal of a write-down is recognised as a credit to cost of sales in the period in which the reversal occurs.

Note 33: Accounting policies (continued)

PROVISIONS

A provision is recognised when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognised. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

EMPLOYEE BENEFITS

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. On amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss of any settlement of the plan and is dealt with separately in other comprehensive income.

The Group has various defined benefit pension plans and defined contribution pension plans. Most of these plans are funded schemes, i.e. they are financed through a pension fund or an external insurance policy. The minimum funding level of these schemes is defined by national rules (see note 10).

Obligations for contributions to *defined contribution pension plans* are charged as an expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group's commitments under *defined benefit pension plans*, and the related costs, are valued using the "projected unit credit method", with independent actuaries carrying out the valuations at least on a yearly basis. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in other comprehensive income. Past service cost is recognised as an expense at the earlier of the following dates: a) when the plan amendment or curtailment occurs; and b) when the entity recognizes related restructuring costs or termination benefits. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. The long-term employee benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligations as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of any refunds and reductions in future contributions to the plan.

TERMINATION BENEFITS

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

OTHER LONG-TERM INCENTIVES

The group recognises a provision for long-term incentives where they are contractually obliged or where there is a past practice that has created a constructive obligation. This provision is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Note 33: Accounting policies (continued)

FINANCIAL INSTRUMENTS EXCLUDING DERIVATIVES

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and liabilities are initially recognised when the entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, expire, or are substantially modified.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies its financial assets in the following categories on initial recognition: at amortised cost; at fair value through other comprehensive income (FVOCI) – debt; at FVOCI – equity investment; or fair value through profit or loss (FVTPL). Management determines the classification of its financial assets at initial recognition based on a) the business model in which the financial asset is held; and 2) on the assessment whether contractual cash flows are solely payments of principal and interests (see below). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Business model assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs, as well as profit margin.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL, including all derivative financial assets.

Note 33: Accounting policies (continued)

Subsequent measurement of financial assets:

- Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss, except for derivatives designated as hedging instruments.
- Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investment at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits, excluding any blocked or restricted cash held by the Group. Cash equivalents are short-term (maximum 3 months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified and measured at amortised cost.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL (except hedging instruments) are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect(s).

Where the Company (or its subsidiaries) reacquires its own equity instruments, those instruments are deducted from equity as treasury shares. Where such equity instruments are subsequently sold, any consideration received is recognised in equity.

Dividends to holders of equity instruments proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date; it is presented in equity.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are used as hedges in the financing and financial risk management of the Group.

The Group’s activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and options to hedge these exposures. The Group does not use derivatives for speculative purposes. However, certain financial derivative transactions, while constituting effective economic hedges, do not qualify for hedge accounting under the specific rules in IAS 39.

Despite the introduction of IFRS 9, the Group still applies hedge accounting for Moleskine under IAS 39 (which is an option under IFRS 9).

Derivatives are recorded initially and subsequently at fair value. Any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent changes in fair value are generally recognised in profit or loss.

Cash flow hedge

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the income statement. If the cash flow hedge is a firm commitment or the forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in other comprehensive income are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Fair value hedge

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with a corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Note 33: Accounting policies (continued)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In the case of a cash flow hedge, any cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss when profit or loss is impacted by the hedged item. If the forecast transaction is no longer expected to occur, the cumulative gain or loss is reclassified in the profit or loss immediately.

PUT OPTIONS GRANTED TO NON-CONTROLLING INTERESTS

Until the loss of exclusive control of Belron as at 7 February 2018, the Group was committed to acquiring the non-controlling interests owned by third parties in Belron, should these third parties have wished to exercise their put options. The exercise price of such options granted to non-controlling interests was reflected as a financial liability in the consolidated statement of financial position per 31 December 2017. For put options granted to non-controlling interests prior to 1 January 2010, the goodwill was adjusted at period end to reflect the change in the exercise price of the options and the carrying value of non-controlling interest to which they relate.

Due to the introduction of the revised version of IFRS 3 (effective date 1 January 2010), for put options granted to non-controlling interests as from 1 January 2010, at inception, the difference between the consideration received and the exercise price of the options granted was recognised against the group's share of equity. At each period end, the re-measurement of the financial liability resulting from these options were recognised in the consolidated income statement (net finance costs).

NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups comprising assets and liabilities) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of the business or geographical area of operations that either has been disposed of or is classified as held for sale and is disclosed as a single line item in the income statement. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

In the D'Ieteren Auto segment, the Group generates revenue primarily from the sale of new vehicles to independent dealers and to final customers, the sale of used vehicles to final customers, the sale of spare parts and accessories and the rendering of after-sale services. Upon selling vehicles or spare parts to independent dealers or final customers, the Group satisfies its performance obligations and recognizes revenue at a point in time, when control of the goods transfers to the customers. Since the Group issues invoices to customers upon satisfying its performance obligations, rights to financial consideration immediately become unconditional and are therefore recognized as receivables. A legal warranty of 2 years applies to the sale of new vehicles to customers, which in turn corresponds to the legal warranty that the factory grants to the D'Ieteren Auto segment. This warranty does therefore not represent a separate performance obligation.

The Group offers to customers the possibility to purchase maintenance contracts together with the sale of a new vehicle. The duration of these contracts ranges from 3 to 12 years. This type of contract represents a separate performance obligation and should not be combined with the sale of a new vehicle. Under such arrangements, the Group transfers the benefit of the maintenance services to the customers as it performs and therefore satisfies its performance obligation over time. The Group recognizes revenue over time by estimating the occurrence of performance obligations using historical data and projected revenue. Revenue recognized according to the percentage of completion method is therefore reasonably estimated using cost curves and historical data.

The difference between the consideration received from the final customers and the costs incurred over time to satisfy the performance obligation represent contract liabilities under IFRS 15. Since the amount of contract liabilities are not considered significant to the Group compared to total revenue, they have not been presented in a separate line item in the consolidated statement of financial position.

When rendering other repair or maintenance services to final customers, the Group recognizes revenue over time if deemed significant. The revenue to be recognized over time for other repair and maintenance was not significant as at 31 December 2020.

Across all sales channels of the Moleskine segment, revenue is recognized at a point in time, as soon as control of the goods transfers to the customers (i.e. when the good is physically delivered to the final customer).

Note 33: Accounting policies (continued)

Disaggregation of revenue from contracts with customers

In selecting the categories to use to disaggregate revenue from contracts with customers, management considered how the information about the Group's revenue is presented for other purpose, including press releases and information presented to the chief operating decision maker, as well as how the nature, amount, timing and uncertainties of revenue and cash flows are affected by economic factors. See note 5 for additional information on disaggregation of revenue.

FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs include interest income, interest expenses, dividend income, and net gains and losses on financial assets and financial liabilities measured at fair value through profit or loss. Interest income and expenses are recognized using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

SHARE-BASED PAYMENTS

Share-based payments are exclusively made in connection with employee stock option plans ("ESOP").

Equity-settled ESOP granted after 7 November 2002 are accounted for in accordance with IFRS 2, such that their cost is recognised in the income statement, with a corresponding increase in equity, over the vesting period of the awards.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

GOVERNMENT GRANTS

Government grants related to assets are presented in liabilities as deferred income and amortised over the useful life of the related assets.

INCOME TAXES

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current taxes relating to current and prior periods are, to the extent unpaid, recognised as a liability. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current taxes are measured using tax rates enacted or substantially enacted at the reporting date. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Current tax assets and liabilities are offset only if the following criteria are met:

- the entity has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred taxes are provided using the balance sheet liability method, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (such as unused tax losses carried forward).

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

Note 33: Accounting policies (continued)

The amount of deferred tax recognized is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

IMPAIRMENT OF NON-DERIVATIVE FINANCIAL ASSETS

The Group recognizes loss allowances for ECLs (expected credit losses) on financial assets measured at amortized cost, debt investments measured at FVOCI and contract assets. The Group measures loss allowances at an amount equal to lifetime ECLs, except for debt securities that are determined to have low credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) at the reporting date and other debt securities and bank balances for which the credit risk has not increased significantly since initial recognition which are measured at 12-month ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. A financial asset is considered in default, when the debtor is unlikely to pay its credit obligation in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses, measured as the present value of all cash shortfalls (the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized costs and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- breach of contract such as default;
- probability that the debtor will enter bankruptcy or other financial reorganization;
- disappearance of an active market for security because of financial difficulties.

Loss allowances for financial assets measured at amortized costs are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amount of its non-financial assets (other than investment property recognized at fair value - if any -, inventories, and deferred tax assets) to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Note 33: Accounting policies (continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of other assets in the unit, on a pro-rata basis.

An impairment loss in respect of goodwill is never reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2020

In the context of the statutory audit of the consolidated financial statements of D'Ieteren SA ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2020, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 28 May 2020 in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2022. We have performed the statutory audit of the consolidated financial statements of the Group for 7 consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 3.447,0 million and the consolidated statement of profit or loss shows a profit for the year of EUR 140,8 million.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

Zetel - Siège:
Luchthaven Brussel Nationaal 1K
B-1930 Zaventem

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Ondernemingsnummer / Numéro d'entreprise 0419.122.548
BTW - TVA BE 0419.122.548
RPR Brussel - RPM Bruxelles
IBAN : BE 95 0018 4771 0358
BIC : GEBABEBB

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Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2020

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill and intangible assets with indefinite useful lives of the cash-generating unit Moleskine

We refer to note 12 "Goodwill" and note 13 "Intangible Assets" of the consolidated financial statements.

— *Description*

In accordance with the requirements of IAS 36 "Impairment of Assets", the Group completed an impairment test of its cash-generating unit Moleskine (the "CGU"), which includes goodwill and intangible assets with indefinite useful lives. The impairment review, based on the value in use calculation, was carried out to ensure that the carrying value of the CGU's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use.

As a result of the impairment test carried out in the context of the preparation of the Group's condensed consolidated interim financial information as at 30 June 2020 and for the 6-month period then ended, an impairment charge of EUR 21 million was recognized during the first semester of the year and fully allocated to goodwill. Based on the results of the impairment test carried out for the year ended 31 December 2020, no additional impairment charge was recognized during the second semester of the year.

We identified the valuation of the cash-generating unit "Moleskine" as a Key Audit Matter due to the significance of the acquisition value of the goodwill and intangible assets with indefinite useful lives and also because of the significant management judgement and estimation required in assessing potential impairment which could be subject to error and potential management bias. In addition, changes in the key assumptions may have a significant financial impact.

— *Our audit procedures*

With the involvement of our valuation specialists, our procedures included, amongst others:

- inquiring with management about the key assumptions used for the impairment test (future cash flow projections, discount rate and perpetual growth rate) and assessing the reasonableness of these assumptions;

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Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2020

- comparing the future cash flow forecasts used by management for the impairment test with the budget approved by the Board of Directors;
- challenging the reasonableness of current forecasts by comparing key assumptions and parameters (in particular the discount rate, forecasted period growth rate and inflation rate) to historical results, economic and industry forecasts and internal planning data;
- evaluating the methodology adopted by management in its impairment test, with reference to the requirements of the prevailing accounting standard (*IAS 36 Impairment of Assets*);
- testing the mathematical accuracy of the discounted cash flow model;
- performing a sensitivity analysis to both the discount rate and forecasted cash flows used by the Group to assess what change thereto would result in a different conclusion being reached, and assessing whether there were any indications of management bias in the selection of these assumptions;
- assessing the disclosures in the consolidated financial statements.

Measurement of D'Ieteren Group's share of result of Belron Group SA ("Belron" or "the Component")

We refer to note 17 "Equity-accounted Investees" of the Consolidated Financial Statements.

— *Description*

Since 2018, Belron is accounted for using the equity method as a result of the joint control shared between the Company and a third-party investor.

One of the matters of most significance in our audit of the Consolidated Financial Statements of D'Ieteren Group for the year ended 31 December 2020 has been the measurement of D'Ieteren Group's share of result of Belron.

D'Ieteren Group's share of result of Belron can be significantly impacted by Belron's estimate of its uncertain tax positions and by any impairment loss incurred at the level of Belron.

These matters ("the Matters") have been considered as a Key Audit Matter for the year ended 31 December 2020 for the following reasons:

- Misinterpretation of country specific tax laws and regulations could give rise to additional tax liabilities, interests and penalties resulting in material outflows in subsequent years. Further assessment of the likely outcome of Belron's uncertain tax positions involved a high degree of judgment and potential estimation bias by the board of directors of Belron.
- There is a high degree of judgment and potential bias by the board of directors of Belron in assessing potential impairment. In addition, changes in the key assumptions may have a significant financial impact on the Consolidated Financial Statements of D'Ieteren Group through its share in the result of Belron.

— *Our audit procedures*

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Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2020

Our procedures included, amongst others:

- requesting from the auditor of Belron (the "Component Auditor") to perform an audit on the financial information of Belron for the year ended 31 December 2020 in accordance with our instructions;
- performing risk assessment procedures with the assistance of the Component Auditor and reviewing the Component Auditor's overall audit strategy and audit plan;
- reviewing the Component Auditor's documentation and assessing whether the Component Auditor has designed and implemented appropriate audit responses to address the identified Matters. In particular, we assessed the adequacy of the audit procedures performed, audit evidence obtained and conclusions reached by the Component auditor with respect to:
    - the significant assumptions used by Belron's board of directors in the performance of its impairment testing at the level of Belron, the reliability of Belron's cash flow projections and any indications of estimation bias;
    - the process in place at Belron to identify, assess and measure the potential financial impact of uncertain tax positions, and any identification of estimation bias therein.
- evaluating D'Ieteren Group's assessment of the absence of impairment indicator of its equity-accounted investee in Belron;
- assessing the correctness of the determination and recording of D'Ieteren's Group's share of result of Belron and the disclosures included in the consolidated financial statements.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Statutory auditor's responsibilities for the audit of the consolidated financial statements

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls 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 Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements, and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, and the other information included in the annual report, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

— the "Key Figures" and the "Key indicators" included in the section "Integrated Report"; and

Statutory auditor's report to the general meeting of D'Ieteren SA on the consolidated financial statements as of and for the year ended 31 December 2020

— the "2020 Full-Year Results" and the "Summarized Statutory Financial Statements" included in the section "Financial and Directors' report 2020"

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in the board of directors' annual report on the consolidated financial statements, which is part of section "Financial and Directors' report 2020" of the annual report. The Company has prepared this non-financial information based on the GRI ("Global Reporting Initiative") and the SASB ("Sustainability Accounting Standards Board") frameworks. In accordance with art 3:80 §1, 1st paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the mentioned GRI and SASB frameworks.

Information about the independence

— Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.

— The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Other aspect

— This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, April 6, 2021

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Axel Jorion
Bedrijfsrevisor / Réviseur d'Entreprises

Document Classification: KPMG Public 7

s.a. D'Ieteren n.v.

Summarised Statutory Financial Statements 2020

CONTENT

The statutory financial statements of s.a. D'Ieteren n.v. are summarised below in accordance with article 3:17 of the Company Code. The unabridged version of the statutory financial statements of s.a. D'Ieteren n.v., the related management report and Statutory Auditor's report shall be deposited at the National Bank of Belgium within the legal deadline and may be obtained free of charge from the internet site www.dieterengroup.com or on request from:

s.a. D'Ieteren n.v.
Rue du Mail 50
B-1050 Brussels

Summarised Balance Sheet

At 31 December

€m		2020	2019
ASSETS			
Fixed assets		**2,859.5**	**3,951.5**
II.	Intangible assets	33.3	28.1
III.	Tangible assets	23.4	21.6
IV.	Financial assets	2,802.8	3,901.8
Current assets		**1,644.3**	**1,240.8**
V.	Non-current receivables	1.3	0.3
VI.	Stocks	338.0	383.5
VII.	Amounts receivable within one year	404.8	362.1
VIII.	Current financial investments	765.4	470.6
IX.	Cash at bank and in hand	128.3	15.0
X.	Deferred charges and accrued income	6.5	9.3
TOTAL ASSETS		**4,503.8**	**5,192.3**

€m		2020	2019
LIABILITIES			**-**
Capital and reserves		**3,812.2**	**3,340.3**
I.A.	Issued capital	160.0	160.0
II.	Share premium account	24.4	24.4
IV.	Reserves	3,613.3	3,141.4
V.	Accumulated profits	14.5	14.5
Provisions and deferred taxes		**19.7**	14.5
Creditors		**671.9**	**1,837.5**
VIII.	Amounts payable after one year	240.0	178.6
IX.	Amounts payable within one year	389.1	1,621.8
X.	Accrued charges and deferred income	42.8	37.1
TOTAL LIABILITIES		**4,503.8**	**5,192.3**

Summarised Income Statement

Year ended 31 December

€m		2020	2019
I.	Operating income	3,055.2	3,495.2
II.	Operating charges	3,024.8	3,409.2
III.	Operating profit	30.4	86.0
IV.	Financial income	611.3	1,996.2
V.	Financial charges	42.2	202.8
IX.	Result for the period before taxes	599.5	1,879.4
IXbis.	Deferred taxes	0.2	0.4
X.	Income taxes	-12.1	-25.4
XI.	Result for the period	587.6	1,854.4
XII.	Variation of untaxed reserves (1)	0.6	0.5
XIII.	Result for the period available for appropriation	588.2	1,854.9

(1) Transfers from untaxed reserves (+) / Transfers to untaxed reserves (-).

Summarised Appropriation

Year ended 31 December

€m	2020	2019
APPROPRIATION ACCOUNT		
Profit (loss) to be appropriated	602.7	1,869.4
Gain (loss) of the period available for appropriation	588.2	1,854.9
Profit (loss) brought forward	14.5	14.5
Withdrawals from capital and reserves	1.5	1.7
from capital and share premium account		
from reserves	1.5	1.7
Transfer to capital and reserves	516.8	1,802.2
to capital and share premium account	-	-
to legal reserve	-	-
to other reserves	516.8	1,802.2
Profit (loss) to be carried forward	14.5	14.5
Profit to be distributed	72.9	54.4
Dividends (see note 21)	72.9	54.4

This proposed appropriation is subject to approval by the Annual General Meeting of 27 May 2021.

Summary of Accounting Policies

The **capitalised costs for the development of information technology projects (intangible assets)** are amortised on a straight-line basis over their useful life. The amortisation period cannot be less than 2 years nor higher than 7 years.

Tangible Fixed Assets are recognised at their acquisition value; this value does not include borrowing costs. Assets held by virtue of long-term leases ("emphytéose"), finance leases or similar rights are entered at their capital reconstitution cost. The rates of depreciation for fixed assets depend on the probable economic lifetime for the assets concerned. As from 1 January 2003, tangible fixed assets acquired or constructed after this date shall be depreciated pro rata temporis and the ancillary costs shall be depreciated at the same rate as the tangible fixed assets to which they relate.

The main depreciation rates are the following:

	Rate	Method
Buildings	5%	L/D
Building improvements	10%	L/D
Warehouse and garage	15%	L/D
Network identification equipment	20%	L/D
Furniture	10%	L/D
Office equipment	20%	L/D
Rolling stock	25%	L
Heating system	10%	L/D
EDP hardware	20%-33%	L/D

L: straight line.
D: declining balance (at a rate twice as high as the equivalent straight-line rate).

Tangible fixed assets are revalued if they represent a definite, long-term capital gain. Depreciation of any revaluation surplus is calculated linearly over the remaining lifetime in terms of the depreciation period of the asset concerned.

Financial Fixed Assets are entered either at their acquisition price, after deduction of the uncalled amounts (in the case of shareholdings), or at their nominal value (amounts receivable). They can be revalued and are written down if they suffer a capital loss or a justifiable long-term loss in value. The ancillary costs are charged to the income statement during the financial year.

Amounts Receivable within one year and those receivable after one year are recorded at their nominal value. Write-downs are applied if repayment by the due date is uncertain or compromised in whole or in part, or if the repayment value at the closing date is less than the book value.

Stocks of new vehicles are valued at their individual acquisition price. Other categories of stocks are valued at their acquisition price according to the fifo method, the weighted average price or the individual acquisition price. Write-downs are applied as appropriate, according to the selling price or the market value.

Treasury Investments and Cash at Bank and in Hand are recorded at their acquisition value. They are written down if their realisation value on the closing date of the financial year is less than their acquisition value.

When these treasury investments consist of own shares held for hedging share options, additional write-downs are applied if the exercise price is less than the book value resulting from the above paragraph.

Provisions for Liabilities and Charges are subject to individual valuation, taking into account any foreseeable risks. They are written back by the appropriate amount at the end of the financial year if they exceed the current assessment of the risks which they were set aside to cover.

Amounts Payables are recorded at their nominal value.

Valuation of assets and liabilities in foreign currencies

Financial fixed assets are valued in accordance with recommendation 152/4 by the Accounting Standards Commission. Stocks are valued at their historical cost. However, the market value (as defined by the average rate on the closing date of the balance sheet) is applied if this is less than the historical cost. Monetary items and commitments are valued at the official rate on the closing date, or at the contractual rate in the case of specific hedging operations. Only negative differences for each currency are entered in the income statement.