D'Ieteren Group

Integrated Report 2021

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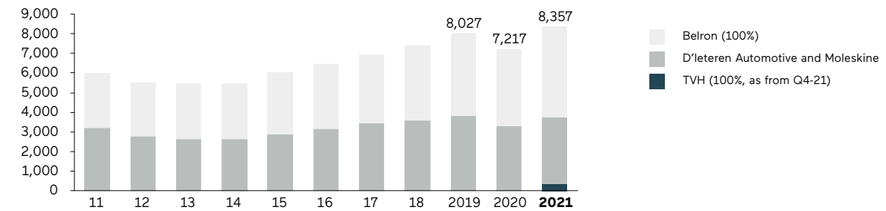
Key indicators

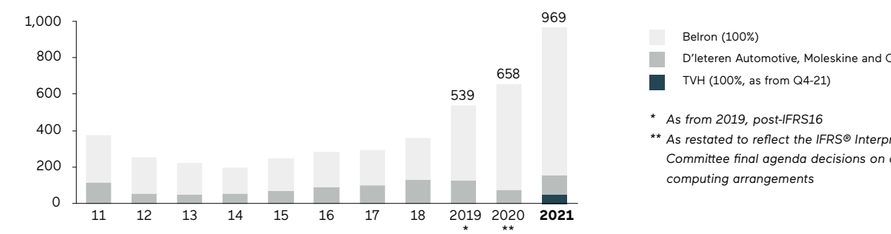
Consolidated results (€ million)	**2012**	**2013**	**2014**	**2015**	**2016**[1]	**2017**	**2018**	**2019**[10,11]	**2020**[10,12]	**2021**[10,13]
Revenues (IFRS)	5,514.5	5,470.5	5,453.1	6,035.4	6,471.7	3,455.1[2]	3,578.1[2]	3,798.8[2]	3,318.0[2]	3,360.5[2]
Combined revenues[4]	5,514.5	5,470.5	5,453.1	6,035.4	6,471.7	6,941.3	7,417.8	8,026.9	7,216.8	8,357.3
Adjusted operating result[3,4]	252.6	220.2	198.6	248.5	281.1	300.9	357.9	539.1	657.9	969.0
Adjusted result, Group's share:										
- before tax[3,5]	203.0	177.6	157.2	212.1	241.6	247.9	226.1	295.2	328.7	493.4
- after tax[3]	159.4	136.1	144.0	186.5	215.3	194.8	182.2	211.6	228.8	355.9
Group's share in the net result for the period[6]	190.1	114.0	-11.1	130.7	49.9	112.6	1,048.0	66.1	138.8	256.5
Financial structure (€ million)										
Equity of which:	1,679.2	1,725.2	1,644.8	1,735.1	1,683.5	1,760.5	2,655.4	2,646.9	2,727.2	2,978.8
- Capital and reserves attributable to equity holders	1,677.4	1,723.6	1,644.2	1,733.3	1,683.0	1,764.3	2,655.1	2,646.3	2,723.7	2,978.4
- Minority interest	1.8	1.6	0.6	1.8	0.5	-3.8	0.3	0.6	3.5	0.4
Net debt Group's share[9]	453.1	467.6	559.9	534.5	952.7	946.3	87.3	477.7	310.4	1,565.8
Data per share (€)										
Group's share in the net *adjusted* result for the period[3,6,7]	2.89	2.47	2.29	3.32	3.92	3.55	3.32	3.88	4.22	6.59
Group's share in the net result for the period[6,7]	3.45	2.07	-0.20	2.38	0.91	2.05	19.12	1.21	2.56	4.75
Gross dividend per ordinary share	0.80	0.80	0.80	0.90	0.95	3.80[8]	1.00	1.00	1.35	2.10
Capital and reserves attributable to equity holders	30.33	31.17	29.73	31.34	30.43	31.90	48.01	47.85	50.10	54.78
Share Information[7] (€)										
Highest share price	40.64	37.36	37.68	37.59	45.16	45.88	40.08	63.10	68.60	175.70
Lowest share price	28.95	29.21	27.66	27.36	26.08	35.84	32.36	32.46	36.10	65.10
Share price as at 31/12	30.44	36.20	29.30	34.42	42.00	37.54	32.92	62.60	67.80	171.60
Average share price	34.98	34.39	31.95	32.74	37.84	40.90	36.11	43.28	52.36	113.19
Average daily volume (in number of shares)	55,659	46,024	40,302	43,418	47,723	39,457	42,142	54,800	48,005	44.534
Market capitalisation as at 31/12 (€ million)	1,683.4	2,002.0	1,620.1	1,903.2	2,322.7	2,035.4	1,782.2	3,461.9	3,686.1	9,329.5
Total number of shares issued	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	55,302,620	54,367,928	54,367,928
Workforce[4] (full time equivalents)	25,787	27,246	26,810	27,970	28,348	31,222	32,951	31,691	28,455	36,549[14]
CO_2 emissions scope 1 & 2 (tCO_2e)								182,653	145,028	150,702

1. *Includes Moleskine as from 1 October 2016.*
2. *Belron is classified under discontinued operations between 1 January 2017 and February 2018. Equity accounting from 7 February 2018 onwards.*
3. *Excluding adjusting items.*
4. *Including Belron and TVH at 100%.*
5. *The adjusted result before tax, Group's share, includes the Group's share in the adjusted result before tax of the entities accounted for using the equity method.*
6. *Result attributable to equity holders of D'leteren Group, as defined by IAS 1.*
7. *Calculated in accordance with IAS 33.*
8. *Includes an extraordinary dividend of EUR 2.85.*
9. *APM - see glossary page 74.*
10. *Post - IFRS 16.*
11. *As restated to reflect the fair value adjustment of the contingent liability relating to the disposal in 2018 of the 40% stake of Belron to CD&R.*
12. *As restated to reflect the IFRS® Interpretations Committee (IFRIC) final decisions on cloud computing arrangements.*
13. *TVH included as from Q4-21*
14. *As of 2021, the number of FTEs is communicated at year-end instead of average.*

COMBINED REVENUES (€ million)

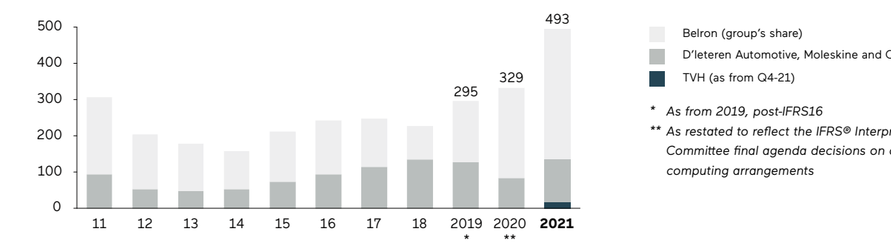


COMBINED *ADJUSTED* OPERATING RESULT (€ million)



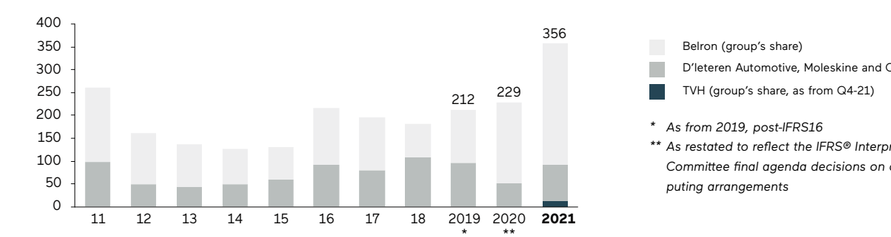
* *As from 2019, post-IFRS16*
** *As restated to reflect the IFRS® Interpretations Committee final agenda decisions on cloud computing arrangements*

***ADJUSTED* RESULT BEFORE TAX, GROUP'S SHARE, (€ million)**



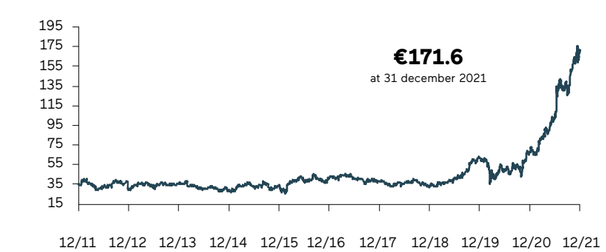
* *As from 2019, post-IFRS16*
** *As restated to reflect the IFRS® Interpretations Committee final agenda decisions on cloud computing arrangements*

GROUP'S SHARE IN THE *ADJUSTED* NET RESULT FOR THE PERIOD (€ million)



* *As from 2019, post-IFRS16*
** *As restated to reflect the IFRS® Interpretations Committee final agenda decisions on cloud computing arrangements*

D'IETEREN'S SHARE PRICE SINCE 2012 (€)



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About the Integrated Report 2021

Purpose

The purpose of this report is to provide a comprehensive overview of how D'leteren Group and its activities create financial and societal value. It outlines the holistic thinking applied by the management team when considering value creation.

Evolution

This Integrated Report has evolved over recent years. In 2021, a new "Our value creation areas" chapter was added, which is organised into four sections: financial performance, people approach, customer satisfaction and impact on society. This new content shows how, through its active ownership approach, D'leteren Group intends to create a meaningful impact. The Group has also made progress towards its goal of providing more societal metrics in this report. These efforts will be pursued as the activities progress along their sustainability strategy with concrete action plans and targets being set.

In our family of businesses, it is important that each activity has its own window of expression. Therefore, we have dedicated a specific chapter for each activity to explain performance and key developments in 2021 along with more forward-looking perspectives.

Methodology

This report is based on the Integrated Reporting Framework developed by the International Integrated Reporting Council (IIRC) and recommended by the Value Reporting Foundation. In accordance with these guidelines, this report aims to be as concise as possible and to focus on those elements which underpin the Group's value creation and that of its businesses.

Detailed reporting for 2021 is included in the second part of the annual report, the Financial and Directors' Report. Non-financial reporting is aligned with the GRI (Global Reporting Initiative) reporting standard (core option), an index of which is on p. 198 of the Financial and Directors' report. The Non-Financial Disclosure has evolved into a more quantitative disclosure supporting our businesses' sustainability strategies. By doing this, D'leteren Group is preparing for the forthcoming European reporting regulations.

Organisation

The Integrated Report has been coordinated by D'leteren Group's Corporate Communication & Sustainability team with assistance and contributions from the Investment Management, Legal, Consolidation and Investor Relations teams, as well as their counterparts in the various businesses. The project has been supervised by the Group's Executive Committee.

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D'leteren Group at a glance

A family-controlled, listed investment company,

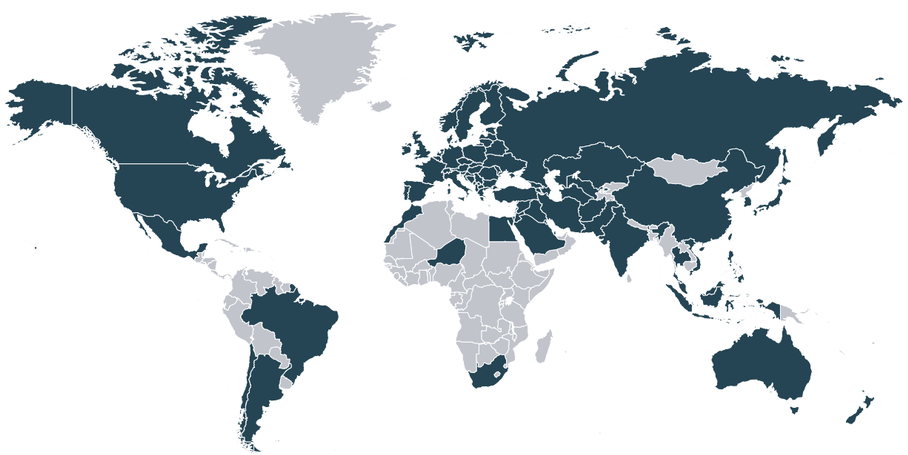
D'leteren family
59.31%[1]

Free float
38.82%

Own shares
1.87%

1805
D'leterenGroup

with an international portfolio



1. *Economic rights as at 31 December 2021 (Nayarit 32.54% - SPDG 26.77%). Family owns 62.74% of voting rights.*

In 2021, the Group is invested in five businesses structured around strong brands

D'leteren — 100% owned

D'leteren Automotive is the official importer of Volkswagen brands in Belgium. It is the #1 car distributor in Belgium with a market share of almost 23.7%. It also controls 3 out of 25 dealership market areas in the country. To complete its offering, the company sells used vehicles and provides maintenance, financing and leasing services, and has recently launched a bike division. It also invests in new mobility services through Lab Box, its start-up incubator.

Financials
- 2021 Sales: €3,239m
- 2021 *Adjusted* operating result: €103m

Workforce (number of FTEs as at 31 Dec): 2,040

BELRON — 50.01% owned*

Belron is the worldwide leader in Vehicle Glass Repair, Replacement and Recalibration ("VGRRR"). In 2021, Belron served 16 million consumers in 39 countries with a focus on service quality generating a very high level of customer satisfaction.

* Other shareholders: CD&R / GIC, H&F and Blackrock / Management, Employees and Founding family

Financials (at 100%)
- 2021 Sales: €4,647m
- 2021 *Adjusted* operating result: €815m

Workforce (number of FTEs as at 31 Dec): 29,388

Moleskine — 100% owned

Moleskine is an iconic, inspirational brand born from the heritage of a legendary notebook. Moleskine is based in Milan, Italy, and sells its products globally through a multi-channel distribution platform. Its product portfolio goes beyond the original notebooks to encompass planners, writing tools, bags, reading accessories as well as a Smart Writing System and mobile apps.

Financials
- 2021 Sales: €122m
- 2021 *Adjusted* operating result: €12m

Workforce (number of FTEs as at 31 Dec): 308

TVH — 40% owned*

A parts specialist since 1969, TVH is a leading global independent distributor of aftermarket parts for the material handling, construction and industrial sectors and agricultural equipment. Based in Waregem in Belgium it operates 81 branches across every continent.

* Other shareholders: Thermote family

Financials (at 100%)
- Q4-2021 Sales: €350m
- Q4-2021 *Adjusted* operating result: €46m

Workforce (number of FTEs as at 31 Dec): 4,772

D'leteren Immo — 100% owned

D'leteren Immo is the real estate company of D'leteren Group in Belgium. Assets include offices, workshops, dealerships, logistics centres, residential units, car parks and landbanks – mainly occupied by D'leteren Automotive. In addition, D'leteren Immo supports its customers with real estate advice, as well as an innovative range of services.

Financials
- 2021 Net Rental Income: €22m
- 2021 Portfolio Fair Market Value: €299m

Workforce (number of FTEs as at 31 Dec): 41

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Message from the Chairman

After the havoc wrought by Covid-19 in 2020, the year 2021 also brought its share of challenges. While the recovery was under way, new waves of the pandemic followed one another, requiring ever greater resilience and flexibility from individuals, communities and businesses.

While this year has not brought the much-awaited return to normalcy, it has reminded us that in the most challenging conditions, it is not so much the events that determine the final outcome but how we face up to them.

In these uncertain times, each of us has found a way to adapt, guided by our vision of what 'tomorrow' might bring. The same was true for our businesses, which, by relying on a well-targeted strategy, have shown the resilience needed to evolve and grow in today's volatile economy.

D'leteren Automotive has continued its transformation to respond to the evolution of the mobility sector, which has been heavily impacted by the shortage of semi-conductors. Despite this difficulty, our teams managed to achieve commercial and financial results that exceeded expectations, while creating as many solutions as possible to reduce the supply chain disruptions felt across the automotive sector.

Belron has pursued its ambitious transformation programme, while once again achieving remarkable results, from both the financial and the ESG perspective. At the same time, the company has changed its shareholder structure, welcoming three new high-profile shareholders. This operation has consolidated the value created over the last few years. We are delighted to welcome these new partners, with whom we will forge our future.

This year also marked a turning point for Moleskine, whose strategy, launched in 2020, has already delivered measurable benefits in customer focus, increased operational efficiency and streamlining of the online order and delivery process. These innovations have enabled Moleskine to achieve its financial targets despite the continuing lockdown measures, which forced our stores to remain closed in several regions around the world.

All this would not have been possible without the energy, resilience and determination of our talented people and, in addition to their individual dedication, without their team spirit. I would like to commend our team leaders for their ability to unite their people around a shared vision and culture.

D'leteren Group is continuing to invest in companies and people that want to have a positive impact on their customers, their environment and their shareholders. Companies that have a role to play in society and are ready to evolve with it.

Today, we are pleased and proud to have successfully acquired a stake in TVH. Like D'leteren Group, TVH is a Belgian company with a long history, a clearly defined culture and family-business values. It is the global leader in its industry: the distribution of spare parts for all types of material handling machines and industrial/agricultural vehicles. The D'leteren family and D'leteren Group are delighted to become long-term partners of the Thermote family and TVH.

Earlier this year, we also signed a definitive agreement for the acquisition of PHE, a leading European car part distributor. We hope to get the green light from the competition authorities in mid-2022. We will then be able to finalise the transaction and welcome a new important member to our Group.

On behalf of the Board of Directors, I would like to thank our Corporate team for their thorough origination work, which has helped our Group to grow in line with our investment strategy, and for their continued commitment to developing our activities. I would also like to thank all our teams for their dedication and remarkable hard work throughout the year.

It is my hope, as I write this message, that all the families affected by the geopolitical situation in Eastern Europe can and will be cared for. Our thoughts go out to them.

In this report, you will find an overview of the Group's achievements and activities, as well as our long-term vision. In 2022, we will continue to support the transformation of our companies and pursue our search for new growth opportunities.

Nicolas D'leteren
Chairman of the Board

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Message from Francis Deprez

CEO D'Ieteren Group

> "Capitalising on our strengths allows us to deliver record results, and bodes well for the future"

We, at D'Ieteren Group, have been able to capitalise on our strengths in 2021 across all our activities. In doing so, and despite continued uncertainty in the external environment, we were able to deliver record results. Today, we remain determined to invest and to grow our family of businesses, despite continued unforeseen events in the world around us.

Capitalise on our strengths

The performance improvement experienced by Belron, our largest business, over the last couple of years has been consistent and continuous, both financially and non-financially. During 2021, a year in which Covid-19 related restrictions persisted in many parts of its footprint, and in which labour capacity and supply chain issues surfaced, the positive momentum continued. 2021 was also the year, in which, together with our partners CD&R and the Lubner family, we broadened and strengthened the shareholder structure for Belron going forward. We are very happy that Hellman & Friedman, BlackRock Private Equity Partners and GIC, three very reputable and worldwide investment groups, have joined us to help develop Belron even further. It has also been an occasion for us to reaffirm our long-term commitment as a majority shareholder in Belron.

The second big change in our Group in 2021 was the arrival of a new member to our family of businesses, with the 40% stake in TVH, alongside the Thermote family. TVH is the leading global independent distributor of aftermarket parts for the material handling, construction & industrial, and agricultural equipment. Its strong values and culture, its management team and approach, as well as its suc-cessful track record and future plans have contributed to our conviction. We feel honoured that the Thermote family selected us as their partner to continue developing TVH on the long term.

Thirdly, D'Ieteren Automotive experienced important changes too, having operated its first full year as a separate legal entity within the Group. The accelerated transformation that took place in 2020 provided an important cushion to absorb the major delivery issues that hit the entire automotive industry due to the shortage in semi-conductors and other crucial components in the production chain. Despite this, D'Ieteren Automotive was able to deliver a strong sales performance, thanks to, amongst other things, a very successful virtual 'Salon de l'auto', and saw a record high order book going into 2022. The business also continued to work on its efficiency, particularly in the Brussels-based dealerships, and it continued to extend its service offering to newer forms of mobility taking, for instance, its first steps in bike retail.

Finally, Moleskine, which continued to suffer a difficult business environment given the partial retail lockdowns imposed around the world still, used the year to simplify its offering and number of SKUs, as well as its internal processes and organisation, and to upgrade its e-commerce channel. As a result, as the retail traffic started to return in the second half of the year, the company was able to capitalise on its efforts rapidly, reaching its profitability budget for the year. Moleskine today is in a much better position to focus its commercial efforts, and to translate them into solid financial results.

Deliver record results

We delivered record financial results at the Group level, with our *adjusted* profit before tax group's share reaching €493.4m, 52% up on 2020 and €326m of free cash-flow (group's share) has been generated.

Furthermore, our non-financial results have been excellent, with employee engagement and net promoter scores at very high levels at both Belron and D'Ieteren Automotive. On the ESG front, concrete strategies for each of our businesses were translated into action plans in 2021, and we are beginning to see first results on specific KPIs such as the 72% glass recycling at Belron, 32% fewer CO_2 emissions compared to 2019 at D'Ieteren Automotive, and more environmentally friendly waste management approach at Moleskine, saving 45 tonnes of paper.

Our performance trajectory has been noticed and recognised by capital markets as well during the course of 2021. Our share price increased 153.1% over the year. Euronext awarded us the BEL Mid Company of the Year Award, and the leading Belgian business newspaper De Tijd voted us #1 best-performing holding worldwide. On March 9, 2022, we were notified that we were included in the BEL20 again.

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We see it as a sign of the trust our shareholders place in us and in the growing family of businesses that we are building. Additionally, it is a strong tribute to the people who work in the Group, at Belron, at D'leteren Automotive, at Moleskine, at D'leteren Immo and at TVH. Their dedication, creativity and resilience in these uncertain times really have made the difference, and I would like to take this opportunity to thank them once more.

Continue to invest and grow

In 2022 and beyond, we will continue our value creation journey, investing for the long term, in search of excellence and meaningful impact:

- At Belron, we are accelerating the investments in the Fit For Growth programme, which will allow us to transform and digitise all major business processes. The implementation phase is now fully up and running. In the period 2021-2025, we plan to invest close to €250m through this programme, and we anticipate lifting our margins by 200bps as a result of it.

- D'leteren Automotive will continue to extend and innovate its mobility offering to address the existing and emerging needs of customers, both in B2C and B2B, and both in the core business and through the Lab Box incubator. As the electrification of vehicles gathers speed, so will the charging solutions that EDI offers.

- D'leteren Immo keeps upgrading its sites, in terms of capacity, attractiveness, and sustainability.

- Moleskine is on track with its 'Fewer, Bigger, Better' strategy. In 2022, we will progressively see it refresh its product offering, and enhance its brand experience that is quite unique.

- TVH is consistently developing itself, investing in people, warehouses and better online tools. The company is also embarking on an important modernisation programme, called Innovatis, that will provide it with the necessary tools to keep growing and going for years to come.

Finally, we have also signed an agreement during the month of March 2022 to take over Parts Holding Europe (PHE), a leading autoparts distributor based in France and operating in six European countries. We hope to close the deal in the third quarter of 2022. It shows that we continue our origination efforts to add a limited number of additional growth platforms to our Group, pursuing systematically and with discipline our mission to build a growing family of businesses.

* * *

Being a CEO also allows me to be a Chief Thank You Officer. 2021 has been a fantastic year, thanks to all of you. An explicit and big thank you on my behalf to our people, our customers, our shareholders and all the other partners in the growing D'leteren Group ecosystem.

Francis Deprez,
CEO D'leteren Group

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Highlights 2021

Renee Cacchillo is named CEO of Safelite

Safelite® Group announced Renee Cacchillo as its next President and CEO. Since joining Safelite in 2011, Renee Cacchillo has held increasingly important roles in both business units, Safelite AutoGlass and Safelite Solutions, and in leading major functional areas including IT, marketing and digital and customer experience.

D'leteren Automotive announces its intention to cut emissions by 50% by 2025

Very significant steps have already been taken to reduce emissions since the beginning of 2021, including the exclusive use of green electricity, the acceleration of the implementation of the green mobility policy for staff and the overhaul of the emergency delivery system for spare parts to dealerships, based on more efficient order planning.

Belron rewards its employees with a one-off gift

Following the transaction enacting its change of shareholdership, Belron's Board of Directors has agreed to reward approximately 25,000 employees with a cash bonus and shares to thank them for their contribution to the company's success. This unexpected gift generated a wave of emotion and messages of gratitude throughout the organisation.

Future-proof innovation plan for TVH

In 2021, TVH launched Innovatis, a transformation programme aimed at implementing future-oriented global processes and technologies. This programme will strengthen the collaboration between business and IT strategies and will involve every business line and every TVH location.

Moleskine partners with German heritage pen maker, Kaweco

Moleskine and its new German partner launched personalised writing sets, including fountain pens and rollerball pens with matching leather cases. Made in Nuremberg to the exacting standards that have guided the manufacturer since 1883, each set is presented in a vintage-style metal box. Moleskine is proud to offer a Kaweco pen that fits naturally into its ecosystem. The partnership has been a success with 4,300 units sold in only 6 weeks.

D'leteren Group starts implementing TCFD recommendations

In 2021, D'leteren Group worked with its businesses to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The goal is to provide investors with information on the climate risks to D'leteren Group's portfolio but also information on its strategy and governance in this area. An external expert has been working with four of its businesses to identify the risks and opportunities of climate change and, in 2022, the process will be further studied and extended to TVH.

Stefan Kerckhoven becomes the new CEO of D'leteren Automotive's retail activity

Previously director of Audi Import, Stefan Kerckhoven has taken over the leadership of the retail business (Sopadis) with the aim of further developing customer centricity within the dealerships.

Belron exceeds its glass recycling target

Belron recycled 72% of its glass waste, 2% over its target for 2021. The company aims to recycle 80% of its glass waste by the end of 2023 and 95% by the end of 2025.

D'leteren Automotive enters the retail bike industry

With the acquisition of Goodbikes, a Brussels-based outlet for electric, cargo, folding, travel, mountain and children's bikes, D'leteren Automotive has started positioning itself in the bicycle market with a clear ambition to become the preferred choice for cyclists in Belgium. This journey continued in 2022 when D'leteren Automotive acquired the retailer, iBike, and its eight shops in Antwerp, and brought all its two-wheeled activities in Belgium under the Lucien brand.

D'leteren Group is awarded BEL Mid Company of the year 2022.

Euronext Brussels granted D'leteren Group the BEL Mid Company of the year award. D'leteren Group CEO, Francis Deprez, said: "This is, first and foremost, a tribute to all the people in the Group. Their dedication, creativity and resilience in these difficult times really made the difference".

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History

› From coachbuilder to long-term investor

1805

Coachbuilding and wheelrighting

In 1805, Jean-Joseph D'leteren opens his business by working as a coachbuilder. Over the decades, generations of entrepreneurs have succeeded one another, extending the services offered by the company in the automotive industry. In 1931, D'leteren becomes the distributor of the US car brands, Studebaker, Pierce-Arrow and Auburn. In 1948, it becomes the premium importer of Volkswagen Group vehicles in Belgium.

1929

D'leteren IPO

D'leteren goes public to finance the development of the production facilities as well as its export activities.

1989

Acquisition of Avis Europe

D'leteren enlarges its global footprint by acquiring Avis Europe, a leader in the short-term vehicle rental market. D'leteren remains a shareholder in the company for 22 years before withdrawing from the market in 2011 by selling its 59.6% stake in Avis Europe to Avis Budget Group.

1999

Acquisition of Belron

D'leteren acquires Belron, the world leader in vehicle glass repair and replacement.

2016

Acquisition of Moleskine

D'leteren acquires Moleskine, the world-renowned aspirational lifestyle brand.

Creation of D'leteren Immo

The real-estate assets of D'leteren are grouped under a new business: D'leteren Immo.

2018

Sale of a minority stake in Belron

D'leteren strengthens its investment capacity by selling a minority 40% stake in Belron to CD&R, an international investment company. In 2021, CD&R sells a part of its shares to 3 new shareholders.

2021

D'leteren Automotive carve-out

D'leteren carves out its vehicle distribution and retail business into a new wholly-owned subsidiary. The two entities, until then merged under the legal entity, D'leteren SA/NV, become two separate entities: D'leteren Group and D'leteren Automotive.

Acquisition of a 40% stake in TVH

In late 2021, D'leteren Group closes the acquisition of a 40% stake in TVH. The Belgian business, launched by the Thermote and Vanhalst families, is a global leading independent distributor of aftermarket parts. Established in Belgium in 1969, it is active in 26 countries and provides spare parts for material, industrial, construction and agricultural equipment and accessories.

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D'leteren Immo

Our purpose is to build a family of businesses which reinvent industries in search of excellence and meaningful impact.

Our values

As a Group, we uphold 5 key values, which are the essence of our businesses. We live by these values and embrace them in everything we do.

› Entrepreneurship

As a family business and a family of businesses, an entrepreneurial mindset is integral to our DNA. This innovative spirit is carried throughout all our activities. We create value for our businesses by challenging them and helping them strengthen and develop. We aim to drive change, progress and sustainable development into our businesses. For this reason, we welcome people who relish challenges and we support them in developing the skills they need to thrive and sustain our businesses' market leadership positions.

› Curiosity

A strong desire to learn is embedded in our history and it inspires our continued exploration of customer needs and emerging sectors. This spirit of inquiry keeps us constantly alert to investment opportunities in meaningful businesses and to ways in which we can support their long-term value creation. That is why we encourage and foster curiosity: not only does it enrich the personal development of our people, but it also allows them to achieve their full potential.

› Courage

Our long history has taught us that real transformation and growth usually require time and effort. To us, courage is about always doing our best, about persevering and about taking risks when the chance of success is not guaranteed. In our journey, to achieving excellence and meaningful impact, we do not fear stretching the boundaries or challenging ideas, but stand alongside our management teams when they act with reasoned boldness.

› Care

As a family of businesses, we look after each other, support and enrich each other. We care about our people by ensuring their work environment is safe and their career path contributes to their well-being. We are also mindful that the welfare of our customers is both core to, and the ultimate goal of, our activities. Conscious of our responsibility towards future generations, we are taking actions to reduce our environmental footprint and to create a positive societal impact. This caring approach runs through our investment process which considers the impact of our activities on all our stakeholders.

› Respect

Our investment philosophy is based on respect and integrity. The continuous and open dialogue that we have with our external and internal stakeholders is held in a respectful and open-minded way. And the close and long-term relationship with our management teams, which characterises our shareholdership approach, is based on a permanent, open and respectful dialogue.

Our team

The team at D'leteren Group consists of approximately 19 people united by a common passion: helping purposeful businesses to grow. The team includes members of the executive committee, an investment team, with seven investment managers, and several experts in financial reporting, communication, legal affairs and ESG. In 2022, the team is being reinforced with a senior digital role.

Our multi-disciplinary team brings together people with various experience, knowledge and expertise. Learning is, for us, a mindset that we apply first and foremost on the job, as well as during internal training sessions provided by our experts, or during 'inspiring sessions' which we organise on a regular basis with external experts on various topics. We believe that our people's collective and personal development fuels the success of our team and its impact.

Our non-hierarchical and inclusive culture means that each member of our team is encouraged to take the initiative, to contribute his / her expertise and to develop a clear progression path, within D'leteren Group or in one of our portfolio companies.

Although diverse in terms of gender and seniority, we are very much united by our mindset and values. Our work atmosphere is characterised by close collaboration and mutual trust. This stimulating climate, which is not hampered in any way by our flexible working methods, leads to a high degree of engagement within the team and a low rate of turnover.

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Operating model

Active ownership approach

› Support and create value over the long term

We are committed to the development of our companies over the long term. We are, therefore, prepared to take measured risks and constantly reinvest in these companies to help them grow and reinvent their business models. Typical levers to achieve value creation include revenue growth, operational excellence, talent management, digitalisation and technology, financial structure optimisation and sustainability.

› Engage

The partnerships with the management teams in our businesses rely on a permanent, open and transparent dialogue. In terms of governance, we set up efficient and effective governance bodies, ensuring a swift decision-making process and providing the necessary oversight. We like to engage with all the people across an organisation, from top management to shop-floor operators. We listen as much as we can and take the time to understand their culture, vision and ways of working.

› Contribute

We are actively involved in our businesses. Our added value lies in our ability to support and challenge them and help them strengthen and develop, while respecting the management team's autonomy. We offer support through strategic and leadership insight, operational, as well as financial, sounding boards. Typically, this support is structured around seven aspects, with sustainability as an underlying factor:

PURPOSE
We make sure that the business purpose is clearly defined, inspiring and lived by the organisation.

AMBITION
We are aligned with the business' overall ambition, in terms of financial and non-financial objectives.

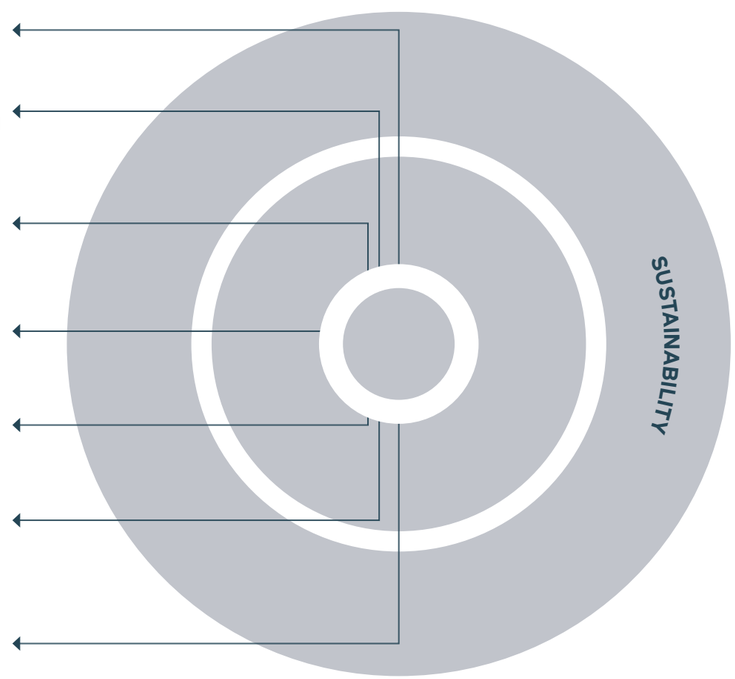
STRATEGY
We are united with regard to the business' vision and strategic direction. We support strategic plans as well as inorganic growth.

EXECUTION
We agree on the process to achieve ambition and track progress. We identify opportunities together for operational improvement.

ORGANISATION
We ensure that roles and responsibilities are clearly defined and fit for purpose.

PEOPLE
We make sure that the right people with the right skills and cultural fit are at the right place in the organisation. We pay attention to succession planning and are willing to provide the right incentives to reward efforts and achievements.

REINVENTION
We support and help formulate clear innovation strategies.



› Our Group-wide value creation areas

FINANCIAL PERFORMANCE
We align with our businesses on specific financial objectives concerning top-line growth, profitability metrics and cash flow generation.

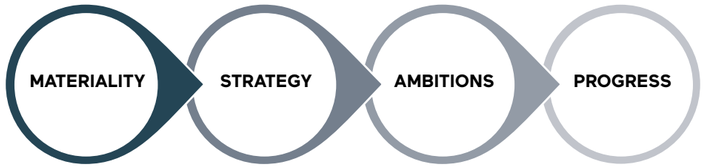
PEOPLE ENGAGEMENT
We ask our businesses to measure how engaged their people and their leaders are and to build or adjust their people action plans based on the conclusions drawn from surveys.

CUSTOMER SATISFACTION
We ask our businesses to measure how satisfied their customers are through an NPS process and to use this measurement (as well as feedback) to adjust their customer approach, when and where needed.

IMPACT ON SOCIETY
We ask our businesses to measure their carbon emissions and to set a CO_2 emission reduction plan in line with SBTi. In addition, we monitor the progress they make along their own sustainability roadmap.

› Supporting our businesses on their sustainability journey

We support our businesses in defining an integrated sustainability strategy by facilitating a materiality analysis process. We help them implement their strategy, develop specific processes to address their most material ESG areas and prepare for evolving requirements in terms of sustainability reporting.



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Investment strategy

D'leteren Group invests in a selected number of platform companies which are, or which have the potential to become, leaders in their markets and which benefit from multiple opportunities to generate value over the long term for employees, customers, society and shareholders.

Convinced that intimate industry knowledge is needed to generate meaningful value, our origination efforts focus on four investment areas:

- Business Services
- Industrials
- Mobility Data and Services
- Lifestyle Goods and Services

D'leteren Group is continuously building expertise in these verticals through focused teams. We look for companies with sustainable competitive advantages operating in attractive markets; companies who are well positioned to capitalise on positive macro trends such as sustainable development, professional service outsourcing, new mobility, industry 4.0 and automation, as well as digitalisation.

The Group's investment efforts are structured around clearly identified criteria across 4 aspects:

Market

- Large market underpinned by long-term sustainable growth trends
- Preference for fragmented market with consolidation opportunities

Business model

- Proven and scalable business model with global reach potential
- Sustainable competitive advantages
- Ability to generate superior returns for employees, customers, society and shareholders

Management team

- Strong, ambitious and purposeful management teams
- Cultural proximity and shared values

Deal structure

- Lead shareholder (control, co-control or path to control with like-minded partners) in private or public companies
- Equity ticket of €100m-€1bn, with the ability to re-invest significant follow-on capital
- Moderate use of leverage, tailored to each business' specificity

› Embedding sustainability in the investment process

The Group has a responsible and sustainable approach to investment and ownership. Since 2021, this approach has been formalised in its Responsible Investment Charter. The whole investment cycle is covered, from screening investment opportunities and formulating investment theses, to the phases of due diligence, deal completion and ownership.

1. TARGETED SEARCH
- Sustainable Development as an investment theme.
- Exclusion of several sectors listed in our Responsible Investment Charter.

2. PRELIMINARY ESG ANALYSIS
- Performing a materiality analysis. *(desktop research)*
- Formulating the impact thesis.

3. ESG DUE DILIGENCE
- ESG Due Diligence performed by our ESG team and supported by external experts on an ad hoc basis.

4. ESG DUE DILIGENCE CONCLUSIONS
- Submitting key ESG risks and opportunities to the Board of Directors prior to an investment decision.

5. ACTIVE OWNERSHIP
- Facilitating a materiality analysis. *(incl. Stakeholder dialogue)*
- Supporting the development of a sustainability strategy.
- Monitoring progress.
- Providing guidance in terms of reporting.

D'leteren Group is a committed signatory of the UN Principles for Responsible Investment (UN PRI) since 2020.

› Providing investors with detailed and reliable reporting.

To meet investor expectations for reliable and comparable ESG quantitative data reporting and in order to be prepared for the upcoming European Union regulations (including the CSRD and the EU taxonomy), we are supporting our businesses in developing an optimal ESG data gathering process. In 2020, a process of independent limited assurance was initiated for a selection of non-financial KPI's and its scope was expanded in 2021 with the aim of covering the entire non-financial report. In addition, we are collaborating with our businesses to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and to provide investors with detailed reporting related to the EU taxonomy.

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1805
D'leterenGroup

Resources

A SOLID FINANCIAL STRUCTURE
Shareholding structure
D'leteren Family 59.31%
Free Float 38.82%
Own shares 1.87%
Net cash position €1.087bn

AN EXPERIENCED MULTI-DISCIPLINARY TEAM
A team of 19 people with diverse expertise: Investment, Governance, Legal, Strategy, Finance, Audit, ESG, Tax and Digital. (p. 15).

AN EXTENSIVE PROFESSIONAL NETWORK
- An international investment network (incl. investors, advisors and partners)
- A dialogue with authorities, civil society and communities founded on deep roots in Belgium.

Operating model

› Driving the long-term performance of our businesses by supporting managers with patient capital and strategic insight and an operational sounding board. Our support is structured around 7 aspects, with sustainability as an underlying factor. (p. 16)

› Growing the family of businesses by investing in a limited number of platforms which are leaders in their markets and benefit from concrete opportunities to generate value over the long term. (p. 18)

Our professional environment (p. 30-31)

- A strong global recovery but not immune to imbalances and challenges
- Record year for financial markets; M&A activity at an all-time high
- Persistent fierce competition in M&A processes amid record private investment activity
- New regulatory framework and increased expectations regarding ESG

Value creation

› Distributed financial value

€73m Total shareholder dividend[1]

€3,606m Amount paid to suppliers[5]

€315m Total investment[2]

€1,814m Employee benefits[6]

€25.2m Research & Development[3]

€8.2m Donations[7]

€169m Corporate Income Tax[4]

1. *Paid in 2021.*
2. *Including CapEx, acquisition of subsidiaries and capital lease repayments.*
3. *For more information on Research and Development see p. 14 of the Financial and Directors' Report.*
4. *Paid in jurisdictions where D'leteren Group's activities are operating according to the applicable laws.*
5. *Excluding Inter-Company transactions.*
6. *Including social contribution, post-employment benefits, and other advantages.*
7. *For more information see non-financial disclosure of D'leteren Group, Belron, D'leteren Automotive and Moleskine.*

› Value created for our stakeholders

For our employees

All our businesses measure people engagement and implement related plans to tackle aspects such as alignment with the corporate vision, satisfaction, well-being, training and development and safety performance. (p.36)

For our customers

Belron, D'leteren Automotive, TVH and D'leteren Immo have implemented its metric for direct channels. Moleskine will launch an NPS in 2022. This process aims to raise awareness of the level of customer satisfaction and to act where necessary. (p.38)

For society

All our businesses have implemented their new sustainability strategy based on the results of a materiality analysis*.

All activities have developed or initiated the development of a carbon emissions reduction plan in line with SBTi.** (p.40)

** TVH has launched a materiality analysis that will underpin its new sustainability strategy.*
*** As a new member, TVH has committed to the same programme and will start by calculating its carbon emissions baseline (2021).*

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Governance

Board of Directors

9
DIRECTORS
All directors are non-executive
3 are independent

Representation of women

Expertise
Finance / Audit
General Management
Investments
Governance
Compensation

56
AVERAGE AGE

Board Committees

AUDIT COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	STRATEGIC COMMITTEE

› Role

Control of financial information and oversight of risk management and internal control mechanisms of the Company and the main entities of the Group.	Preparation of decisions relating to the appointment and remuneration of directors and senior managers of the Group, and regular review of the succession planning, appointment and remuneration systems and policies across the Group.	Reflections on the Group's strategy and long-term objectives, analysis of investment and divestment projects, monitoring of business activities, and preparation of strategic points for the Board of Directors.

› Number of members

3	4	4

› Number of meetings during 2021

5	5	20

In 2019, the Board conducted a Board assessment exercise with the help of external professionals. Board assessments are carried out every 3 years.

Group Executive Committee

› Role

The Executive Committee is responsible for the monitoring and development of the Group's activities, as well as investment and divestment projects.

› Two members

Francis Deprez: CEO
Arnaud Laviolette: CFO

The members of the Executive Committee act in a collegial way. The Committee is supported by a Corporate Team composed of investment experts (working on new investments, sourcing, deal execution and portfolio management), as well as by a series of experts (Legal, Finance, Tax, Investor Relations, Digital, Communication and ESG).

Governance at the business level

The Group's businesses each have their own governance structure, namely a Board of Directors and an Executive Management Team. The Corporate Team interacts regularly with each activity's Management Team (depending on the subject, on a weekly, monthly, quarterly or ad hoc basis).

D'leteren Automotive

D'leteren Automotive, which became a wholly-owned subsidiary of D'leteren Group SA on 1 January 2021, is managed by a Board of Directors which is composed of six directors, five of whom are appointed by D'leteren Group with the sixth being D'leteren Automotive's CEO. The CEO of D'leteren Automotive chairs the Management Committee of D'leteren Automotive, which includes eight other members who are responsible for Finance and Operations, IT, Marketing, Brands & Network, Retail, New Mobility, Human Resources and Strategy & Transformation.

Moleskine

Moleskine, a wholly owned subsidiary of D'leteren Group, is managed by a Board of Directors composed of six members, five of whom are appointed by D'leteren Group with the remaining one being Moleskine's CEO.

Belron

Belron, of which D'leteren Group holds 54.85% of the voting rights as at 31 December 2021, is managed by a Board of Directors composed of eight members, four of whom are appointed by D'leteren Group, two by CD&R, one by H&F, with the eighth one being Belron's CEO.

D'leteren Immo

D'leteren Immo, a wholly-owned subsidiary of D'leteren Group, is managed by a Board of Directors composed of four members, three of whom are appointed by D'leteren Group with the fourth being D'leteren Immo's CEO.

TVH

TVH, of which the Company held 40% of the voting rights as at 31 December 2021, is managed by a Board of Directors composed of nine members, four of whom are appointed by Wehold (controlled by the Thermote family), three by D'leteren Group with one independent chairman and one independent director.

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Internal control and risk management system

The organisation dealing with risk management in the Group identifies, assesses and mitigate risks in order to protect the Group's reputation, its lasting success and the achievement of its objectives.

› Three lines of defence

BOARD OF DIRECTORS WITH THE SUPPORT OF THE AUDIT COMMITTEE			
FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE	EXTERNAL AUDITORS
Operative controls	Controlling	Internal audits	
Direct control and monitoring by the management	Risk management		
	Compliance		
RISK OWNERSHIP	RISK CONTROL	RISK ASSURANCE	

› Organisation

There are 5 levels of risk management within the Group:

- The operational level for each activity;
- The management team for each activity;
- The internal audit team for each activity;
- The Audit Committee and the Board of Directors for each activity;
- The Group's Audit Committee and Board of Directors.

Remuneration policy for members of the Group Executive Committee

The Group pursues a remuneration policy designed to attract and retain managers with the appropriate skillsets, and to motivate them with appropriate incentives, in accordance with the level of risk accepted by the Group and allowing it to generate long-term value.

The remuneration of the individuals in the Group Executive Committee is set by the Board of Directors, following a proposal by the Appointment and Remuneration Committee.

It is made up of:

- A fixed annual compensation amount;
- A variable compensation amount, comprising:
  - A variable annual compensation amount based on collective performance criteria (financial and non-financial), the target of which is around 65-70% of the fixed annual compensation amount;
  - A long-term cash incentive based on financial and non-financial criteria measured over a period of 3 years; and
  - A long-term incentive plan in the form of stock options.

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Risks and Opportunities

The success of D'leteren Group's family of businesses depends on its abilities to mitigate risks and to seize opportunities. Comprehensive risk management and internal control systems are implemented with three main goals:

- To identify risks at an early stage, be they legal, operational, strategic, financial , IT / cyber-security or ESG-related;
- To assess the probability and potential impact of the risks;
- To put adequate mitigating measures in place and capitalize on opportunities.

These mitigating measures ensure sustainable success, the protection of the Group's assets and reputation and the achievement of strategic objectives, both financial and non-financial. For more details regarding the mapping of our risks, their potential impacts and our mitigating measures, refer to our financial report on p. 113.

In parallel to their risk management process, a materiality analysis, regarding ESG topics, was conducted by each business. The analysis provided in-depth and personalised information based on market studies, dialogues with the main stakeholder groups and discussions with their management team. At the end of this materiality analysis, topics that significantly affect the organisation, but also topics on which the organisation has a significant influence – according to the concept of double materiality – were highlighted and brought to light as material risks.

D'leteren Group sees its environment as a whole and, through a comprehensive risk management system, transforms its main risks into drivers to achieve excellence. In 2021 five main risks were highlighted from the risk mapping exercise in order to give an overview of how concretely ongoing risks are assessed and how opportunities can, if well managed, create value and trigger innovation.

Key risks and opportunities 2021

› At the D'leteren Group level

CAPITAL ALLOCATION

As an investment firm, capital allocation is D'leteren Group's main lever of value creation but also its main risk. Therefore, the Group has put processes into place to ensure good capital allocation decisions are made, including sound investments in existing operations, acquisitions, dividend policy and share buybacks. The Group reviews the strategy of its different businesses on an annual basis. On top of that, members of the D'leteren Group's Executive Committee are also Board members at the level of the businesses. For new investments at the Group level, in-depth due diligence is reviewed by an Investment Committee (composed of the Executive Committee and the Investment Team), the Strategic Committee and the Board of Directors. These strict governance procedures have proven efficient to drive good investment decisions.

TALENT & LEADERSHIP

D'leteren Group's quality of work and value creation come from its team of talented people and from the leadership in place. Everything has been done to ensure that the right person is at the right place in the organisation. Our team brings together the expertise of multi-disciplinary people. The departure of key talent could have an impact on D'leteren Group's monitoring of existing activities and positioning with regard to new acquisitions. The familial climate, combined with a truly stimulating work environment and flexible ways of working, translate into high engagement in the team. The engagement level is measured annually and subsequent team discussions lead to initiatives and measures being implemented to keep satisfaction and engagement levels high.

› At the business level

CYBER-SECURITY

As part of its operations, each business collects, processes and analyses data to understand its customers better and uses IT systems to operate efficiently. While this also embeds several risks, these technologies offer great opportunities if managed with agility, be it in the efficiency of the operation, in the customer experience, or in building significant competitive advantages. The Group is aware of the evolving threat of cyber-crime, including attacks on systems and infrastructure, or those of key third parties. Major investments have, therefore, been made in cybersecurity in each business. These efforts have been strongly encouraged by the Group and an action plan has been set for each business. Mitigating actions include appointing dedicated personnel, performing penetration tests, implementing software and physical controls, training personnel, to name a few.

SUPPLY CHAIN DISRUPTION

In 2021, more than ever, pressure was felt on the supply chain due to the global health crisis. The Group and its businesses are actively working on building more resilient supply chains to resist shocks, such as the Covid-19 crisis, but also any political crisis or climate change event. This includes, but is not limited to, introducing business continuity plans, closer communication with key suppliers to D'leteren Automotive, a Supplier Code of Conduct at Belron, reduced dependence on specific suppliers at Moleskine and a very broad base of quality suppliers to TVH, together with a large amount of inventory items.

CLIMATE CHANGE

D'leteren Group is aware of the impact climate change can have on the operations of its portfolio companies. A good understanding of the related risks (transition risk and physical risk) and the opportunities (new markets, products and services, improved resource efficiency, etc.) is therefore crucial. With this in mind, this year the Group initiated an analysis project with an external advisor to assess the entire climate-related risk and opportunities management process of our businesses following the TCFD recommendations. The results of this first analysis will be used to improve the Group's resilience to climate impact as well as that of its portfolio companies. The Group will mitigate risks and seize the related opportunities by way of governance control, an adapted strategy, a thorough risk and opportunities management process and initiating measurement and target controls. More details on D'leteren Group's TCFD-related process is on p. 147 of the Financial and Directors' Report.

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› Financial performance

Business environment

A strong global recovery but not immune to imbalances and challenges

The growth in the global economy is estimated to have surged to 5.5% in 2021, its fastest post-recession rate in over 80 years. The economy has benefitted from a boost in demand as the world has coped better with the pandemic and as restrictions, such as the strict lockdowns seen in 2020, have been relaxed. Growth in the Eurozone, in particular, is expected to have reached 5.2% in 2021, owing to a remarkable rebound in the second and third quarter of 2021 which was tarnished somewhat by a slowdown in the fourth quarter amid a resurgence of Covid-19-related restrictions, persistent supply chain disruptions and a sharp increase in energy prices.

Notwithstanding this strong global recovery, striking imbalances have emerged. Firstly, there are notable differences in the recovery shape and pace between regions and countries, reflecting national health conditions, health and fiscal policy actions and the sector mix. Secondly, some industries are experiencing severe labour shortages whilst unemployment in other sectors remains high, shedding light on the ongoing shift in which skills are in demand. Thirdly, the sharp increase in demand for goods has met shortfalls in raw materials and widespread bottlenecks in production chains and distribution networks.

These imbalances weighed appreciably on global activity in the latter part of the year and triggered significant inflationary pressure, creating some uncertainty going into 2022, notably around the future actions of Central Banks and exacerbated further by rising macroeconomic tensions amid the Russia-Ukraine war.

Record year for financial markets; M&A activity at an all-time high

The global M&A market hit record levels in 2021 across all regions, reflecting the strong rebound in the economy. The total deal value reached $5.9 trillion, its highest ever, driven by the unleashing of the pent-up dealmaking demand from 2020 and the buoyant competition among an increasingly diverse set of dealmakers and deal types, leading to continued inflation in valuation multiples. These trends were also seen in Europe, where the deal value jumped 47% to $1.3 trillion.

A very accommodating financing environment prevailed as expansionary macroeconomic conditions continued to make capital plentiful and inexpensive. On the one hand, debt markets remained highly supportive of dealmaking, notably with record issuances in the high yield and leveraged loan markets. On the other hand, equity markets delivered outstanding returns in both Europe and the US, with much lower volatility compared to 2020, which provided to be a perfect backdrop for initial public offering (IPO) activity to soar.

Persistent fierce competition in M&A processes amid record private investment activity

After a tremendous rebound from the challenges brought by the Covid-19 pandemic in the second half of 2020, the momentum in dealmaking and the fight for quality assets largely continued through 2021. The combination of record-breaking fundraising, massive amounts of cash in investment funds and the continued availability of cheap debt led to further heightened competition in the private investment community.

Europe saw a record number of private equity (PE) deals and the aforementioned heated competition among buyers clearly further reinforced what was already a seller-friendly market. Clear evidence of this is in the ever-expanding deal valuations, which followed their upward trajectory to reach a new record (2021 average EV/EBITDA PE deal multiple of 12.7x in Europe) and put the investment industry under even more pressure to generate returns. Another remarkable consequence of this was the continued shortening of deal timelines and the significant increase in pre-emptive bids by investors.

In such a context, there is a greater need than ever before for investment professionals to prepare well ahead of any potential transaction, to establish connections and relationships with sellers and management teams and to build strong convictions on financial and non-financial value creation potential.

New regulatory framework and increased expectations regarding ESG

ESG hastruly become mainstream, yet it is not without its challenges. Indeed, analysts report that the current level of ESG data quality, consistency and comparability makes it difficult to process information. Furthermore, the large number of providers of ESG ratings and ESG labels and their limited alignment have raised scepticism amongst investors who increasingly perform their own ESG research. The expectation is that, in the years to come, requirements and regulations will have to be issued to help streamline the ESG landscape. A similar issue can be found in the growing number of ESG reporting frameworks. And the demand for convergence still rises: in 2021 at least 34 regulatory bodies and standard setters were involved in official consultation sessions across the world. In response to the need for convergence, a Global Sustainability Reporting Framework was announced by the IFRS Foundation and is expected to be initiated in 2022. The EU, for its part, moved forward with the adoption of the Taxonomy Climate Delegated Act, a proposal for a Corporate Sustainability Reporting Directive (CSRD), the adoption of the Sustainable Finance Disclosure Regulation (SFDR) and an incoming sustainable corporate governance regime.

In 2021 more pressure than ever was put on climate change which has become a priority matter issue for investors. At the beginning of November, the COP26 summit brought the world's political leaders together to turn Paris Agreement targets into credible climate policies. The pressure to decarbonise is increasing through levers like the EU taxonomy and by providing a definition of sustainable activities, the EU is pushing to reduce greenwashing and shift capital towards green activities. The results from the COP26 summit were considered disappointing by the international community, with a 1°C gap to be aligned with the Paris Agreement (under the most optimistic scenario), and it remains to be seen whether the next summit, COP27, in November 2022, will fill this gap.

Next to climate change, two other ESG risks gained ground in 2021, namely biodiversity loss and supply chain due diligence. Both have been seized upon by regulatory bodies, including the EU, and by reporting frameworks and the expectation is for an increased focus on these risks in 2022.

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Interview of Arnaud Laviolette

CFO D'leteren Group

How would you sum up 2021 in one sentence, and why?

"From strength to strength".

Firstly, I still have a vivid memory of 2020, when the world was hit by the virus and we had to adapt collectively. At that time, our activities displayed resilience, flexibility and even incredible strength by managing to improve their market positions and group results.

We all entered 2021 with the hope that the virus would progressively become history and with the expectation that normality would soon return.

But the world remains VUCA (Volatile, Uncertain, Complex, Ambiguous) and relative unpredictability is now highly foreseeable.

Our activities have to cope with that and even try to benefit from it and get stronger.

And it is clearly what the Group and our activities have demonstrated in 2021. Our results have progressed substantially with our adjusted PBTgs, up 52% on 2020, 64% on 2019, and our free cash-flow, Group share has been of €326m.

If I now look at each of our activities, their financial results have either shown major progress or further resilience in market environments which are still suffering from supply chain disruptions and the pandemic. Each one has grown significantly at the level of adjusted operating result and each has improved its margins, while generating robust free cash-flow.

They have also all become stronger in other aspects that matter to us:

- they have all increased their market shares, a sign of high customer satisfaction;
- they have improved their employee satisfaction scores in a challenging environment of a new way of working;
- they have all made progress on their sustainability journey.

D'leteren Group, itself, has strengthened its profile by creating a new pillar with the acquisition of a 40% stake in TVH, in partnership with the Thermote family. A new world leader has now joined our Group, in a sector relatively adjacent to some of our other activities and with a B2B distribution of emergency services model we understand very well.

In closing this acquisition – the biggest in our history at a value of €1.1bn – we continue to maintain a very solid balance sheet, with excess cash of €1.085bn at the end of 2021.

At the beginning of 2022, the Group also made a binding offer and entered into an exclusive discussion for the acquisition of Parts Holding Europe, a leader in its field of car and truck spare parts.

What are the most remarkable developments made by the Group and by its businesses in 2021?

At the Corporate level a lot has been achieved and the most visible developments are the acquisition of TVH, the support given to D'leteren Automotive in its refinancing and the set-up of its long-term incentive plan, the refinancing and enlargement of the shareholdership at Belron, the set-up of the LTI of Moleskine and setting the direction of the ESG agenda of our businesses.

The acquisition of a 40% stake in TVH and, more recently, the signing of the acquisition of PHE were the result of our systematic approach to M&A in which we identify, well in advance of a potential process, the suitability of a target, we thoroughly analyse the sub-sector and its market forces and we prepare everything in order to be able to react quickly, connect with the company's management team and its shareholders and, finally, pre-empt the process in order to create value for our stakeholders in the long-term.

At the level of the businesses, the year has also been incredibly intense.

For D'leteren Automotive, the issues in the automotive supply chain have had a twofold effect: deliveries of new cars have experienced significant delays yet, thanks to our commercial success, we have a record high order book. Despite the impact of these disruptions on market volumes, which declined to a level unseen since 1995, sales have been slightly increasing and the *adjusted* operating result even grew by 8.1%, which is an exceptional achievement thanks to a positive price / mix and cost control efforts. On top of the refinancing exercise already mentioned, initiatives were taken around new modes of mobility and various opportunities accelerated in 2021: the first acquisitions of bicycle retail activities will be brought under the Lucien brand; investments will continue with our incubator, Lab Box; EDI development for electric charging points will be accelerated; and WonderAuto will be developed for used vehicles.

For Belron, the second leg of the 'Fit for Growth' initiative on the transformation programme has now entered its implementation phase following a necessary period of planning and selecting the most appropriate solutions. This programme, will end in 2025 and the goals are to significantly improve customer experience, the supply chain and the Group's HR, Finance and IT functions and to gradually contribute to higher margins and new business opportunities. Despite the additional costs in 2021, Belron experienced almost 40% growth in its adjusted operating result for the second year in a row, thanks to a recovery in volumes and a continuation of the tailwinds of price / mix, the ADAS recalibration penetration and the VAPS attachment rate. The Belron one-off gift is a recognition by the management team of the contribution of its 25,000 associates to the success of the company.

Moleskine is still coping with far from ideal trading conditions but the management team has been able to over-deliver an ambitious budget, generate strong free cash-flow and launch a new e-commerce site, which represents a stronger platform for future growth. The strategic initiatives undertaken in each of the channels have started to demonstrate their relevance. This has helped grow Moleskine's sales by almost 19% on 2020, and generated a double digit adjusted operating result, thanks also to continued efforts to contain costs. A new, long-term incentive plan is ideally aligning the interests of shareholders and of the management team.

TVH, even with logistics and supply chain issues, has experienced strong sales and profit growth. The warehouse modernisation programme is ongoing and has already delivered tangible benefits. A transformation programme (Innovatis) has started with the review of the end-to-end processes before selecting the most appropriate IT solution. A new, long-term incentive plan will also be put in place at the beginning of 2022.

For D'leteren Immo, some important new developments are taking shape which will improve the sustainability of our properties. We continue to make progress in energy self-sufficiency at some of our sites and the first stone of the Mobilis project was laid in October.

These performances have allowed the Board of Directors to propose a €2.10 dividend per share to our shareholders, who showed continued support for the Group and its strategy.

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What has 2021 taught you? Where – in which areas – do you think D'leteren Group and its businesses can make further progress?

It is so important to have businesses which lead in their fields of activity. It allows them to attract the right talent, to enjoy economies of scales, to have some pricing power, to be able to deploy capital in new reinforcing initiatives,...

But it is no coincidence. It is the result of having built them for the long term, with a higher purpose, the right governance and best-in-class management teams.

There are, however, many areas in which we can make progress: the ESG, digital, transformational and leadership agenda are filled with new initiatives.

The ESG journey is a long one. It is a journey we have chosen and that we embrace with passion. We are on the right track and our priorities are well defined. Now, the execution and implementation of our ambitions must be delivered.

The digital needs of our processes and the expectations of our communities and customers are ever increasing. All our activities face the same digital challenges and opportunities and that is why we are investing heavily in new capabilities, tools and software. And it will continue. This is expected to become an ever increasing differentiator and enabler of our future successes.

The VUCA world in which we live forces us to adapt quickly and to transform the ways we have historically been working with our employees and serving our customers. We are not standing still and resting on our laurels but we are, instead, embracing change in order to strive continuously to create long-term competitive advantages. Hereafter a few examples: the transformation of D'leteren Automotive, with the development of our new Dealership Management System and our new ERP for VDFin; the Transformation Programme at Belron; and the Innovatis programme at TVH and the digital product developments at Moleskine.

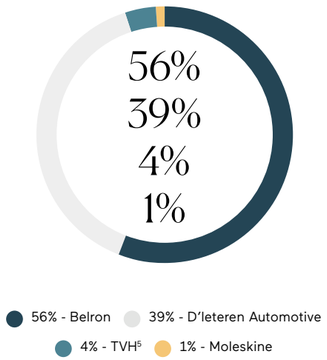
We are very pleased with our leadership teams and we know how demanding this environment is for our leaders. We continue to support and accompany them, making sure that we have the right team in place and that the potential successions are well taken care of. They are the ones making a real difference for our employees, our customers, our communities and our shareholders.

Combined Revenues[3]

8,357.3

€ million in 2021

(€ million)	2020	**2021**	**Change**
D'leteren Automotive	3,215.7	**3,238.9**	+0.7%
Belron	3,898.8	**4,646.8**	+19.2%
Moleskine	102.3	**121.6**	+18.9%
TVH[5]	-	**350.0**	+19.0%
Total	7,216.8	**8,357.3**	+15.8%



Combined *Adjusted* Operating Result[1,3]

969.0

€ million in 2021

(€ million)	2020[4]	**2021**	**Change**
D'leteren Automotive	95.0	**102.7**	+8.1%
Belron	583.9	**815.0**	+39.6%
Moleskine	-1.5	**12.3**	-
TVH[5]	-	**46.3**	-
Other	-19.5	**-7.3**	-
Total	657.9	**969.0**	**+47.3%**

Adjusted Result before tax[1,2], Group's share (Group KPI)

493.4

€ million in 2021

(€ million)	2020[4]	**2021**	**Change**
D'leteren Automotive	98.9	**110.4**	+11.6%
Belron	244.6	**359.5**	+47.0%
Moleskine	-13.5	**1.8**	-
TVH[5]	-	**17.0**	-
Other	-5.3	**4.7**	-
Total	324.7	**493.4**	**+52.0%**

1. *Excluding adjusting items (APMs - see glossary on page 74).*
2. *52.88% stake in Belron in 2021 and 2020 (restated).*
3. *Including 100% of Belron and TVH.*
4. *As restated to reflect the IFRS® Interpretations Committee (IFRiC) final decisions on cloud computing arrangements.*
5. *TVH included as from Q4-2021. Comparison with 2020 based on a comparable scope.*

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› Our people approach

At D'leteren Group, we see businesses – first and foremost – as people-driven organisations. Recruiting the right person for the right position is a pre-requisite for the business to perform but, even more than that, is the condition in which a person can gain personal fulfilment and self-confidence. As people spend a large portion of their life working, their profession is an opportunity for them to grow, to learn about themselves, to challenge themselves and to contribute to society. We believe, it is our role and the role of our businesses to ensure that our people's work contributes to their own development and their own sense of achievement. In addition to supporting their personal and professional development, we strive to create the best working conditions for our people to foster their well-being. Our associates are the the foundation for sound business continuity, better customer experience and superior results.

Engaging with leadership

As active shareholders, we stand side by side with the management teams in our businesses. Among other value creation levers, we go deep into their people approach. Specifically, we actively engage in the recruitment of C-level positions and some other strategic functions. We also have an ongoing dialogue on succession planning to ensure that strategic positions will always be occupied by the right person and that this person is best prepared when taking office. Along with maintaining a close dialogue, we ensure that the management team is properly incentivised and our reward approach applies to jointly defined business objectives regarding both financial aspects and non-financial ones which regard people, customers and society.

We also believe that the role of leadership is to build an engaging corporate culture that promotes a sound work climate, that offers personal and professional development opportunities, and that nurtures a sense of pride and achievement in people. That is why we actively support their initiatives designed to attract, celebrate and reward their employees.

Fostering people engagement

In addition to reflecting how satisfied our people are at work, we see people engagement as a good barometer of a business' health, vitality and internal alignment. This is why we ask all our businesses to measure how engaged their people are. In 2021 each of our businesses implemented or reviewed their engagement measurement process and, in order to support these efforts, we encouraged them to exchange best practices among each other. D'leteren Automotive and Moleskine, in particular, were able to benefit from Belron's experience in setting a state-of-the-art engagement survey.

Once the measurement process is in place, we invite our businesses to set themselves a target in terms of score and participation rate, as well as to implement a people action plan based on the survey results.

Training and development

We know that people engagement is the result of the actions taken at various levels in a company and so we discuss, support and monitor our businesses' processes related to developing people and acquiring skills (see the non-financial disclosure for more information.)

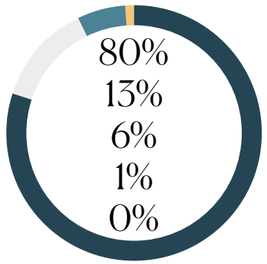
Diversity and inclusion

We see diversity in all its forms as a driver of innovation and performance. For some of our businesses, which are active in industries that historically have a lower representation of women, gender diversity might represent a challenge. This is why we strongly support our businesses in developing their Diversity and Inclusion approach and we monitor these processes. It is worth noting that both Belron and D'leteren Automotive ran initiatives in 2021 to get a thorough understanding of the way ahead to increase their diversity and inclusion programmes. The results will support the development of ambitious approaches leading to tangible and measurable results.

Workforce

36,549

Full time equivalents as at 31 December 2021



80% - Belron 13% - TVH 6% - D'leteren Automotive
1% - Moleskine 0% - D'leteren Immo

(FTE as at 31 Dec)	2020	**2021**	**Change**
D'leteren Automotive	2,187	**2,040**	-6.7%
Belron	25,784*	**29,388**	14.0%
Moleskine	349	**308**	-11.7%
D'leteren Immo	43	**41**	-4.7%
TVH	-	**4,772**	-
Total	28,363	**36,549**	**28.9%**

*average FTE

Group KPI: Employee Engagement Score

	2021
D'leteren Automotive	**88%**
Belron	**86%**
Moleskine	**3.6 on a scale of 1 to 5**
D'leteren Immo*	**88%**
TVH	**76%**

* *Satisfaction score*

More details on businesses' engagement approach and performance are available in their respective non-financial disclosure.

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› Customer Satisfaction

At D'Ieteren Group, we see customer satisfaction as a key driver of business performance: it is closely linked to a higher market share, greater customer loyalty and an outstanding reputation. This is why we have decided to put customer satisfaction at the heart of our investment approach.

When screening potential acquisitions, we pay extra attention to the company's existing customer approach. We thoroughly investigate its customer strategy because we see it as an indicator of its future market position. By the same token, customer satisfaction is a key part of our strategic and operational discussions with the management teams at our existing businesses. Is the customer at the centre of every consideration? Is the customer strategy firmly in place? Are employees customer-oriented? How satisfied are current customers? What do customers who have not made a transaction think? How can the customer experience be improved? These are just some of the questions that punctuate our interactions.

Since 2020, we have asked all our businesses without an NPS (Net Promoter Score) process in place to start measuring how satisfied their customers are. Although this is a sector-specific KPI, which cannot be consolidated at the Group level, nor can it be compared from one business to another, we monitor it over time for each business and we make sure that actions are taken, when and where needed, to reach a best-in-class customer satisfaction score.

Purpose-driven companies

We look for businesses that have a strong sense of purpose – a purpose that reflects the impact they have, or aim to have, on their customers and society. We encourage them to consider their corporate purpose as an integral part of their business strategy and to place it at the centre of their operations.

D'leteren Automotive made progress this year on putting its purpose into action. It achieved numerous goals in building 'seamless and sustainable mobility for everyone', including the development of its services related to electric mobility and its recent entry on the bicycle market, as well as multiple initiatives incubated in its Lab Box mobility studio. In order to offer mobility services that best meet the current and future needs of customers, D'leteren Automotive launched its Polaris survey at the beginning of 2021. It involved more than 3,800 mobility users and the goal was to unravel and explain the trends and habits of private and professional consumers. The survey results contributed to the definition of the commercial trajectory for the years to come. At the same time, D'leteren Automotive also challenged its customer satisfaction measurement process by installing a brand new NPS process throughout its dealerships. Updated NPS results are continuously displayed on the intranet, together with qualitative customer feedback, in order to raise awareness about this key metric throughout the organisation.

With its purpose of 'Making a difference with real care' and its outstanding customer orientation, **Belron** has been an inspiration to us. In fact, the company is less interested in simply satisfying customers but instead in delighting him or her. Whether digitally or in person, the company strives to promise an outstanding experience by offering a wide range of meaningful services throughout the customer journey: online booking, in-branch or mobile service, recalibration of sensors and ADAS cameras, sanitisation, wiper replacement, follow-up with insurance companies, without forgetting the 'repair first' promise (a cheaper alternative for the customer compared to a replacement). At Belron, the customer is at the centre of every decision, including in the framework of its ambitious transformation programme, where the customer experience workflow is the most significant one. It is, therefore, not surprising that Belron is the number one VGRRR* company in the world (with a Top-of-Mind awareness of approximately 65% in the Top 10 BUs) and that it keeps achieving record NPS scores year after year (83.4 in 2021).

* *Vehicle Glass Repair, Replacement and Recalibration*

Moleskine's value creation for its customers is closely related to its purpose which is to 'unleash the human genius through hands on paper (to empower creativity and knowledge in each individual and the entire world)'. Moleskine's brand team has been working on developing a customer satisfaction metric for its direct channels (retail and e-commerce) and will implement it in 2022.

D'leteren Immo conducted a customer satisfaction survey for the first time in 2021. This metric is key for this real estate business which is also a service organisation. Indeed, D'leteren Immo not only rents working and living spaces to customers, but also offers other services, such as architectural advice and maintenance and energy contracts.

Finally, **TVH**'s strong customer orientation – with a specific approach to the customer experience – was integral to our investment decision. In addition to conducting an NPS, the company has measured 'customer efforts'. In other words, it measures how simple it is for the customer to do business with TVH, from entering the website to the checkout. In addition, the company pays particular attention to the availability of parts, delivery times and minimising returns, which are central aspects of its customer value proposition.

Group KPI: Net Promoter Score (NPS)

BELRON

For the last five years Belron has maintained a score above 80.

	2017	2018	2019	2020	2021
Consumers (in millions)[1]	16.8	18.2	18.2	14.9	16.0
NPS[2]	83.1	82.8	84.2	84.9	83.4

1 Including franchisees
2 Net Promoter Score

D'IETEREN AUTOMOTIVE

D'leteren Automotive implemented its NPS in 2021. Its score was

New Car Sales	After Sales
60	53

D'IETEREN IMMO

D'leteren Immo conducted its first customer satisfaction survey in 2021, resulting in a score of 18.7.

TVH

NPS score of 40 in EMEA region (excluding BEPCO business)

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› Impact on Society

Our approach

Supporting our businesses in search of meaningful impact is part of our purpose and we continuously engage with them to support the development of their approach to sustainability.

We also promote the exchange of best practices among our businesses and, each year, we organise an ESG workshop for sustainability professionals from our businesses. Due to health measures, the event in 2021 was virtual. During these workshops, the businesses' sustainability professionals are able to interact with external experts on various topics, such as integrating sustainability into business strategies, TCFD reporting, the new EU taxonomy and the upcoming European and international sustainability reporting standards.

Our portfolio's impact on society

In 2021, our four businesses implemented their sustainability roadmap based on the results of the materiality analysis they carried out a year before. TVH, in which we acquired a stake in 2021, launched its materiality analysis, thereby paving the way for a new, integrated sustainability strategy.

Our businesses define roadmaps which consist of a handful of strategic axes covering key environmental, social and governance aspects. KPIs are defined for each of these strategic axes and, as baselines are set, activities start or pursue efforts to set themselves ambitious quantitative targets.

We also support our businesses in streamlining their non-financial data gathering processes, which allows us to provide our stakeholders with high quality sustainability reporting.

› Environment

CLIMATE ACTION

The urgency of the climate crisis is unprecedented and each one of our businesses is acting accordingly. Every activity is working on a CO_2 reduction plan aligned with the Paris Agreement. D'leteren Automotive plans to achieve net zero by 2040, supported by D'leteren Immo which is responsible for the buildings occupied by D'leteren Automotive headquarters and owned dealerships. Moleskine and Belron are working on their own reduction plans and aim to get their target validated by SBTi by the end of 2022 and the end of 2024, respectively.

OTHER ENVIRONMENTAL IMPACTS

In addition to climate-related initiatives, all our activities are, today, actively working to reduce waste and promote circularity. While Belron is making progress towards its objective of recycling 100% of glass, Moleskine has launched its waste management strategy with the following mantra: Prevent – Repurpose – Recycle.

Finally, our businesses also focus on the environmental impacts which are specific to their respective activities and which may include reducing pollution, deforestation, freshwater use, or biodiversity loss. With most of its revenues coming from selling notebooks, Moleskine purchases 100% of its paper from FSC-certified suppliers, thereby guaranteeing the sustainable management of forests. D'leteren Immo promotes biodiversity on its properties by working in partnership with Pro Natura on several projects.

› Social aspects

As explained in the previous chapter, D'leteren Group promotes the well-being of its people at work and values their engagement in their company. But our people action goes beyond satisfaction and engagement. Being a shareholder of businesses involved in warehousing or mechanical activities, we make sure that, within the businesses concerned, there is a strong emphasis on health and safety (H&S) as well as incident monitoring.

Due to the nature of its business, Belron is very much concerned about the Health and Safety of its people. In 2021 the company developed a new H&S approach involving specific KPIs monitored centrally and appointed a Chief H&S Officer to oversee the global approach.

We are also conscious of the fact that our social impact goes beyond our own operations. In this respect, our businesses which purchase a significant amount of goods from external suppliers, including Belron and Moleskine, pay particular attention to respecting the human beings in their supply chain. This requires, firstly, a deep understanding of their supply chain. Moleskine, which outsources the production of its products, has started working with Sedex, one of the world's leading ethical trade membership organisations, which works with businesses to improve the working conditions in global supply chains. The company also requires all its suppliers of finished products to comply with the SA8000 standard (which covers, among other things, working conditions, under-age workers and non-voluntary work) or equivalent.

Belron broadened its sustainable procurement approach by continuing to roll out its supplier auditprogramme and by creating a new role dedicated to post-audit follow up with suppliers in order to address potential gaps and share opportunities. In addition to ethical and social aspects, the approach also focuses on the environmental footprint of Belron's suppliers.

› Governance

Our businesses share a deep sense of ethics and integrity. They have all implemented a Code of Ethics to formalise their policy against corruption and bribery and to unequivocally state rejection of any form of discrimination whatsoever. In addition, all our activities have implemented a whistleblowing procedure.

› Philanthropy

The Group supports its businesses' fundraising initiatives, like the Moleskine Foundation, or Belron's global charity partner Afrika Tikkun, and participates in sporting challenges like the yearly 'Spirit of Belron' Challenge, or the D'leteren Automotive 'Give and Gain' sport initiative.

D'leteren Group also contributes independently to meaningful non-profit projects. It has amplified its philanthropic approach by defining two particular areas of focus: helping children who live in foster homes in Belgium; and contributing to providing equal opportunities in accessing a fulfilling professional life. In 2021, D'leteren Group also provided financial support to organisations affected by the severe floods experienced in Belgium.

Group KPI: CO_2 emissions (scope 1 & 2)

	2019	2020	2021
D'IETEREN AUTOMOTIVE			
Scope 1	8,578	6,760	7,204
Scope 2 (market-based)	1,103	1,004	17
	9,681	**7,764**	**7,221**
BELRON			
Scope 1	149,000	118,106	120,792
Scope 2 (market-based)	23,000	20,626	22,002
	172,000	**138,732**	**142,794**
MOLESKINE			
Scope 1	184	73	94
Scope 2 (market-based)	394	415	289
	578	**488**	**383**
D'IETEREN IMMO			
Scope 1	148	143	146
Scope 2 (market-based)	16	17	0
	164	**160**	**146**

Detailed environmental reporting is available in the non-financial disclosure.
TVH has initiated a process to measure its scope 1, 2 and 3 emissions in 2022.

D'leteren Group ESG ratings

Sustainalytics:

Score: 11.7 (low risks)

MSCI :

Score: AA

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Building seamless and sustainable mobility for everyone

The commercial name of the D'leteren Automotive activity, "D'leteren", will be used throughout this chapter.

› Business description

D'leteren distributes, markets and provides after-sales services in Belgium for Volkswagen, Audi, SEAT, CUPRA, ŠKODA, Bentley, Lamborghini, Bugatti, Porsche and Rimac vehicles. The company operates through a network of independent dealerships, as well as around 30 company-owned dealerships located mainly on the Brussels-Mechelen-Antwerp axis. D'leteren's market share in the new car market is over 23.7% and it has a fleet of 1.2 million vehicles on the road.

The company is also active in the used vehicle market through, among others, MyWay and Audi Approved Plus authorised centres and distributors. In addition, D'leteren offers long-term leasing and a full range of financing services through a subsidiary, which is common to D'leteren and Volkswagen Financial Services. D'leteren also invests in mobility services through its Lab Box subsidiary and now offers a range of solutions, from shared cars to the provision of autonomous vehicles, including the marketing of electric charging stations, mobility advice and the development of a multimodal application.

D'leteren has also created the Wonder Car franchise, which offers an innovative vehicle repair concept, combining smart repair and classic bodywork. From 2021, D'leteren is present on the bike market through the "Lucien" brand, with 9 locations planned in Brussels and Antwerp.

› Performance 2021

2021 saw a strong commercial performance by D'leteren, with a record net market share of 23.7% up 13bps on 2020. Almost every brand contributed to these results. D'leteren Automotive is also number 1 in the BEV segment, with a market share of 29.4% thanks to the early Volkswagen's positioning on electric vehicles and the wide range of electric models available. It ended the year with a record order book. D'leteren's share of customer contracts also bodes well for the future as it is above its current market share.

The year was also characterised by global supply chain issues driven by a shortage in electronic components that did not spare the Belgian automotive market. As a consequence, compared to 2020, Passenger Car registrations decreased by 11% and the market for Light Commercial Vehicles remained stable. The Belgian market is electrifying with an increasing penetration of BEV, representing 5.9% of new car registrations, which is being driven by the high proportion of fleet cars in Belgium and tax incentives. The government enacted the *Van Peteghem* law to further encourage the transition to green mobility.

In this context, D'leteren sales reached €3,239m in FY-21, up 1% on 2020, driven by a favourable mix of SUV and electric vehicle models and an increase in price, despite a decrease of 11% in the number of cars invoiced. *Adjusted* EBIT[1] reached €103m, or 3.2% of net sales, 8% higher than FY-20 due to a higher gross margin and cost containment measures taken by the management team. Trading[2] cash flow conversion was above 100%.

D'leteren gave a new impetus to its customer approach by implementing a new NPS measurement process across the network for sales and after-sales activities. The NPS[3] is currently measured at two services (the delivery of new vehicles, after-sales following the invoice) and the goal is to extend measurement and build a relational NPS covering the entire customer journey. Over the course of 2021, respective average NPS for the sales and after-sales activities amounted to approximately 60% and 53%.

› Key developments

In FY-21, following the cancellation of the annual motorshow, D'leteren decided to implement a different commercial strategy based on a digital customer approach combined with a physical dealership offering. Specifically, each brand invited customers directly into their showrooms through an innovative virtual approach offering customised advice. In the meantime and for the first time in FY-22, D'leteren launched a multi-brand marketing campaign through its new platforms *dezewordthet.be* and *voicimavoiture.be*.

1. *Including royalties & management fees and ELTIP*
2. *Trading cash flow divided by Adj. EBITDA incl. royalties & management fees and ELTIP, where trading cash flow is defined as Adj. EBITDA incl. royalties & management fees plus change in net working capital plus Net CapEx plus capital paid on lease*
3. *Net Promoter Score*

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D'leteren has a strong product portfolio of models and line-ups for 2022– most notably in electric vehicles – with, for example, the launch of ID.5 and ID.Buzz. D'leteren will continue to develop and distribute CUPRA, a brand launched in FY-21 to serve a new generation of customers between the mass and premium segments, through a hybrid distribution model combining 10 CUPRA corners installed in SEAT dealerships and a brand-new website.

In order for the retail activity to be ready for the future, D'leteren reviewed its strategy and footprint and appointed a new CEO, Stefan Kerckhoven. As part of the review, D'leteren proposed renegotiating the working conditions at D'leteren Centers to bring their activity to profitable levels and to protect employment, but no agreement was reached with the unions. As a consequence, D'leteren announced the closure of its two non-profitable sites (Mail, WonderCar at Drogenbos), impacting 103 jobs.

As per its purpose to offer seamless and sustainable mobility for everyone, D'leteren, through its subsidiary Wonder-Group, operates a multi-brand ecosystem in used vehicles, mechanical maintenance and repair and body shops. Wonder Group provides services to every brand in Belgium, combining a digital approach with a franchise network.

In order to adapt its mobility offering, D'leteren conducted a study, 'Polaris', to analyse private, as well as professional, customer behaviour. The study highlighted that there is a growing demand for soft mobility to complement car transport. This led the company to enter the retail bike industry with two complementary acquisitions (GoodBikes in Brussels and iBike in Antwerp). This is a first step in the goal to build a national bike retail chain (with a focus on e-bikes) in Belgium.

D'leteren also continues to develop the mobility of the future, with the growth of Lab Box ventures. Poppy achieved monthly breakeven in terms of contribution margin in October 2021 and EDI (Electric by D'leteren) installed more than 4,200 charging stations in FY-21 compared to more than 1,800 in FY-20. Two other initiatives are taking major steps in their development: Skipr has closed a second external round of funding with ALD to expand in France and Mbrella has raised €2.5m to develop its digital platform and launch a freemium model commercialised by social secretaries.

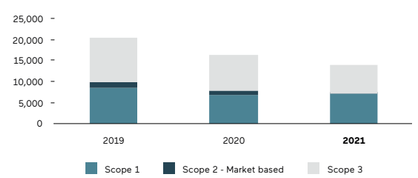
To refinance the €200m inter-segment loan from D'leteren Group, D'leteren secured new 5-year bank financing consisting of a €100m amortising term loan and a €225m revolving credit facility (RCF). These syndicated credits are structured as sustainability-linked loans, relating to targets on two clearly identified sustainability indicators

As part of the ESG roadmap, D'leteren also promotes inclusive growth by supporting equal opportunities and diversity in all its forms (gender, origin, age) within the company.

› Key Figures[2]

(€ million)	2020[4]	2021
New vehicles delivered (in units)	104,710	**92,732**
External revenue	3,215.7	**3,238.9**
Adjusted operating result[1]	95.0	**102.7**
Adjusted operating margin	3.0%	**3.2%**
Adjusted result, Group's share		
before tax[1,3]	98.9	**110.4**
after tax[1]	70.7	**78.7**
Workforce *(FTE as at December 31)*	2,187	**2,040**

CO_2 EMISSIONS[5]
(Tons of CO_2)



1. *Excluding adjusting items. (APMs - see glossary on page 74).*
2. *The D'leteren Automotive segment excludes the Group's corporate and real estate activities.*
3. *The adjusted result before tax, Group's share, includes the Group's share in the adjusted result before tax of the entities accounted for using the equity method.*
4. *As restated to reflect the IFRS® Interpretations Committee (IFRiC) final decisions on cloud computing arrangements.*
5. *This scope includes the activities of D'leteren Automotive (excluding subsidiaries), Porsche Center Brussels, Porsche Center Antwerp and D'leteren Car Centers. The reason is that D'leteren Automotive has committed externally to a target (-50% by 2025 vs. 2019) on this scope and the scope is used as part of the Sustainability-Linked Loan. Those entities switched to green electricity in 2021, which explains the significant drop in Scope 2 emissions and the increase in renewable electricity consumption Furthermore, there was a decrease in distances travelled by air, due to the efforts to encourage teleworking and remote conferencing.*

› Way foward

D'leteren aims to be 'the natural choice for mobility' and works continuously to strengthen its historic activities, including both distribution and retail, and to develop complementary services related to mobility.

In order to adapt its mobility offer to constantly evolving customer needs, the company will rethink the customer journey and offer an integrated, omnichannel experience (including both physical and digital channels). The offer will be tailored to meet customer needs and will encompass the sale of new cars with charging stations (i.e. EDI, D'leteren electric solution), financing and mobility products. In addition, under the Lucien brand, D'leteren will accompany the entire two-wheel (bike) lifecycle with exceptional service quality, both physically and online.

D'leteren has several projects in place to digitalise the customer journey regarding the sale of new vehicles, used vehicles, related services and after-sales services. It is also automating its processes (booking, servicing, logistics, etc.).

As the used car market is more resilient than the new car market, D'leteren will increase its focus in this area and scale the used car business both through physical retail and digital channels. It has already built the WonderAuto platform that sells used vehicles to dealers or through its own retail network. The objective will be to sell directly to end customers.

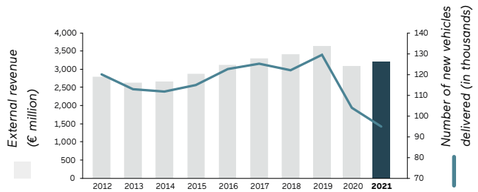
As per its aim to build the future of mobility, Lab Box promotes and develops new mobility solutions to make cities more liveable and enjoyable. Lab Box will continue to develop the mobility start-ups that they have in their portfolio and to develop new solutions to address future mobility needs.

D'leteren has ambitious plans for its after-sales business, both for its own brands as well as other brands. The strategy is structured around three main pillars of value creation.

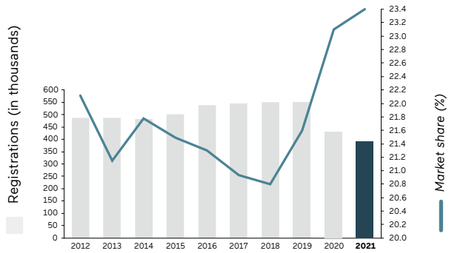
- increase the volume (by also focusing on older vehicles and developing multi-brand offerings) and loyalty
- improve pricing and procurement
- improve processes through automation

While the practice of office work has evolved, D'leteren has initiated a project to transform and adapt its ways of working. Accordingly, a new, modern co-working design has been developed for its Erps-Kwerps office.

REVENUE AND NUMBER OF VEHICLES DELIVERED

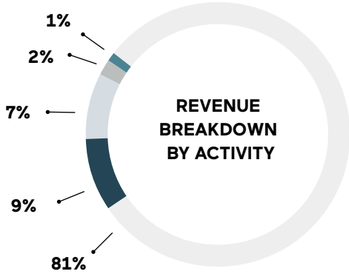


NEW CAR REGISTRATIONS IN BELGIUM AND MARKET SHARE OF D'IETEREN AUTOMOTIVE



REVENUE EVOLUTION BY ACTIVITY

(€ million)	2020	2021
New vehicles	2,792.0	**2,615.1**
Used vehicles	95.5	**289.0**
Spare parts and accessories	182.3	**244.1**
After sales activities	83.6	**56.5**
Other	30.1	**34.2**
D'leteren Sport	32.2	**-**
D'IETEREN AUTOMOTIVE	3,215.7	**3,238.9**



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Interview with Denis Gorteman,

CEO D'leteren Automotive

D'IETEREN AUTOMOTIVE HAS ONE CLEAR AIM: TO WORK TOWARDS SEAMLESS AND SUSTAINABLE MOBILITY FOR EVERYONE. WITH THIS IN MIND, WHAT MEASURES HAVE YOU TAKEN IN 2021?

We moved forward on several fronts to expand our mobility solutions, while ensuring that they are complementary. This will be our strength in the coming years, allowing us to offer end-to-end mobility ecosystems that cater to a variety of needs and to the specific requirements of our various customer groups.

In terms of electrification, for example, electric vehicles are being marketed in close cooperation with our subsidiary EDI, which installs the charging stations, and Volkswagen D'leteren Finance, which handles the financing. As well as offering an increasingly attractive range of electric vehicles, we will be seeking to double EDI's current sales in 2022, with a target of over 10,000 charging points installed over the course of the year, i.e., as many as the total number of public charging points currently available in Belgium. Our goal is to make the electric experience accessible to as many people as possible, as quickly as possible.

In the fast-growing used car market, we are developing a multi-brand buying and selling platform for private customers and professional buyers, together with a dedicated after-sales network, accessible throughout Belgium. Our aim is to become a key player in this market, with an innovative value proposition for customers in terms of the range of vehicles and services on offer, transparency and the use of digital technology. By doing this, we also expect to open up exciting prospects for the development of our MyWay label, which has been present in Belgium for over 20 years, in partnership with our network of dealers.

Our subsidiary, Lab Box, continues to make inroads into the new mobility market. It has no fewer than 10 start-ups to its credit, covering shared mobility services on the Brussels-Antwerp highway, paid passenger transport services through HUSK, the management and maintenance of autonomous vehicles through USH, and the implementation of multimodality in companies through Mbrella and Mob Box. These solutions are now an integral part of the range of products and services we offer company fleet managers via Group Mobility Solutions so that they can use them to pursue a policy of multimodal mobility that meets the expectations of new generations of staff.

2021 also witnessed our entry into the bike – and especially the electric bike – market, bearing in mind that 15% of journeys should be made by this mode of transport by 2030 and that two bikes out of three will be electric. As part of our plan, D'leteren has acquired nine stores in Brussels and Antwerp and, over the next five years, we want to develop a chain of quality stores throughout the country, under the Lucien brand, combining a digital approach with an in-store experience.

Through all of these initiatives, D'leteren is demonstrating its desire to develop an ever broader range of mobility-related products and services, with the goal of becoming, by 2025, the natural choice when it comes to mobility in Belgium, whatever the mode of transport, and of making mobility a lever for sustainable development for future generations.

THE AUTOMOTIVE INDUSTRY HAS BEEN FACING MAJOR SUPPLY CHAIN DISRUPTIONS SINCE MID-2021. HOW SHOULD WE TACKLE THIS SITUATION?

These disruptions, which have affected the entire industry, resulted in a very mixed business situation for us in 2021. Our order books are looking very healthy, reaping the dual benefits of the electric drive by our brands and particularly strong demand from business customers who are planning vehicle purchases in advance to compensate for delivery delays. Conversely, our new vehicle sales and inventory levels have reached a historic low. In the particular situation in which we find ourselves, we have worked with our dealers and Volkswagen D'leteren Finance to minimise the impact of these delivery delays on our customers. And, at the same time, we have strengthened our position in the used car market, where customers are looking for an alternative to the long delivery delays.

In addition to managing this crisis, we have continued to deliver a first-class online and offline customer experience in order to maintain the appeal of our brands and to build on this as things gradually return to normal. The diversification of our mobility solutions also allows us to reduce the impact of the delivery issues.

DIGITALISATION IS IMPACTING EVERY INDUSTRY. WHAT ARE THE KEY ELEMENTS OF D'IETEREN AUTOMOTIVE'S DIGITAL AGENDA?

Our teams are working to digitise and automate internal processes in order to increase productivity, responsiveness and customer satisfaction in a highly competitive environment. This is a key performance driver for our operations as well as those of our dealerships, as is data management, which is the surest way to accurately identify consumer expectations and personalise what we offer. As customer behaviour has changed dramatically, we are working to implement the digital means for customers to purchase online. A good example of this is CUPRA, our first full digital sales focused brand, which is performing extremely well.

At the same time, dealerships have gone digital to provide continuity in the purchase process should the customer wish to complete their purchase at a dealership. Based on a very broad presentation of products via LED screens, 3D glasses, etc., this digitalisation initiative is a very interesting alternative to the traditional Brussels Motor Show approach, with very satisfactory sales results and customer feedback.

Operations are also being digitalised in the used car and bike businesses to offer customers a better value proposition than they have today. Similarly, the services developed by Lab Box have been digitalised, such as the Skipr App, which allows you to plan, book and pay for a multimodal journey, thus helping to make mobility more seamless.

HOW CAN YOU ACHIEVE CHANGE IN A CONTEXT OF A CRISIS WHICH HAS BEEN ONGOING SINCE 2020?

Change is not an end in itself. It is closely linked to our mission to work towards seamless and sustainable mobility. This is how we give meaning to the actions we take internally and how we obtain strong commitment from our employees. We also adopted a collaborative approach from the outset, which has helped us rethink the customer experience and make it even more satisfying. This approach has been key because it draws on the skills and expertise of a large number of employees. We are now building on this by including internal targets for diversity and carbon reduction so that, together, we can make a positive contribution to the increasingly pressing social and climate challenges.

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BELRON®

Making a difference with real care

› Business description

Belron has a clear purpose: "making a difference with real care". It is the worldwide leader in vehicle glass repair, replacement and recalibration, operating in 39 countries through wholly-owned businesses and franchises with market leading brands – including Autoglass®, Carglass®, Lebeau Vitres d'autos®, Speedy Glass®, Safelite® AutoGlass, O'Brien® and Smith&Smith®. In addition, Belron manages vehicle glass and other insurance claims on behalf of insurance companies.

	2016	2017	2018	2019	2020	2021
Consumers (in millions)[1]	15.5	16.8	18.2	18.2	14.9	**16.0**
NPS[2]	82.6	83.1	82.8	84.2	84.9	**83.4**

1 Including franchisees
2 Net Promoter Score

› Performance 2021

Despite remaining volatility due to the continuing Covid-19 pandemic as well as the rise of supply chain issues, inflationary pressure and labour shortages, Belron made a strong recovery from the severest impacts of the pandemic; delivering record results yet again for its customers, its people, its shareholders and for society.

From a financial perspective, 2021 was undoubtedly another landmark year for the company as sales increased by 19% year on year to €4,647m and adjusted operating result was €815m, representing a €231m uplift - almost 40%- versus 2020 translating to a margin of 17.5%. Cash conversion also remained strong with an adjusted free cash flow of €423m.

These financial results were achieved alongside a strong NPS score of 83.4, a high employee engagement rate of 86% and record contributions of €7.3m to charities through the Spirit of Belron Challenge, the Belron Ronnie Lubner Charitable Foundation and local Giving Back activity.

Despite mobility trends remaining subdued versus 2019 due to partial or full lockdowns in various geographies; capacity issues stemming from major supply chain disruptions throughout the summer and autumn; and a tight labour market in both North America and Europe, the number of VGRR prime jobs performed by Belron increased by 14% year on year to reach 12.2m, almost back to 2019 levels, while the number of recalibrations more than doubled to 1.9m against last year. This, coupled with continued delivery of the 'Fit for Growth' programme, is a great testimony to Belron's ability to gain share and strengthen its leadership position while also remaining agile in navigating changing market conditions.

› Key developments

Commercial performance has been positive in 2021. The renewal of Key Accounts agreements proved very successful and the business continued to gain market share across the regions, notably thanks to its digital channels that are increasingly used by its customers. The quality of service remained at world class levels despite capacity constraints. Belron also continued to put a strong emphasis on customer safety as the group performed over 1.9 million recalibrations and increased its investments in technology and training of its technicians.

The 'Fit for Growth' programme made solid progress throughout the year. While the 'Acceleration' workstreams (recalibration, VAPS, productivity, commerciality, advertising, lost customer conversion and procurement) continued to deliver significant benefits in trading performance, the 'Transformation' programme was approved by the Board of Directors and made important headway. The Transformation workstreams focus on process improvement by leveraging technology with a view to enhancing the experiences of Belron's customers and people. In 2021, €64m of costs related to the Transformation were included in the adjusted operating result and the first tangible benefits should materialise in 2023.

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To keep maximum focus on driving the core business and the Fit for Growth programme, Belron completed the exit of its service extension businesses (Automotive Damage Repair and Replacement and Home Damage Repair and Replacement), which it decided to deprioritise in 2020.

The year was also marked by changes in the capital structure of the company. On 1 April, Belron successfully allocated new sustainability-linked term loans to partially refinance the existing capital structure while also distributing dividends to shareholders. This was followed by a subsequent dividend distribution of €300m in October. Then in July, the company announced it would welcome new shareholders (Hellman & Friedman, BlackRock Private Equity Partners and GIC) in a deal that closed in December and that valued Belron at a €21bn enterprise value, resulting in an equity value of €17bn. This transaction underlined the uniqueness of the Belron model, its outstanding performance and future potential - to which D'leteren Group remains committed, retaining 50.01% economic ownership in the company.

Subsequent to this transaction, Belron awarded c.24,000 employees with a cash bonus and restricted share units[1] to thank them for their loyal contribution to the company's success. This reward was heartily welcomed by Belron's people and undoubtedly constituted another milestone in the company's history.

In 2021, Belron also stepped up its commitment of 'Doing Business Responsibly' with the launch of The Belron Responsible Business Framework and made solid progress on the majority of its key performance indicators (see non-financial disclosure). Finally, the company continued to focus on talent management and succession planning, notably with the promotion of Renee Cacchillo as President and CEO of Safelite Group, succeeding Tom Feeney who becomes Executive Chairman of Belron North America.

1 Important to note that this reward has no economic or dilutive impact on D'leteren Group and other shareholders. See p. 65 of the Financial Report for more details.

› Key Figures

(€ million)	2012	2013	2014	2015	2016	2017	2018	2019[3]	2020[3]	**2021[3,4]**
External revenue	2,727.2	2,843.1	2,792.6	3,161.2	3,305.4	3,486.2	3,839.7	4,228.1	3,898.8	**4,646.8**
Adjusted operating result[1]	196.0	173.5	165.1	182.0	190.7	189.8	225.7	416.4	583.9	**815.0**
Adjusted operating margin[1]	7.2%	6.1%	5.9%	5.8%	5.8%	5.4%	5.9%	9.8%	15.0%	**17.5%**
Adjusted result, Group's share										
before tax[1,2]	147.7	130.5	123.4	137.6	148.4	134.5	90.3	167.6	248.6	**359.5**
after tax[1,2]	110.9	93.1	94.3	112.2	122.6	116.0	74.9	116.5	178.3	**263.3**
Workforce *(full time equivalents)*	24,200	25,645	25,204	26,390	26,340	28,994	30,567	29,121	25,784	**29,388***

* *As of 2021, FTE numbers are disclosed at year-end instead of average.*

REVENUE BREAKDOWN BY REGION 2021

€ million	2020	**2021**	**Change**
56% North America	2,157.1	**2,616.1**	+21.3%
30% Eurozone	1,217.9	**1,417.2**	+16.2%
13% Rest of the World	523.9	**613.5**	+17.1%
Total	3,898.8	**4,646.8**	**+ 19.2%**

› Way foward

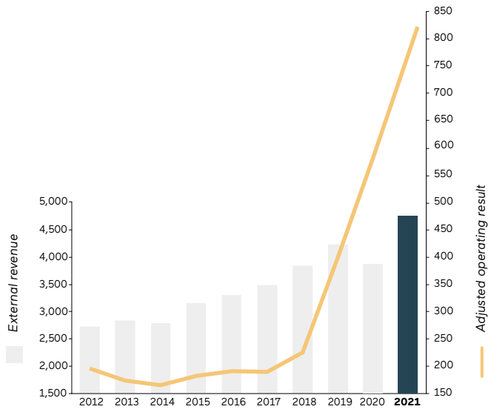
Belron's roadmap for 2022 is clear and the focus will remain unchanged: driving the business with a clear purpose of 'making a difference with real care' for customers, employees, shareholders and society. The approach will be focused around the same value creation levers that have made Belron so successful thus far, while at the same time remaining nimble and dynamic to adapt to any market development.

The Fit for Growth programme will be a key priority for the business as the Transformation workstream moves from design into execution. Safelite Group, Belron's US operations, will serve as 'pathfinder' in the deployment of key technology initiatives to lead the way before rolling out to other countries.

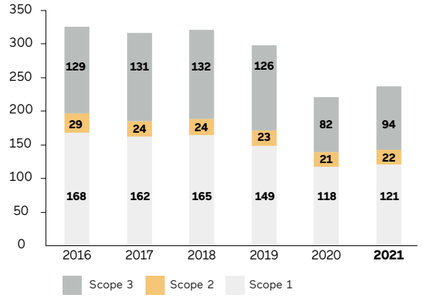
Talent management, from recruiting to succession planning, will remain at the top of the agenda to make sure Belron attracts, develops, and retains the very best people, the company's greatest asset.

Another big theme for 2022 will be to further accelerate the progress across the various initiatives undertaken in The Belron Responsible Business Framework, with clear targets in glass recycling, suppliers' audits, people safety, giving back, etc. This will go hand-in-hand with a continued improvement of the business foundations, such as strong governance and risk management; and robust reporting and measurement.

REVENUE AND *ADJUSTED* OPERATING RESULT[1,3]
(€ million)



CO_2 EMISSIONS[5]
(Tons of CO_2)



1 Excluding adjusting items (APMs - see glossary on page 74).
2 Average stake in Belron: 94.85% in 2017, 57.78% in 2018, 52.48% in 2019, 53.75% in 2020 and 52.88% in 2021.
3 Post-IFRS 16.
4. As restated to reflect the IFRS® Interpretations Committee (IFRiC) final decisions on cloud computing arrangements
5. In 2021, Belron was able to revise and improve its data collection process in a number of its business units. This has resulted in restatements for the 2020 greenhouse gas emissions resulting from natural gas, heating fuel oil and for its Scope 2 emissions (market-based).

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Interview with Gary Lubner,

CEO Belron

2021 WAS YET ANOTHER RECORD YEAR FOR BELRON, ALTHOUGH CHALLENGING IN MANY WAYS. CAN YOU SHARE SOME REFLECTIONS ON THIS PARTICULAR YEAR?

I'm immensely proud that this has been another record year for Belron, despite the continued challenges of the pandemic. Once again, our teams lived our purpose of making a difference with real care for our customers, our people, for society and for our shareholders.

Our NPS score of 83.4 is world class and tells us that our customers love the service we provide. I was very pleased that our people engagement score of 86% remained at the same high level as last year.

We held a virtual Spirit of Belron Challenge and I was delighted that we raised a record €2.3m for Afrika Tikkun, helping disadvantaged children and young people in South Africa. In addition, the Belron Ronnie Lubner Charitable Foundation donated more than €2.5 million to charities around the world. We also launched our Belron Responsible Business Framework and committed to new term loans with sustainability targets. These targets are to recycle 95% of the glass we handle by 2025 and to obtain a validated science-based target to reduce greenhouse gas emissions, from the Science Based Target initiative by the end of 2024.

We delivered outstanding results for our shareholders, achieving significant growth versus 2020, which was severely impacted by the pandemic and various levels of government lockdowns around the world. Year on year we increased VGRR (vehicle glass repair & replacement) prime jobs by 14% to €12.2m and sales increased by 19%. Our operating result was up by 40% and profit before tax increased by 26% to €463m.

The Covid-19 pandemic continued to affect all our markets and like other businesses, our global supply chain was disrupted by shipping delays, rising input costs and labour shortages which were particularly challenging in the USA.

Despite this, we remain an agile and dynamic business with strong foundations. Our 'Fit for Growth' programme continued to drive big improvements in financial performance, we increased recalibrations from 1.2 million to 1.9 million and kept a tight control on our costs. Overall, we are well set up to benefit from the structural long-term growth we see coming from increasing windscreen technology and complexity.

We remain very cash generative too and this has allowed us to continue to invest in our Belron family of businesses, including our 'Fit for Growth' Transformation workstream.

CAN YOU GIVE US AN OVERVIEW OF BELRON'S MAIN STRATEGIC VALUE CREATION LEVERS AND HOW THEY EVOLVED OVER THE LAST YEAR?

We continue to prioritise the same value creation levers which have delivered our success over the last four years. I'd summarise these as follows:

- *I always say that our people are at the heart of our success. Ensuring we have the right number and calibre of colleagues to offer our customers world class technical standards and excellent customer service is crucial and this year we recruited over 2000 technicians into new roles.*

- *We're the world's leading provider of recalibration and, as we see the numbers of ADAS (advanced driver assistance systems) windscreens increasing globally, this service remained a significant growth driver for us.*

- *We continued to offer additional products and services (Value Added Products and Services) which our customers welcomed. As a result, many of our countries saw improved sales and NPS scores.*

- *We again focused on operational efficiency and strong cost control throughout the year.*

- *We invested more in advertising across all our markets, helping us to continue to gain market share.*

- *Our 'Fit for Growth' programme continued to deliver improvements for our customers and increase efficiency. In 2022 the Transformation part of the programme will move from design to implementation and will start to deliver further benefits, including for our colleagues.*

YOU ALSO STARTED EMBEDDING YOUR NEW RESPONSIBLE BUSINESS FRAMEWORK AND ROADMAP IN 2021. CAN YOU SUMMARISE IT IN A FEW WORDS?

Belron has a long tradition of serving society as part of its purpose of "making a difference with real care". Throughout our entire history we have encouraged our people to give back and we have supported hundreds of other charities, NGOs and community groups.

We were an early adopter of using the EcoVadis sustainability ratings in 2014 as an internal benchmark to measure progress across the business and we have been a signatory to the United Nations Global Compact since 2010. Towards the end of 2020 we reviewed our corporate responsibility strategy and developed a new strategic Belron Responsible Business Framework, which we launched in 2021.

The Framework brings together all aspects of how we think the Belron family of businesses should be 'Doing Business Responsibly'. I, along with our leadership teams around the world, want us to be a trusted and respected company in the eyes of our people, customers, partners and society. This means doing the right thing every day and behaving with integrity in everything we do.

Our Framework has two strategic pillars – Sustainable Products & Services and Investing in People and Society - with the following priorities:

- *Reduce our waste and work towards a circular economy*
- *Drive down emissions*
- *Integrate environmental and social considerations into all our procurement decisions*
- *Promote diversity, equity, inclusion and well-being*
- *Continue giving back to drive positive change*
- *Prioritise the safety of our people*

Underpinning the Framework is strong governance and inspiring leadership, our values and ethics, and robust reporting and measurement around our responsible business activities.

BELRON HAS RECENTLY WELCOMED NEW SHAREHOLDERS. IN YOUR VIEW, WHAT ARE THE IMPLICATIONS FOR BELRON?

We were very pleased to welcome our three new shareholders, Hellman & Friedman, BlackRock Private Equity Partners and GIC who are large and well-regarded organisations. It was a real acknowledgment of our strength and ambitious plans that they made the decision to invest so significantly in Belron.

Every new shareholder throughout Belron's history has brought something new and valuable to us. Our partnership with our existing shareholders the D'leteren Group and Clayton, Dubilier & Rice (CD&R) has been very productive and supportive, and we anticipate working in a similarly positive way with our new shareholders in the future.

BELRON IS KNOWN FOR ITS STRONG CORPORATE CULTURE AND VALUES, WHICH ARE CLOSELY RELATED TO ITS PHILANTHROPIC COMMITMENTS. HOW DID YOU MANAGE TO KEEP THIS STRONG CULTURE AND VALUES ALIVE IN A COVID CONTEXT?

In challenging times our strong values have continued to shine through. We pulled together as one amazing team around the world, inspired by our clear purpose of making a difference with real care - as always putting our customers and our people first in all we do.

We worked hard to keep everyone safe with our strict safety and hygiene measures and we looked after each other. Many teams continued to work remotely, coming together face to face where we could and throughout showing our true spirit of courage, compassion and determination. And as I have said our giving back ethos was as strong as ever.

We closed the year by announcing that the Belron leadership teams around the world were giving an individual gift of cash and shares to around 24,000 eligible colleagues, to thank them for the big part they have played in our great history of success over the years. For me personally, this was one of the highlights of my career and something I'd always dreamt of being able to do.

My heartfelt thanks go to everyone in the Belron family of businesses for all they did in 2021.

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Unleash the human genius through hands on paper

› Business description

Moleskine is an iconic, inspirational brand born from the heritage of a legendary notebook. Its purpose is to unleash the human genius through hands on paper, to empower creativity and knowledge in each individual and the entire world.
The product portfolio encompasses what is needed to capture this human genius and includes writing tools, planners and reading accessories.

Moleskine bridges the gap between analogue and digital notetaking with its Smart Writing System, its digital ecosystem of apps, a digital platform and online publications.

The company sells its products globally through a multichannel strategy (Wholesale, Retail, e-Commerce and Strategic Partnerships).

Moleskine is based in Milan, Italy, and has offices in Köln, New York, Hong Kong, Shanghai and Tokyo.

› Performance 2021

2021 was the year in which Moleskine's new mission was rolled out: 'Unleash the Human genius through hands on paper'. This was done by increasing the focus on the core of the brand, premium notebooks, and by innovating and introducing product categories that go hand in hand with a notebook, such as writing tools.

As a result, Moleskine is convincingly growing with a 19% year-on-year increase in revenues. The paper category has done even better, with a 24% increase[1] over last year, with a 45% increase in the notebook sub-category. With this result, Moleskine clearly outperformed its market given the 16% growth in 2021 year-on-year of the (global) market of filling papers and notebooks.

Most channels have done well year-on-year but the biggest contributor to revenue increase was the wholesale channel, pointing to the resilience of the business model and the enduring strength of its original adage; selling the book to be written in any type of physical or online (book) store.

While Covid-19 has had a longer than expected impact on the business, especially in the brick&mortar points of sale, Moleskine has been growing, thanks to its new management mantra, "Fewer, Bigger, Better". The application of this mantra helped Moleskine to bring in an adjusted operating result of €12.3m and the company overperformed in terms of Operating Cash Flow. To achieve these results, Moleskine adopted some successful initiatives, such as significantly reducing the number of in-catalogue SKU's to approximately 600; becoming leaner as an organisation; and implementing a strict spending policy.

Even so, Moleskine has not been immune to the global supply chain issues, but it has rolled out a set of measures to mitigate these effects, such as a NOOS-strategy ('never out of stock'), the identification of new, alternative suppliers, the optimisation of local warehouse stocks and switching stocks across channels. Thanks to all these measures, Moleskine has been able to keep on supplying its customers.

In terms of geographies, the Americas performed particularly well compared to last year (up 30%). The USA has become as big as Europe, proving once again the global attractiveness of Moleskine and its large potential to continue growing overseas.

Moleskine has been evolving towards becoming a premium gifting brand. The holiday season has shown that this strategy works, leading to the highest ever sales per SKU in direct channels and the highest average price. As a result, the retail channel ended with healthy growth compared to last year, despite sluggish foot traffic.

› Key developments

As stated, the main performance driver remains the wholesale channel, which includes online, offline and mixed retailers. Thanks to a 'win with the winners' strategy, which focuses on the top accounts across those 3 categories, and by rolling out an online e-commerce site for all major wholesale customers, the top 15 accounts grew by 43% compared to last year.

1 At constant FX

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The B2B channel has been transformed into a model of Strategic Partnertships, to set up partnerships with global, resonating brands across 3 categories: Art & Culture, Education and Iconic brands. The cooperation has led to higher than expected results for the channel and a lot of traction and positive reactions from both new and old 'partners', who welcome the model switch: evolving from being mere B2B customers to true partners with long-term cooperation and recurrent revenue models. The 'gifting' model (where notebooks were often a cost centre for B2B customers who gifted them to their end customers) is gradually being enriched with a 'reselling' model, where customers have the opportunity to resell Moleskine notebooks.

The challenges and opportunities of direct channels have also been addressed in the course of the year. Both retail and e-commerce received an increased importance in the branding, communication and distribution strategy of the brand. A new e-commerce site was launched over the summer and Category Management has been rolled out across many of the proprietary retail points, resulting in clear improvements of like-for-like sales. Moleskine's direct channels have allowed the brand to significantly increase customer insight through a new CRM, and to start building a relationship with the customer. The much greater presence on social media (and spending on digital marketing) has also contributed to building this online relationship.

A new way of working has been adapted throughout the organisation, giving 'bigger' roles to people. Leadership development has been put high on the agenda and a long-term incentive plan, in line with industry best practices, was rolled out to encourage all key people in the organisation to go the extra mile by sharing the created value with them. The company also moved to an environment which is closer to its DNA notably by opening Base, a hub for culture and creativity in Milan.

Innovation remains key to the brand: new products have been introduced to the market, such as a co-branded writing tool with premium German writing brand 'Kaweco', a cooperation with ICare to develop eyewear and Moleskine Charms to meet the customisation needs of customers and allow them to make every notebook unique. Moleskine has also introduced multiple new versions of the notebook cover, introducing a velvet cover and a cover with fine premium tissues in cooperation with Missoni, another example of a Strategic Partnership. The premiumisation and innovation of the core category, together with the reduction of SKU's in the catalogue, has led to notable increases in the productivity per SKU (total sales generated) and in the average price per product.

All new products underpin Moleskine's renewed mission which is to support 'the expression of creativity while writing by hand'.

› Way foward

Moleskine plans to capture the remaining, vast areas of growth in its core business by growing in its current geographies through its main customers with its core products (3 x "win with the winners"). At the same time, the brand is looking to the future and starting to target Generation Z, to meet their needs. Moleskine has set up a Generation Z panel with 15 of its youngest employees. The panel's goal is to be in close touch with what this generation wants and expects from both the brand and the products. In order to fully control the customer experience, Moleskine will start measuring Customer satisfaction and will internalise a customer care platform.

Partnerships with artists are becoming increasingly important. Some examples are the launch of Detour 2.0, in France's largest museum dedicated to temporary exhibitions of contemporary art (Palais de Tokyo in Paris) and the cooperation with the Chinese calligrapher and graphic designer, Lok Ng, for the Lunar New Year. With these partnerships, Moleskine is also reinforcing its DNA.

The quality of Moleskine's presence at wholesalers will be improved, to further drive growth. New products will be brought to them as well, after having been tested in the 2 direct channels. The new products will contain both tools that go hand in hand with the notebook, as well as phy-gital devices that will meet Generation Z's desire to combine both the digital and the analogue experience.

Moleskine will further roll-out e-commerce in both B2C (new geographies) and B2B (new customers). The retail channel will be further optimised with an agile model, each time with the goal of giving the visitor an authentic, immersive experience. The meaning of the brand goes well beyond a notebook on a shelf and retail is the ideal channel to express this.

After transforming the organisation in 2021 into a leaner, more cost-efficient and resistant format, Moleskine has increased its innovation efforts, with a clear willingness to remain the global trendsetter in the product category. New business models will be accelerated, for example the potential of the Moleskine app suite, which has been growing at high double digit rates in recent years, as well as its integration into the current portfolio. Moleskine's ambitions for innovation in the core category are bold and will be combined with a strict focus on cash and return-on-investment, a discipline which has been adopted throughout the whole organisation.

ESG has also become a fundamental part of the strategy and is expressed through many different actions. In order to stimulate reductions in CO_2, Moleskine will submit an emission reduction target to the Science Based Target initiative (SBTi) by the end of 2022. Cybersecurity stands high on the agenda, with a second wave of improvement actions being rolled out. And lastly, the ambition to become an essential player in the Circular Economy is growing too. This will be, in a certain way, a reinforcing of the core of the brand: the empty books to be written in, once filled with the genius of their owners, are rarely if ever thrown away.

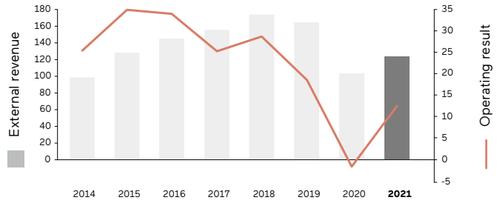
› Key Figures

(€ million)	2014	2015	2016	2017	2018	2019[1]	2020[1]	**2021**
External revenue	98.8	128.2	145.2	155.4	174.1	163.9	102.3	**121.6**
Operating result[2]	25.3	34.8	34.0	25.2	28.6	18.9	-1.5	**12.3**
Operating margin[2]	25.6%	27.2%	23.4%	16.2%	16.4%	11.5%	-	**10.1%**
Adjusted result, Group's share								
before tax[2]	24.1	34.6	32.9	15.2	18.9	9.5	-13.5	**1.8**
after tax[2]	16.5	27.1	23.3	10.1	22.8	4.7	-14.1	**-3.2**
Number of stores	41	58	79	87	80	77	59	**50**
Number of employees *(year-end)*	278	359	401	468	491	551	390	**352**

Note: Moleskine's results are fully consolidated in D'leteren's accounts as from 1 October 2016.

1. Post-IFRS16
2. Excluding adjusting items (APMs - see glossary on page 74)
3. In 2021, Moleskine started with the calculation of all relevant scope 3 categories. Where the data was insufficient, extrapolations were made based on the results of a life-cycle assessment carried out on one of the products in order to be able to provide a complete picture for the business. See p. 175 of the Financial and Directors' Report for more information.

REVENUE AND OPERATING RESULT[2]
(€ million)



CO_2 EMISSIONS[3]

Direct CO_2 emissions (tons)	2019	2020	2021
Scope 1	184	73	94
Scope 2 (market-based)	394	415	289
Scope 3	-	-	12,891
	578	**488**	**13,274**

REVENUE BREAKDOWN BY CHANNEL

- **60%** Wholesale
- **25%** B2B
- **8%** Retail
- **7%** E-Commerce

REVENUE BREAKDOWN BY GEOGRAPHY

- **42%** EMEA (Europe, Middle East and Africa)
- **40%** Americas
- **18%** APAC (Asia-Pacific)

REVENUE BREAKDOWN BY PRODUCT

- **89%** Paper
- **7%** Non Paper
- **4%** M+

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Interview with Daniela Riccardi,

CEO Moleskine

WHAT ARE THE MAJOR ACHIEVEMENTS OF 2021, YOUR FIRST FULL YEAR AS CEO?

I am very proud of the progress achieved on many fronts in 2021, which has been reflected in our solid results in terms of growth, profitability and cash generation. We have already implemented the mantra of 'Fewer, Bigger, Better' throughout most of the business and this is resulting in fewer but more productive SKU's, fewer but more successful innovations, fewer but better served openings in the different markets and more. Of special mention are the significant steps taken as we transformed ESG from a compliance task into a company strategy – under the three pillars of the Environment, Social Responsibility and Governance.

We have also shaped a leaner and more performing organisation, making roles more meaningful, mapping talent, destination jobs and career planning. The reward system has also been strengthened with the launch of a long-term incentive plan for a large part of our organisation.

Our teams have kept up a high pace. We have implemented a series of changes and strategic projects, many of which are already bearing fruits and the organisation has been transformed into a high-performing one, capable of achieving its objectives. This is the first year we have stayed within budget and our good performance is thanks to the many promising talented people we have identified and who have been given the opportunity to develop and take on greater responsibilities.

HOW DO YOU SEE THE MOLESKINE BRAND EVOLVING IN THE NEAR FUTURE AND WHAT IS GOING TO HELP IT SUCCEED ?

Our future developments and innovations will target both our existing and future consumers. We want to continue growing with our customers, their needs and aspirations while being very attentive to the 'Generation Z'. We will further enhance our knowledge of how this generation interprets and consumes notebooks, handwriting, journaling and its habit of mixing analogue and digital. We want to reach them with the right communication, branding, channels and products.

We also plan to grow in those geographies where the Moleskine business has been biggest, namely the USA, China, France and Japan. We already have, or are building, a direct presence in all these markets. The USA is our biggest country but we still have a lot of room to grow. China is an essential market since it is the biggest luxury consuming country in the world and we are still very far from our full potential there. Japan is a country with a very strong writing culture so we want to penetrate this market further. And France has not yet reached its full potential.

We will enter strategic segments such as pens, which are an essential complement to our notebooks, as we think these can be important value creation drivers.

We will continue promoting the conversion to digital paper with SMART and Digital Apps since customers are open to a phy-gital experience. Our hybrid note taking solution, which combines paper-based note taking with all the enhanced functionality that digital technology can offer, has the potential to be a strong proposition. We want our products to have both the uniqueness of analogue paper and the multi-functionality of digital note-taking.

Finally, we want to be a destination for gifting, already a natural trend for Moleskine. The gifting potential is expressed in various ways: in the packaging, pricing, uniqueness of the product, etc. Our gifting categories are growing strongly with new products brought to the market.

CAN YOU EXPLAIN YOUR SUSTAINABILITY ROADMAP TO US AND HOW IT WILL CREATE VALUE FOR MOLESKINE AND ITS STAKEHOLDERS?

Moleskine's journey toward sustainability has its roots in the brand's DNA. Moleskine's mission is to enable creativity and elevate thinking, planning and doing. It is about migrating ideas to the infinite possibilities of the digital world; spreading critical thinking among the disadvantaged communities; creating products that respect the environment and can be recycled multiple times; endorsing creative and critical thinking; supporting underpriviledged young people.

This spirit is growing by embedding ESG throughout the value chain and translating it into concrete actions and measurable results. One example of success is the amount of waste that we have avoided or eliminated from the system. We have replaced leaflets inside our notebooks with QR codes that bring our customers to Moleskine's website where they can learn more about the brand's heritage, values and communities. This initiative alone enabled us to save around 17 tonnes of waste paper.

In terms of social responsibility, our actions have been focused on supporting programmes to leverage creativity as a tool for social change. About 18,000 items of our unsellable products have been repurposed into creative tools for underprivileged communities worldwide. Young participants have filled the pages of our notebooks with reflections, thoughts, doodles and dreams. Through these programmes, the written word serves as a catalyst for imagining a future world, as well as for building a community when it is shared and used to inspire.

Regarding the environment, our commitment to reduce the environmental impact of our business activities is demonstrated by the project to define Science-Based Targets. We are monitoring the carbon emissions of our business activities and, since 2020, our direct carbon emissions have been certified by an external, independent entity.

YOU HAVE ALREADY TAKEN MANY INITIATIVES TO INCREASE THE COMPANY'S EBITDA MARGIN. WITH THIS IN MIND, WHAT FURTHER OPPORTUNITIES DO YOU SEE?

We have a much healthier profitability profile today and will continue to look for more efficient ways to do business. This more profitable structure will result in more EBITDA growth as revenues return to pre-pandemic levels.

More specifically, we will continue to streamline Moleskine's value chain from product creation to go-to-market in various channels, restoring the historically high gross margin and maintaining a disciplined approach to expenses. We have created buffers on spending for many cost centres, so we only start touching them when certain conditions are met, and we have a stringent approach to project selection: projects need to have a very clear and convincing ROI before we approve them.

Organisationally speaking, variable pay, in the form of a long-term incentive plan, is offered to more than 20% of the FTEs in the organisation with EBITDA and cash generation being the most important drivers of the pay-out.

Our aim is to restore the original value expectations to the company through a higher EBITDA-margin and higher cash conversion. After the first year, we are well on track to achieve these. We delivered the first year of our 5-year business plan well within our schedule and targets and we have shown that, even if unforeseen and difficult times persist (Covid-19 kept many stores closed longer than we had initially expected), we are still capable of delivering our plans and realising our ambitions, and even going beyond them.

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We keep you going and growing

› Business description

TVH is a leading global independent distributor for aftermarket parts for material handling, construction & industrial, and agricultural equipment.

This client-centric organisation has continuously expanded its footprint to improve its responsiveness and client servicing capacity from a single Belgian location in 1969 to over 80 branches in 26 countries today.

Thanks to its client devotion, TVH now serves customers throughout 180+ countries across the world and has achieved outstanding service quality levels with c.95% of same-day shipments on orders.

› Performance 2021

The market for aftermarket parts related to the material handling, construction & industrial and agricultural sectors equipment continued its strong recovery throughout 2021. The growth benefited from the rebound in the global economy, despite the headwinds caused by global supply chain disruptions (resulting in extremely high freight rates and delivery times), labour shortages in the USA and the continued lockdowns in certain areas.

These global supply chain disruptions, specifically regarding the shortage of electronic components, caused very long delivery times and congested freight routes. End users were often forced to keep using their equipment for longer periods than foreseen before replacing them with new equipment, benefiting TVH's aftermarket activities. Even with long equipment delivery times, the order books of the OEMs recorded extremely high levels at the end of 2021, which will be favorable for TVH's addressable markets in the years to come.

Despite the various global headwinds, TVH delivered an outstanding performance, resulting in record sales of €1,347m, up by 16%[1] compared to 2020[2], and a reported EBITDA of €251m, 25% higher than in 2020. The main driver is the large volume growth following the strong rebound in economic activities in most of TVH's end markets.

This volume effect was also complemented by some price effects related to the strong inflationary pressures that are being felt across the world. TVH's clear strategy to keep investing in its extensive inventory allowed it to achieve such performance. In 2021, it became even clearer that it is crucial for TVH's customers to have a reliable partner that can assure delivery, by having the requested parts available.

The strong sales performance was the result of continued growth in the core TVH geographies, EMEA and the Americas, with some of the most notable regions being the USA, France and Eastern and Northern Europe. In terms of end market growth, TVH's core MPA[3] market remained a key driver for the Group with year-on-year growth rates of 18%. Another promising market is the Small Earth Moving equipment (SEM) category that was launched in 2020 and which continued to show impressive growth throughout 2021.

TVH's customer-centric mindset is core within the organisation. This constant search to further improve processes in order to better serve customers has led to a good NPS[4] score of 40.8 in 2021. This is, to a large extent, driven by the ease of doing business with TVH, as the share of e-commerce sales has remained very high at 85% of orders. This level is expected to improve further after new customer experience improvements are implemented in 2022.

1 This growth includes the sales of acquisitions integrated in CY21 that were not in the scope of CY20
2 These reported figures are presented in the Calendar Year, as the TVH Global nv Fiscal Year ends on 30 September
3 Material handling equipment Parts & Accessories
4 Net Promoter Score, measured on a 12 month rolling basis

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› Key developments

On 9 July 2021, D'leteren Group was pleased to announce the acquisition of a 40% stake in TVH Global NV from the Vanhalst family. The transaction was concluded on 1 October 2021 at an acquisition price of € 1,147m.

In order to support its strong growth, TVH did not only invest significant amounts in its working capital, but also in its overall infrastructure. With a constant goal of improving its logistics, TVH is completing the construction of its new, automated high-bay R7 warehouse, in Waregem, it started the extension of its existing, automated high-bay warehouse, WB3, in Waregem and realised various automation investments in distribution centres across the globe. Additionally, TVH finalised the construction of its new Headquarters and customer experience centre. Furthermore, TVH also invested in sustainability projects, such as additional solar panels, bringing the total number of panels in Belgium to 16.2 thousand and, therefore, helping TVH reduce its CO_2 emissions.

Acquisitions also remain part of TVH's growth strategy. In 2021, TVH acquired several companies operating in various end markets and parts categories, such as Digger Parts, a UK-based parts company specialized in aftermarket parts for JCB, and Battery Supplies, a Belgian-based one-stop-shop battery supplier for various end market applications. Depending on the activities, TVH will either completely integrate an acquisition into its own operations or keep the company operating autonomously, alongside TVH. For the years ahead, TVH will continue to actively approach attractive acquisition opportunities to further strengthen its position as a reliable spare parts partner.

› Way forward

TVH's primary goal is to continue to deliver on its golden commitment towards its customers: to be a reliable partner that delivers all the products and services needed to keep their equipment running smoothly. Strategically, TVH will maintain and grow its leadership positions in its core geographies and end markets, while continuing to expand internationally in various promising regions and countries. TVH aims to achieve this by continuing to invest in enlarging its product and service offering for all the markets in which it operates and in further building its inventory close to its customers.

In order to realise these goals, TVH continues to invest in its logistics infrastructure. Some important projects for 2022 include the finalisation of the high-bay extension to the WB3 warehouse in Waregem as well as the installation of new picking stations for the same warehouse. Additionally, further automation investments in the Kansas City hub and the expansion of the warehouse capacity in Poland are planned.

Another important factor in remaining a reliable partner is the constant improvement of the online customer experience. In 2022, TVH will upgrade its e-commerce channels to create a future-proof e-commerce platform with an outstanding user experience, making it easy for customers to find the right parts and simple for them to place orders. Furthermore, TVH also plans to be more than just a parts suppliers, which is why it will continue to invest in telematics solutions with GemOne and further scale its parts repair services in order to support the demand for more circularity, while providing quality spare parts at good prices to its customers.

Lastly, sustainability will be high on the agenda in 2022 and TVH is currently defining its sustainability goals and roadmap in collaboration with its various stakeholders. This exercise, to be completed in 2022, will include setting clear ESG targets, as well as a timeline in which to achieve them, and various new concrete sustainability initiatives will be announced.

› Key Figures

(€ million)	2021[3]	Change[3]	Q4 2021	**Change[3]**
External revenue	1,346.6	16%	350.0	**19.5%**
Adjusted operating result[2]	218.8	-	46.3	**28.4%**
Adjusted result, Group's share[2]	-	-	-	**-**
before tax	72.6	-	17.0	**-**
after tax	45.4	-	12.1	**-**
Number of employees *(year-end)*	4,772	-	-	**-**

1. TVH contributes to D'leteren Group's results as from Q4-21
2. Excluding Adjusting items (APMs - see glossary page 74)
3. On a comparable scope

REVENUE BREAKDOWN BY GEOGRAPHY (FY-21)

61% EMEA
34% Americas
5% APAC

REVENUE BREAKDOWN BY MARKET (FY-21)

57% Material Handling
15% Construction
11% Agriculture
17% Others

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Interview with Dominiek Valcke,

CEO TVH

HAVING BEEN PART OF TVH FOR 18 YEARS, INCLUDING 4 YEARS AS CEO, YOU HAVE WITNESSED THE COMPANY'S IMPRESSIVE EVOLUTION. CAN YOU EXPLAIN, IN A FEW WORDS, HOW TVH HAS GROWN TO BECOME WHAT IT IS TODAY?

TVH's journey is an amazing and extraordinary one, even before I joined eighteen years ago. I have never experienced a quiet moment at TVH. The driving force behind the continuous growth and international expansion has been the entrepreneurial spirit of the founding families. And with their enthusiasm and sense of adventure, the families created the right kind of culture to attract talent and nurtured the right kind of climate in the organisation to make it possible to grow into the Group it is today. At TVH, we do not always do what the textbooks say or do what is considered best market practice. We dare to take calculated risks and, for example, build up our inventory at times when other companies prefer to reduce stock levels. We are always on the lookout for opportunities, constantly searching for better ways of working. Over the years, as entrepreneurs, we have grown our product range, we have expanded into new geographic regions and we have become active on a truly global scale. Additionally, we have entered various new markets, such as Agriculture & Construction equipment spare parts, yet despite all the change, there is constancy: we have always, in everything we have done and will do, kept the needs of our customers in mind. This is a constant that always has and always will remain our focus.

CAN YOU GIVE US SOME INSIGHT INTO YOUR VISION FOR THE YEARS TO COME? WHAT ARE TVH'S MAIN VALUE CREATION DRIVERS?

Our commitment to our customers is to deliver all the products and services needed to keep their equipment running smoothly. So we will keep on investing in enlarging our product and service offering for all the markets in which we operate and in building our inventory close to our customers. For example, we have recently entered the market for small earth moving machinery and we want to uphold our commitment to these customers too. In 2021, due to disruptions in global supply chains, it became also extremely clear that it is crucial for our customers to have a reliable partner – like TVH – that can assure delivery, by having the requested parts available in our inventory.

During the more than 50 years of our business, we have acquired a tremendous amount of technical knowledge and data. We are continuously investing time and resources to see how we can make this know-how even more beneficial to our customers, including by improving our digital solutions. An important value driver is the work we are currently doing to improve our online customer experience, which will allow us to continue to grow with our customers. The online experience is just one step in the entire customer journey, where every step is important. Additionally, we are also working hard to improve and streamline our processes with the commitment to our customers in mind.

Furthermore, we want to be more than just a parts supplier for our customers. Our goal is to be a trusted partner by offering the solution they need. We do not just sell the parts they need, we also repair certain parts; electronic components such as joysticks. Next to that, we are also committed to help train our customers' employees in various technical aspects. Lastly, we recently added a telematics solution, via GemOne, to our total offering. Simply put, TVH keeps you going and growing.

Overall, in everything we do, we do not want to lose the personal touch. Be it with a customer, a supplier or a business partner, the connection that our teams have is what makes us different and we value this difference. This brings us to the very core of TVH: our employees. It is impossible to talk about the future of our business without mentioning our people. In our vision for the years to come, we expect growth in our business and we, therefore, need to attract new talent to realise our ambitions. The people-centric nature, for which TVH, as an employer, is well-known, remains high on our agenda as we want to retain our talent by investing, for example, in the development of employees and teams.

SUSTAINABILITY IS BECOMING A KEY COMPONENT OF CORPORATE STRATEGIES, BUT THE APPROACH CAN VARY SIGNIFICANTLY FROM ONE COMPANY TO ANOTHER. WHAT DOES SUSTAINABILITY MEAN TO TVH?

In a way, TVH's business is working on sustainability at its core: we help extend the life of machines, we help keep machines running and we prevent machines from being unnecessarily scrapped or replaced. We can do this thanks to our broad range of spare parts and solutions. In essence, TVH has always paid attention to sustainability, only not through a structured approach up to now. For 12 years in a row, however, TVH has been named as an ambassador of the 'Voka Charter Sustainable Entrepreneurship'. The fact that many of our warehouses have solar panels on the roof and that our teams continuously seek new ways to minimise our packaging needs are only two examples of our sustainability focused initiatives.

Sustainability has become very important to us, and not only to us but to society as a whole. We realised that we needed to shift into a higher gear and so we included sustainability as an explicit building block in our new strategic plan that was launched last year. We are currently defining which goals are important for our stakeholders, an exercise to be completed in 2022, including setting targets and a timeline in which to achieve them. So, in 2022, you will see various new concrete initiatives. As a large company we need to take our responsibility towards the community very seriously and build a better future for the generations to come.

D'IETEREN GROUP DEFINES ITSELF AS A FAMILY OF BUSINESSES, AND TVH HAS JUST BECOME A NEW MEMBER OF IT. HOW DO YOU SEE THIS "FAMILY" AND ITS ADDED VALUE FOR TVH?

TVH is a family business with a strong culture. Everyone who works for TVH is part of our family and a strong culture can only be built over time. All this implies that we are building something for the long term. TVH is a long-term thinking company. D'Ieteren Group, being a family business for more than two centuries now, understands this very well. D'Ieteren Group's long-term commitment means that TVH can continue to work on its ambitions and projects. Not that we were looking for confirmation, but the fact that D'Ieteren Group sees the value of TVH definitely makes us proud. Being able to partner with D'Ieteren Group has given TVH and its employees a boost and is making us feel confident about the road we are taking together for years to come.

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D'leteren Immo

Creating timeless living and working spaces adapted to the evolving needs of people and society

› Business description

D'leteren Immo is the real estate arm of D'leteren Group in Belgium and is responsible for managing the real estate assets owned by D'leteren Group, most of which are rented by D'leteren Automotive. The assets include offices, workshops, commercial assets, logistics centres, residential units and landbanks. Part of the activities includes the conversion and redevelopment of sites that are no longer used by D'leteren Automotive. This part is principally aimed at converting sites and searching for new development areas in the semi-industrial and service sectors, as well as in the residential market. In addition, D'leteren Immo supports end customers, namely the tenants of the 37 sites held in the portfolio, with real estate advice, as well as an innovative range of services.

With its various activities, D'leteren Immo wants to ensure the prosperity of its properties, which, in some cases, have been part of the Group's assets for decades or more.

It strives for excellence in every area of its business, through:

- rigorous governance;
- sustainable management of its property portfolio;
- long-term relationships with customers, suppliers and authorities;
- a well-trained and proactive team.

D'IETEREN IMMO'S PORTFOLIO COMPRISES **37 SITES** WITH A TOTAL SURFACE AREA OF MORE THAN **805,555 M²**.

› Performance 2021

Just as D'leteren Immo delivered a strong, resilient performance in 2020, a year marked by huge uncertainty due to the global health crisis, so it achieved impressive results in 2021, a year of economic recovery characterised by strong inflationary pressure, global disruptions and an ever-increasing need for high quality, sustainable real estate assets. D'leteren Immo's excellent financial and operational performance is the result of its long-term focused 'Invest and Hold' strategy. Throughout 2021, the company continued to invest in new real estate assets, in various upgrades to its real estate assets as well as in its own IT infrastructure.

The real estate portfolio at the end of 2021 is composed of 37 sites, compared to 31 at the end of 2020, following the contribution of 6 new sites from D'leteren Automotive in the Antwerp region and the acquisition of a commercial building in Brussels. This real estate portfolio, spread across Brussels, Flanders, and Wallonia, represented a Fair Market Value of €298.6m and €21.7m net rental income, resulting in a net rental yield of 7.3%[1]. Thanks to the various positive factors, D'leteren Immo's net rental income increased to €21.7m in 2021, compared to €19.5m in 2020.

Next to the strong financial performance, D'leteren Immo also delivered on its promise to be a top employer, as the annual employee satisfaction survey showed an improvement from 74% in 2020 to 88% in 2021, a new, all-time high since surveys began in 2016. The company also saw a good improvement in the level of self-produced renewable energy output[2] from 43.5% in 2020 to 47.0% in 2021. In order to better understand the needs and expectations of their customers, D'leteren Immo also launched its first NPS survey in 2021, resulting in a score of 18.7, creating the basis for future continuous improvements.

› Key developments

A landmark event in 2021 was the start of the construction works for the Mobilis project at the Anderlecht Industrie site, located in the Plan Canal area. This multifunctional, sustainable project, designed by XDGA, is financed through a Green Lease and is expected to receive a BREEAM Outstanding certificate. Construction started in May 2021 and the project is expected to be delivered in 2023.

1. Including vacancies, the average LTM vacancy rate as at 31/12/21 stood at 7.3%.
2. The ratio of own energy produced through solar panels and cogen systems out of the total amount of energy consumed and re-injected in the grid.

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The redevelopment project of the historic headquarters of D'leteren Group on the rue du Mail is also progressing. In June 2020, the selection of the design consortium was finalised with AL_A as the final partners to help realise this cornerstone project. Following the permitting phase, D'leteren Immo expects construction to start in 2025, with the project being delivered in 2027.

D'leteren Immo also has a project of redevelopping its site in Kortenberg, called D'leteren Park. Some existing buildings could be redeveloped into more inspiring and enjoyable offices for various D'leteren Automotive activities. A consortium of Polo Architects and Omgeving was chosen to help realise this transformation into a greener, more sustainable D'leteren Park. If we receive the needed local support to make the site more attractive, construction should begin sometime in 2022, with an expected delivery around the end of 2024.

Sustainability in all its aspects is at the core of D'leteren Immo's long-term strategy. An example of this was the launch of the Circularium project in 2020. The transformation of a former automobile site, covering more than 20,000m², into an ecosystem focused on the circular economy, together with site-activator, Markett, proved to be a big success. Over the past year, the site's occupancy rate has increased from 65% to 80%, with about 25 tenants and more than 200 people active on the site. Circularium has, therefore, created a new circular dynamic for the district and for the city of Brussels.

› Way foward

With its 'Invest and Hold' strategy, D'leteren Immo will continue to focus on creating long-term value for its stakeholders, including customers and suppliers, employees and shareholders, as well as society as a whole. For the years to come, D'leteren Immo is planning to continue up-grading and redeveloping its real estate assets so they will be there to cherish for decades to come. As a real estate company, D'leteren Immo will also continue to improve its ways of working, increase its occupancy rates, where possible, cater to the needs of its tenants and, most importantly, continue to invest in the development and well-being of its employees.

With its team of about 40 people, D'leteren Immo is well equipped to continue its investment programme in 2022 and beyond. The biggest investments planned for 2022 include the ongoing construction works of Mobilis in Anderlecht, the possible start of construction at D'leteren Park, the redevelopment of the historic headquarters of D'leteren Group on rue du Mail and the upgrades to the Porsche Center Antwerp site in Wommelgem.

Another core pillar in which D'leteren Immo continues to invest is its sustainability roadmap toward 2030, built around 3 overarching goals:

(i) **To be a top employer** by creating meaningful jobs and by promoting personal and professional growth because D'leteren Immo's employees are its most valuable assets. As an example, in 2021 D'leteren Immo increased the budgets in its car policy to allow and encourage people to choose an electric-powered vehicle. At the same time, they also provided incentives for employees to choose an (electric) bike or public transportation instead of their company car for work-related travel through the new Mobility Budget.

(ii) **To improve the environmental and operational performance of our properties** by enhancing the energy performance, comfort standards and ecological value of properties as well as by carrying out sustainable maintenance in order to create long-term value. As an example, for 2022, various new feasibility studies on CO2 and energy reducing projects are being rolled-out across various sites.

(iii) **To design and build future-proof infrastructure** to ensure that new investments and refurbishment projects are designed and built in a future-proof way. As an example, the Mobilis project that is under construction will be an energy-neutral and fossil-free building. The building will be able to meet 100% of its building-related energy demand with self-produced renewable energy.

These three goals contribute to the overall aims of reducing the company's Greenhouse Gas Emissions – including those of its portfolio – by 52% compared to 2020 by 2030 and of reaching net-zero emissions by 2040.

› Key Figures

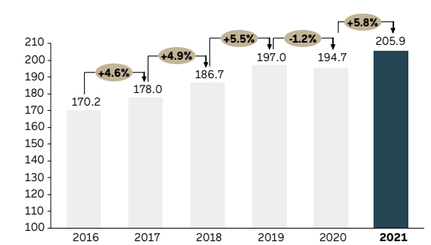
REAL ESTATE PORTFOLIO	m²
Car parkings	455,205
Work shops	73,607
Showrooms	46,482
Storage	84,097
Offices	36,692
Technical / utility	21,815
Residential	5,293
Other	156,354
TOTAL	875,545
of which covered	296,808
TOTAL LAND AREA	805,555

CO_2 EMISSIONS[1]

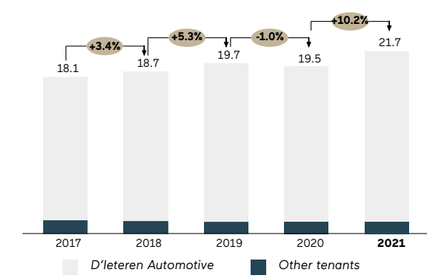
CO_2 emissions (tons)	2019	2020	2021
Scope 1	148	143	146
Scope 2 (market-based)	16	16	0
Scope 3	7,764	7,278	6,640
	7,928	**7,437**	**6,786**

1. For its own offices, D'leteren Immo switched to green electricity in 2021, which explains the significant drop in scope 2 emissions.

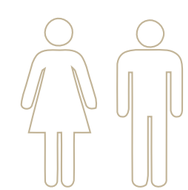
BOOK VALUE OF THE REAL ESTATE PORTFOLIO
(€ million)

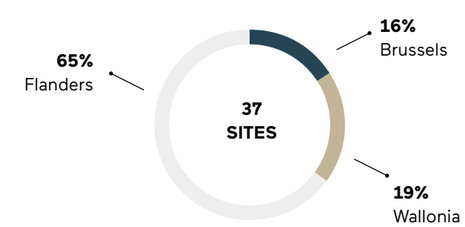


NET RENTAL INCOME
(€ million)



41 TEAM MEMBERS*





1 At identical perimeter
** at year-end 2021*

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Interview with Paul Monville,

CEO D'leteren Immo

Our commitment to long-term value creation is at the heart of D'leteren Immo.

WHAT ARE THE MAIN GOALS IN D'IETEREN IMMO'S LONG-TERM STRATEGY? HOW DO YOU PLAN TO SUSTAIN VALUE CREATION FOR THE LONG TERM?

As a family business, with the seventh generation currently in charge, D'leteren Immo starts from an inter-generational point of view. This allows us to invest for the long term. First and foremost, we cherish the people we employ as they are, our most valuable asset. We invest in training and education and work hard to ensure our employees' well-being. As a result, we have a loyal and competent team that looks for long-term value creation.

Regarding our real estate assets, we can proudly say that we have added 7 new locations to our portfolio in 2021. We now manage 37 sites across Belgium. As a general rule, we apply an 'Invest and Hold' strategy: we keep our assets in our portfolio and steadily improve them, so they will still be valuable in decades to come and sometimes, if the building has no more value creation potential, we sell it.

D'IETEREN IMMO IS COMMITTED TO AN AMBITIOUS LONG-TERM SUSTAINABILITY VISION. WHAT DOES THAT MEAN TO YOU?

Sustainability encompasses many things. At D'leteren Immo, we attach a great deal of importance to people and partnerships. For example, we try to maintain excellent relationships with our suppliers. We also care about our employees and offer them opportunities to develop themselves. Respect and equality between people are also very important to us and in collaboration with an external partner, we recently benchmarked our salaries. The analysis showed that we are doing very well in terms of gender equality.

Of course, sustainability is also very much about protecting the environment and fighting climate change. One of our main goals is to reduce our carbon footprint by producing our own renewable energy. The new Mobilis project will be an energy-neutral, fossil-free building: we will be able to meet 100% of the building-related energy demand with self-produced renewable energy. We are also very proud of our Circularium project, which transforms a former automotive site, covering more than 20,000m², in the middle of Brussels into a large centre for innovation, circular economy and interaction with the local community. By bringing work locations and the surrounding community closer together, we are seeking to be a game changer in the real estate world.

In line with our corporate goals, we encourage employees to reduce their own impact on the environment. With our new Mobility Budget, we encourage people to choose an (electric) bike or public transportation instead of their company car for work-related travel. We have also increased the budget for our car policy to allow and encourage employees to choose an electric vehicle.

D'IETEREN IMMO AIMS TO ACHIEVE NET ZERO EMISSIONS BY 2040. WHAT ARE THE MOST IMPORTANT STEPS YOU STILL NEED TO TAKE?

Our starting point is this: the numbers tell the tale. We monitor the energy consumption of all our real estate assets and choose the most appropriate investments to improve them. As a first step in our emissions reduction plan, we are currently mapping the carbon emissions of our assets. By 2030, we plan to have reduced emissions by 52%.

We use only energy from renewable sources. In time, we aim to become completely independent of purchased heat and electricity by producing our own renewable energy. We invest in photovoltaic systems, geothermal systems, innovative energy storage units and other renewable initiatives. Our goal is to achieve net zero which is in line with our identity as a future-oriented family business. Sustainability does not generate short-term profit, but it does create long-term value. Moreover, by producing renewable energy and improving our energy performance, we also reduce our tenants' energy costs and stabilise energy prices. All our efforts support the emissions reduction objective of D'leteren Group.

IN 2021, PRICES FOR ENERGY AND BUILDING MATERIALS INCREASED SIGNIFICANTLY. DID THIS AFFECT D'IETEREN IMMO?

Not as much as it affected many other companies. Because we always plan for the long term, we can deal more easily with temporary setbacks. And it is easier to negotiate a good price for building materials if you can afford to wait. In 2021, we limited our purchases to a strict minimum: we bought only the things we needed to maintain our buildings and to fulfil our contracts. If that means a project will be finished a few months later than planned, it is not an issue. We can afford to take time to look for solutions and adjust the timelines of our projects.

The same goes for our energy contracts: we always negotiate well in time. Our energy contract for 2021 was negotiated in 2019, so the increased prices did not affect us very much. At D'leteren Immo, a lot of things are really about long-term planning.

2021 WAS AGAIN A COVID-19 YEAR. HOW HAVE YOU BEEN HANDLING THE CRISIS SO FAR?

The Covid-19 crisis and the new, hybrid working methods were quite a challenge in 2021. Working from home makes some people more productive, but others find it quite a challenge. Remote working can also have a negative impact on the collective intelligence of a team. We needed to find ways to improve group collaboration in remote settings: to be able to brainstorm, address potential issues and come up with creative ideas.

Everyone went to great lengths to support the company and our customers. I consider myself fortunate to be surrounded by competent and enthusiastic people at all levels in our company. Everyone is committed to keep learning and growing with us. As, thanks to our new projects, our portfolio is likely to grow significantly in the next few years and the real estate sector is evolving quickly, our main challenge will be to keep everyone on board, to stimulate people to develop new skills and to reward their efforts accordingly.

> "Long-term investments in our assets and our staff are the key to future success"

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Glossary of alternative performance measures (APMs) used in this integrated report

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. 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, and each subtotal of the segment statement of profit or loss, 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 and 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.

***Adjusted* result after tax** consists of the reported result from continuing operations (or the result for the period when no discontinued operation is reported), excluding *adjusting* items, and excluding their tax impact.

***Adjusted* result before tax** consists of the reported result before tax excluding *adjusting* items as defined above.

***Adjusted* result after tax, Group's share**, and *adjusted* result before tax, Group's share, exclude the share of minority shareholders in *adjusted* result before / after tax.

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.

EBITDA 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.

Earnings per share are based on the result for the period attributable to equity holders of the Parent, 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). *Adjusted* earnings per share, which do not include *adjusting* items, are presented to highlight underlying performance.

FINANCIAL CALENDAR

General Meeting & Trading update	2 June 2022
Dividend ex date	7 June 2022
Dividend payment date	9 June 2022
2022 Half-Year Results	5 September 2022

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Information about the group (press releases, annual reports, financial calendar, share price, financial information, social documents, etc.) is available in three languages (French, Dutch and English), on www.dieterengroup.com or on request.

Ce rapport est également disponible en français. Dit verslag is ook beschikbaar in het Nederlands.

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FORWARD-LOOKING STATEMENTS
This Annual Report contains forward-looking information that involves risks and uncertainties, including statements about D'leteren Group's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of D'leteren Group. Should one or more of these risks, uncertainties or contingencies materialize, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, D'leteren Group does not assume any responsibility for the accuracy of these forward-looking statements.

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