



2020 Annual Report

Board Report

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The 2020 Annual Report is available on the corporate website at: www.exor.com

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Dear Shareholders,

2020 was an extraordinarily difficult year for the entire world with 1.8 million lives lost to COVID-19 – a toll that has since sadly grown to nearly 2.8 million. However, with the roll-out of vaccines we, at last, have hope that our families and communities can be protected and we can lay the foundations for economic recovery.

Last year was also extremely challenging for Exor. However, difficult times are character-revealing, and reflecting back on last year, I believe we acted effectively and responsibly and that our companies responded by showing the very best of who they are. Throughout this period, we remained true to our values, which I shared with you in last year's letter. We express these as a set of dualities: humility & ambition, curiosity & focus, patience & drive and courage & responsibility. While relevant at all times, we found them to be even more critical during this period.

Our priority throughout the pandemic has been to protect the health and safety of our people, which we did while managing a very high level of financial and operational complexity. The second quarter was one of the toughest periods we have had to face in our history but one that has also made us stronger. I would like to thank all my colleagues at Exor and our companies for the fortitude they are demonstrating throughout this difficult period and for their generosity in supporting, in a variety of ways, those impacted by the pandemic.

Exor's purpose is to Build Great Companies: which we define as those that perform to the highest standards, seek renewal and change, are distinctive and act in a responsible way. 2020 showed the importance of these characteristics and in particular brought a significant acceleration in the pace of change for our companies. At the same time, we continued to build our future by completing the tender offer for GEDI, investing in Via Transportation and we made our first acquisition in mainland China acquiring a majority shareholding in the luxury lifestyle brand SHANG XIA.

As we enter the new decade, we need to keep in mind Heraclitus' observation, which reminds us that: "there is nothing permanent except change".



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EXOR IN 2020

In 2020, Exor's Net Asset Value per share, or NAV per Share, increased by 13.1%, which underperformed by 1.0 p.p. our benchmark, the MSCI World Index, both denominated in USD.

EXOR NAV PER SHARE PERFORMANCE vs. THE MSCI WORLD INDEX (in US Dollars)

Year	Annual percentage change		Relative results (1-2)
	1 - Exor NAV per share in US\$	2 - MSCI World Index in US\$	
2009	113.2	55.6	57.6
2010	33.7	9.6	24.1
2011	(26.2)	(7.6)	(18.6)
2012	21.6	13.2	8.4
2013	21.0	24.1	(3.1)
2014	0.8	2.9	(2.1)
2015	8.4	(2.7)	11.1
2016	9.6	5.3	4.3
2017	56.9	20.1	36.8
2018	(13.6)	(10.4)	(3.2)
2019	34.5	25.2	9.3
2020	13.1	14.1	(1.0)
Compound annual rate	18.7	11.4	7.3

Note: data in 2009 starts from March 1st, the date before Exor's listing on Borsa Italiana

This performance was driven mainly by Ferrari (+39.3% in USD) and FCA (+21.4% in USD).

NET ASSET VALUE AT 31 DECEMBER 2020

US\$ million	31/12/2020	31/12/2019	Change vs 31/12/2019	
			Amount	%
Investments	33,288	28,923	4,365	+15.1%
Others	1,256	1,074	182	+16.9%
Gross Asset Value (GAV)	34,544	29,997	4,547	+15.2%
Gross Debt	(5,043)	(3,842)	(1,201)	+31.3%
Net Asset Value (NAV)	29,501	26,155	3,346	+12.8%
NAV per Share (\$)	125.3	110.8	14.5	+13.1%

Investments (96.5% of GAV)

I would like to start my update on our companies by explaining our Board's decision not to proceed with the sale of PartnerRe.

As I noted in last year's letter, we had not planned to sell PartnerRe when Covéa originally approached us as we believe the company has strong future potential. This is even more the case today given the improvement in the pricing environment for reinsurance, which will translate into an increase in book value over time if our underwriting is effective. Therefore, even though Covéa remained willing, after the start of the pandemic, to acquire PartnerRe, we felt that their revised price did not properly reflect the company's true value and its bright prospects.

All our interactions with Covéa on this matter were professional and constructive. This has enabled us to increase the collaboration between the companies, with PartnerRe acting as one of Covéa's most important reinsurance counterparts. We are also exploring ways in which Covéa can invest in financial assets alongside Exor.

Our decision to retain the company was validated by PartnerRe's earnings and balance sheet resilience in 2020, with reported net income of \$206 million and an increase in book value of 2% compared to the prior year despite \$397 million of COVID-19 pre-tax losses. In particular, the Life & Health business was extremely resilient, reporting positive allocated underwriting profits of \$70 million despite the impact of the pandemic. This performance highlights the importance of a diversified reinsurance book of business, which we have been pursuing since our acquisition of PartnerRe in 2016, including through significant investments to grow its Life & Health operations. It was also partly due to the performance of PartnerRe's investments portfolio which, surpassed \$20 billion for the first time (including its cash and cash equivalents) and its continued efforts to reduce operating expenses, which are now close to 5.4% of Net Premiums Earned.

However, despite this progress in creating a much leaner organization and achieving top quartile investment results, PartnerRe's underwriting profitability is still far from where we want it to be. With hardening markets, we wanted to ensure we had the correct leadership at the helm with the knowledge and discipline required to make the right underwriting decisions, which is why we appointed Jacques Bonneau as CEO in July. Jacques has a strong knowledge of PartnerRe, having been on its Board for the last two years. He also has a deep understanding of the industry as he spent most of his career at ACE (now Chubb), a company known for its flawless execution and high performance culture.

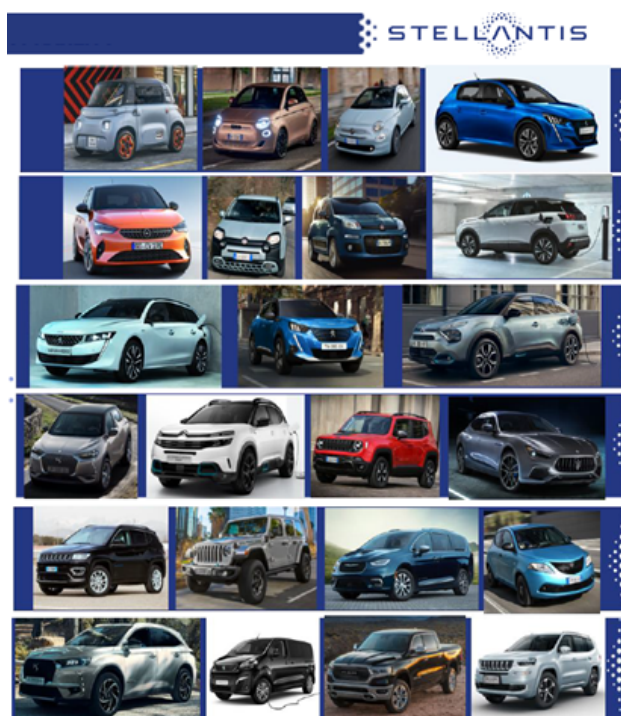
In parallel with this work on reinsurance, we also faced, in the second quarter of 2020, unprecedented disruption in the car industry with a complete global lockdown of plants and production. The shutdown had immediate financial consequences because it led to an unwinding of working capital, and this saw FCA and its suppliers having to manage significant liquidity issues. I want to pay tribute to Mike Manley and our many colleagues at FCA, who managed extreme operational challenges as we moved to protect our people and our partners while resolving these pressing financial issues.

Alongside tackling these challenges, we also continued to prepare for the merger of FCA with PSA to form Stellantis. In doing this, we wanted to ensure that the new company would have the strongest possible balance sheet to act as a shield against future crises and to allow it to invest in its future. Following constructive interactions between the FCA and PSA Boards after the start of the pandemic, we revisited the cash component of our agreement. Both Boards were even more convinced of the strong rationale for the merger, so we agreed to reduce the extraordinary dividend of €5.5 billion due to FCA shareholders to €2.9 billion and allocate to them 50% of the PSA stake in Faurecia originally destined for distribution to PSA shareholders. This meant that Stellantis was able to start life with €54.5 billion in liquidity, a positive Net Financial Position of €14.9 billion and revised annual steady state synergies of over €5.0 billion.

I'm proud that we have successfully concluded a combination of the kind that Sergio Marchionne recommended years ago in his "confessions of a capital junkie" when he argued that consolidation in the car industry would be needed to allocate capital more efficiently and compete more effectively. If he were still with us today, I'm sure Sergio would strongly support the creation of Stellantis.

The new company brings together 400,000 people to create a business with the scale, technology and ambition not only to meet the challenges of an industry undergoing massive change, but also to be at the forefront of shaping this new and exciting era of sustainable mobility.

The scale of Stellantis means it will be able to invest to bring its customers new products across its portfolio of storied brands, and significantly increase its existing range of electrified models: in 2021 with 11 additional high voltage models, we plan to nearly triple our global sales from 139,000 to 400,000 high voltage vehicles (BEV and PHEV).



Exor is the largest single shareholder in Stellantis with around 14% of its shares and could not be more committed to its future success. I'm honoured to be its Chairman and with Carlos Tavares at the helm as Chief Executive Officer, leading a proven and highly talented team, we have an exciting opportunity to shape the industry that my ancestors helped create and whose pioneering spirit is still guiding us today.

CNH Industrial also underwent a leadership change in 2020. In March, after Hubertus Mülhäußer stepped down as CEO, the Board appointed Suzanne Heywood, a Managing Director at Exor and Chair of the CNH Industrial Board, as Acting CEO. This gave the company the necessary stability to address the extreme operational challenges of the pandemic while its Governance Committee conducted a thorough search to find a new leader for the next stage of the company's development.

Like our other industrial companies, when the scale and severity of the pandemic became clear, CNH Industrial quickly put in place measures to protect the health and safety of its people. Suzanne and her Senior Leadership Team also focused on helping CNH Industrial's global dealer network and supply chain to weather the storm. Alongside this, the company took decisive action to reduce its costs and increased its liquidity from \$9.9 billion in March 2020 to \$15.9 billion at year-end. It reduced inventory across its agriculture, construction and commercial vehicles segments and prioritised its R&D to focus on the most critical investments for its customers and those necessitated by regulatory requirements. As a result of these actions, CNH Industrial ended the year in a strong financial position, reaching a positive Net Financial Position from industrial activities for the first time in its history.

As well as responding to the crisis, CNH Industrial continued to become a more sustainable company and its efforts have been recognized by Dow Jones, which ranked it as the industry leader for the tenth consecutive year in both its World and Europe indices. It was also one of the 277 companies – chosen out of the more than 9,600 who disclosed their sustainability results – to be on CDP climate change's A list. CNH Industrial is acting as a role model for Exor and all our companies as we increase our focus on ESG.

CNH Industrial addressed the difficulties of 2020 very effectively, but we believe the company has considerably more scope for improvement in the coming years. We were, therefore, pleased by the appointment in January 2021 of its new, permanent CEO. Scott Wine arrives with a wealth of leadership experience from his time in the US Navy and serving a range of industrial companies. He has started to lay out an agenda for the company that will be focused on supporting customers and dealers, prioritising digital and technology investments and reducing complexity.

I want to thank Suzanne for embodying our values when she stepped up to the plate and made the difference in leading CNH Industrial in 2020. I'm pleased to say that she is now back full time with us at Exor where, in addition to her continuing responsibilities as Chair of CNH Industrial, she has also become Chair of one of our new companies, SHANG XIA.

We were excited to join SHANG XIA as its majority shareholder in December 2020. This leading Chinese luxury lifestyle brand was founded by the Chinese designer Jiang Qiong Er and Hermès. In the decade since it was created, the company has established a strong reputation for exquisitely crafted products, from clothing and accessories to homeware. When we search for companies in which to invest, we look in particular at their capacity to become and remain great. We believe that SHANG XIA has that potential, and that is underpinned by its clear ambition to create the first Chinese global luxury lifestyle brand.



Over the years, we have developed considerable knowledge about the luxury sector and our ownership of Ferrari has allowed us to understand better the art of building luxury brands. This sector is characterised by strong economics and durability. In 2020, it proved its strength and resilience and it is benefiting from strong market growth, particularly in China. Chinese consumers account for one third of luxury spending today, and that proportion is forecast to grow to almost half the total, with China becoming a ~€95 billion market by 2025. We believe that both our luxury experience and our long-term horizon makes us the ideal partner to support SHANG XIA in its journey to greatness. In doing so, we will be building a 21st century company that can complement and strengthen our existing ones, which were mostly founded in the 19th and 20th centuries.

Our interest in these 21st century companies was also our motivation for starting Exor Seeds: our early/late-stage venture initiative – under Noam Ohana’s leadership in 2017. Since its inception, we have invested ~\$250 million in 42 companies across the globe, roughly half of them in the U.S., a third in EMEA and the remainder in APAC and Latin America.

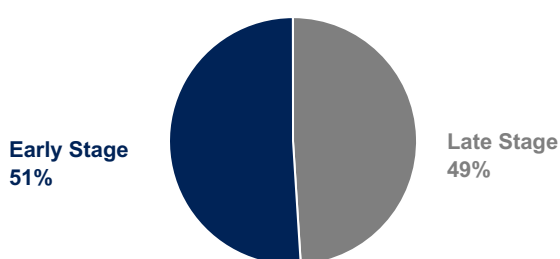
In creating Exor Seeds we have acted like a start-up in making early assumptions about how we can play a valid and valued role in relation to these early-stage companies and then to learn and iterate quickly. We discovered that founders appreciated Exor’s purpose, values and our history as owner operators. Our permanent capital, global reach and public markets insight (both as investors and as operators) also give us an edge over traditional VC funds in an increasingly competitive market.

Looking ahead, 2021 will be a pivotal year for Exor Seeds. We are starting to see a positive “flywheel” effect from the domain expertise and deep relationships that we have built with founders, VC investors and our companies. Although deal flow slowed with the onset of the pandemic, it picked up through the second half of 2020 and has since accelerated. Private companies have raised twice as much capital since the start of the year compared to the same period last year, driven by the speed of adoption and evolution of technology across industries. We are now focusing on higher conviction ideas within our “strike zone”.

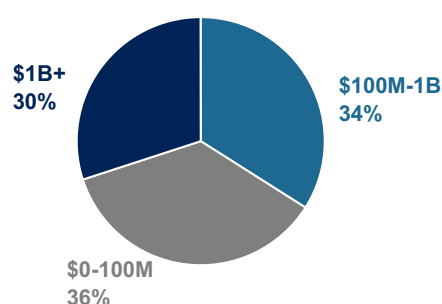
We are particularly excited about the expanding opportunities in mobility, fintech and healthcare. These sectors are undergoing massive structural shifts that we believe will create new, large category winners. For example, within mobility, electric vehicles, next-generation air and space transport, drone delivery, fleet digitization, autonomy and all the underlying infrastructure tied to it (renewables, batteries, grid infrastructure etc.) are upending, and in some cases revitalizing, legacy industries. As the largest shareholders in Stellantis and Via Transportation, we are at the heart of this change and have a unique opportunity to participate in it over the next decade.

We are also seeing European tech “coming of age” with large public companies like Adyen and Spotify fostering a deep talent ecosystem. New unicorns like Klarna and UiPath among others are emerging as global leaders on a par with companies that historically emerged mostly out of Silicon Valley, as European entrepreneurs are dreaming bigger. We believe this sea-change in attitude and opportunity is in its early stages, and we are actively involved in it. Two of our largest investments in 2021, for example, are building European champions in real estate tech and healthcare. The establishment of Exor Seeds has, therefore, not only given us a seat at the table but more importantly, is connecting Exor and its companies with young and talented founders who share our purpose and values.

STAGE EXPOSURE



CURRENT VALUATION BREAKDOWN



Others (3.5% of GAV)

At 31 December 2020, our cash and cash equivalents of €859 million included €492 million of cash and €367 million of financial assets, of which €294 million is invested in Exor public equities funds and €73 million in bonds.

I would like to congratulate Matteo Scolari and his team who manage Exor's public equities funds, investing capital from PartnerRe and Exor, which in March 2021 reached the milestone of delivering \$1 billion of gains. In the four years since inception, the portfolio has delivered a cumulative gross return of 174.4% in USD or 28.5% annualized (with no down years thanks to hedging activity). In comparison, the performance of the MSCI World Total Return index over the same period was 64.3% or 13.1% annualized (with negative returns in 2018).

Going into 2020, our biggest investments were in Ocado, a UK-based technology company focused on food e-commerce, and in the South African PGM (platinum group metals) mining sector. These two investments were impacted in very different ways by the COVID-19 emergency.

Ocado's UK online grocery business saw a huge surge in demand as customers shopped from home during the pandemic. The crisis accelerated a global shift in consumer preferences to purchasing food online, opening up new opportunities for Ocado and its grocery partners around the world. As a result, Ocado's share price performed strongly during the year and is currently up 8x since our initial investment.

In the case of PGM miners, the pandemic initially caused a sharp decline in their shares prices, as investors became concerned that mining activities would be shut down for a prolonged period. Fortunately, however, the companies were able to resume normal operations fairly quickly without putting at risk employee health. As a result, the share prices recovered strongly, reaching new highs on the back of resilient demand for PGMs.

Over the course of the year, we also initiated a new position in Rolls-Royce. It is the world's second-largest manufacturer of civil aircraft engines (after GE) that has also major businesses in defence and power systems. Rolls-Royce was hit particularly severely by the COVID-19 crisis, which came at a time when the company was also recovering from engineering issues on the new Trent 1000 engine family. With flying hours down ~55% in 2020, Rolls-Royce experienced a close to £5 billion cash outflow, resulting in the need for an emergency equity financing and a share price drop of over 80%.

The company took decisive management action during the crisis in the form of large-scale cost reductions and portfolio repositioning. Looking forward, we believe Rolls-Royce is now well-placed to maintain its ~50% market share in the attractive wide-body aero-engine market and to improve its cash generation as flying hours recover.

GROSS DEBT AT 31 DECEMBER 2020

Despite the market volatility we faced last year, our CFO Enrico Vellano and his team have done an excellent job ensuring we took advantage of institutional investor demand by issuing, in April 2020, a €500 million 10-year bond with a fixed annual coupon of 2.25% (2.42% yield). Later, in June, we reopened our October 2034 notes placing €200 million with a fixed annual coupon of 1.75% (2.66% yield) and in November, we used a portion of the proceeds raised to reimburse a €200 million maturing bond.

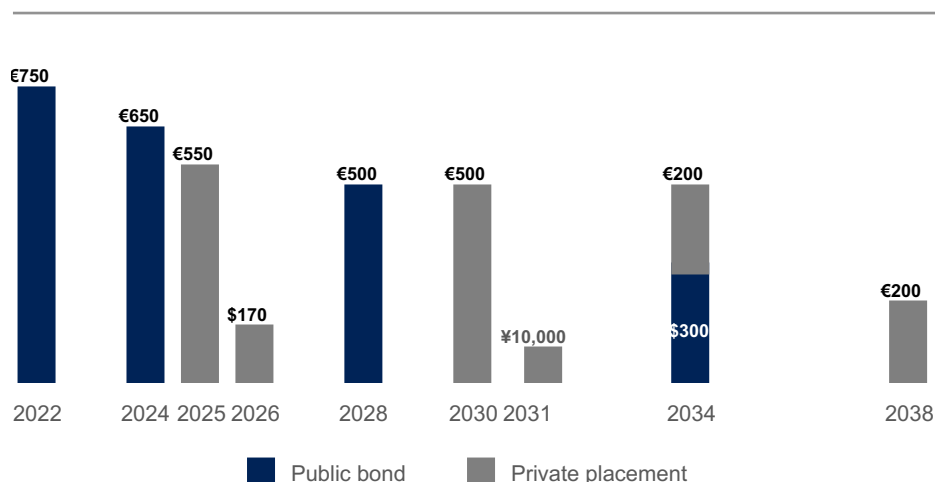
We also continued to diversify our funding sources in the capital markets and accessed short-term funding at attractive rates by issuing €200 million of Commercial Paper (€160 million outstanding at year-end).

As a result of these transactions, our Gross Debt increased to €4.1 billion at the end of 2020 from €3.4 billion at the end of 2019. However, by actively managing our Gross Debt, we have maintained our LTV ratio below 20% (end of 2020 LTV ratio was ~12%).

At 31 December 2020, the majority of our Gross Debt was made up of bonds (of which 57% is public bonds and 43% private placements) with an average maturity of ~7 years and an average cost of ~2.5%.

In addition, we had available committed lines for €485 million and uncommitted credit lines for €547 million, all of which were undrawn.

BOND MATURITY PROFILE



Figures at 31 December 2020.

Note: all figures are expressed in millions and in the original currency of issuance

2021

We started the year with the birth of Stellantis on 16 January. It has been a pleasure to begin working with Carlos Tavares on our shared ambition for the company and excitement for the future.

We are also very engaged with Ferrari, which has become our most valuable company and my warm thanks go to Louis Camilleri, who retired for personal reasons as Chief Executive in December, for his exemplary leadership over the past two years. During Louis' tenure, Ferrari reached new milestones and laid solid foundations for the future. I'm pleased to report that the Board is making good progress with the search process to identify the right leader who will guide Ferrari into a new era and on to even greater achievements.

We have been busy not only with our existing companies but also with new ones. On 8 March, we announced an investment of €541 million to become a 24% shareholder in Christian Louboutin. We are delighted to begin this new partnership with Christian, Bruno (the company's co-founder) and their team who have done an outstanding job over the last 30 years in creating one of the best-known independent luxury brands in the world.

In our discussions with Christian, Bruno and their team, we were pleased to discover how much they resonated with the principles of greatness that we look for in companies, as I described earlier in this letter. Louboutin has always focused on performing to the highest standards, both in terms of product quality as well as financial results. It has sought renewal and change, evolving from what once was a women's shoe boutique in the heart of Paris in 1991, into a global business with an impressive presence and appeal in men's footwear, a strong leather goods offer and an ever-increasing legitimacy in the beauty sector. Its unique design and brand positioning have made Louboutin one of the most distinctive brands in the luxury space. The company is also constantly challenging itself to act in a more responsible and sustainable way.

We also believe, as does the team at Christian Louboutin, that there are important new opportunities for the company in the future. The management has developed an ambitious business plan that builds on the company's strengths to enable it to expand in areas with structural tailwinds like in the Chinese market and e-commerce. We are very excited to partner with Christian Louboutin, whose extraordinary creativity, energy and unique vision are precisely the qualities needed to build a great company.

At Exor, despite all the challenges of the last year, we continue to believe in the future, while always learning from the past. We, therefore, very much look forward, vaccination success permitting, to meeting in person in Torino on 30 November at the Agnelli Foundation to discuss both with you.

In concluding this year's shareholder letter, I would like to end on a positive note by thinking about my grandfather Gianni Agnelli who would have celebrated his 100th birthday on 12 March 2021.



Copyright Mimmo Chianura/AGF

Despite the many difficulties he had to face, he always heralded the importance of the future and often told us: "I love the future and I like young people. My life has always been a bet on the future."

John Elkann



Board of Directors

Chairman and Chief Executive Officer
Vice Chairman
Non-independent Directors

John Elkann
Alessandro Nasi
Andrea Agnelli
Ginevra Elkann

Independent
Senior non-executive Director
Non-executive Directors

Marc Bolland
Joseph Bae
Melissa Bethell
Laurence Debroux
António Horta-Osório

Audit Committee

Melissa Bethell (*Chair*), Laurence Debroux and Ginevra Elkann

Compensation and Nominating Committee

António Horta-Osório (*Chair*), Joseph Bae and Alessandro Nasi

Independent Auditors

Ernst & Young Accountants LLP

Expiry of term of office

The Board of Directors was appointed on 20 May 2020. The Board's appointment term will expire concurrently with the shareholders' meeting that will approve the 2022 annual financial statements, hence in 2023.

KEY DATA

Exor Group – Consolidated Data		
€ million	2020	2019
Net Revenues	119,519	143,755
Profit before tax	1,337	6,820
Net profit from continuing operations	1	4,985
Net profit ^(a)	1	8,915
of which attributable to owners of the parent	(30)	3,053

(a) The result in 2019 included a profit of €3,930 million from discontinued operation, of which €3,771 million relating to the gain on the disposal of Magneti Marelli.

APM^(a) and other information		
€ million	31/12/2020	31/12/2019
Share of earnings of investments and dividends - for the year ended	173	4,212
Consolidated net financial position of Exor's Holdings System	(3,251)	(2,631)
Net Asset Value ^(b)	24,041	23,282
<i>Per share^(c) – €</i>	<i>102.08</i>	<i>98.60</i>
Market Capitalization	15,959	16,648
<i>Per share^(d) – €</i>	<i>66.22</i>	<i>69.08</i>
Issued capital and reserves attributable to owners of the parent	13,090	15,025
<i>Per share^(e) – €</i>	<i>56.67</i>	<i>64.88</i>

(a) The Alternative Performance Measure as defined on page 18.

(b) Equal to \$29,501 million at 31 December 2020, \$26,155 million at 31 December 2019.

(c) NAV per share at 31 December 2020 and 31 December 2019 are based on 235,516,639 and 236,121,668 shares, respectively. Shares bought back in the context of the buyback program launched on 14 November 2018 are deducted from total issued shares.

(d) Market capitalization per share based on 241,000,000 total issued shares. The basis of preparation is presented in the section "Review of the Consolidated Results of the Exor Group - Shortened".

(e) Issued capital and reserves attributable to owners of the parent based on 231,006,756 total outstanding shares (231,587,785 in 2019).

Earnings per share (€)^(a)	2020	2019
Profit attributable to owners of the parent – basic	(0.13)	13.16
Profit attributable to owners of the parent – diluted	(0.13)	13.12

(a) Additional details on the calculation of basic and diluted earnings per share are provided in Note 12 to the consolidated financial statements.

Dividend per share (€)	Paid in 2020	Paid in 2019
Dividend paid – Total € million	99.6	99.7
<i>Per share</i>	<i>0.43</i>	<i>0.43</i>

Stock Market data	01/01/21 – 25/03/21	01/01/20 – 31/12/20
At the end of the period (€)	70.92	66.22
Maximum (€)	72.86	75.76
Minimum (€)	61.38	35.68
Average daily volume exchanged during the period (shares)	354,768	454,818
Average daily value of exchanges during the period (in Euro) ^(a)	23,960,781	24,653,589

(a) Official daily trading price by daily volume, managed by Borsa Italiana during the period.

EXOR PROFILE

EXOR N.V. (“Exor” or the “Company”) is listed on the *Mercato Telematico Azionario* managed by Borsa Italiana S.p.A. (MTA) and headquartered in Amsterdam, the Netherlands.

Exor is registered in the Dutch companies’ register of the Chamber of Commerce (*Kamer van Koophandel*) under registration number 64236277. The registered office is Gustav Mahlerplein 25, 1082 MS, Amsterdam, the Netherlands, telephone number +31 (0) 202402220.

PROFILE

- Exor is one of Europe’s largest diversified holding companies, with a Net Asset Value (NAV)¹ of around \$30 billion (equal to €24 billion) at 31 December 2020.
- For over a century, Exor has made successful investments and built great companies worldwide with a culture that combines entrepreneurial spirit and financial discipline. Exor’s portfolio is principally made up of companies in which Exor is a leading shareholder.
- Exor is majority owned and controlled by Giovanni Agnelli B.V., the company grouping the descendants of Senator Giovanni Agnelli, the founder of FIAT, which holds 52.99% of its share capital.

PURPOSE

Exor’s purpose is to *Build Great Companies*, while providing opportunities for its people to grow, make a positive contribution to society and deliver superior returns to its investors.

TO BUILD:		GREAT COMPANIES:
<ul style="list-style-type: none"> • Foster a culture with clarity of purpose and shared values • Appoint leaders who walk the talk • Create governance that ensures alignment of culture and actions 	BUILD GREAT COMPANIES	<ul style="list-style-type: none"> • Perform to the highest standards • Seek renewal and change • Are distinctive in what they do • Act in a responsible way

VALUES

In order to achieve this purpose, Exor remains true to its values:

AMBITION & HUMILITY	CURIOSITY & FOCUS
We set high aspirations but remain grounded	We seek new ideas while prioritising what matters
COURAGE & RESPONSIBILITY	PATIENCE & DRIVE
We take bold actions while being mindful of their consequences	We take a long-term perspective but are relentless in getting things done

FINANCIAL PRIORITIES

- NAV per share to outperform the MSCI World index
- Financial strength and discipline, keeping LTV² ratio below 20%
- Generate Free Cash Flow in excess of dividends paid
- Cash Holding Cost as a percentage of Gross Asset Value below 10bps

(1) An Alternative Performance Measure as defined on page 18.

(2) Reference is made to the Loan-to-Value (LTV) ratio as defined by Standard and Poor’s, which uses the LTV ratio to assess the financial risk profile of an Investment Holding Company, namely Adjusted Debt (or Gross Debt minus Cash and Equivalents) divided by Portfolio Value (or Gross Asset Value minus Cash and Equivalents), expressed as a percentage.

EXOR PORTFOLIO: COMPANIES, PARTNERSHIPS AND SEEDS



The Exor portfolio is made up of companies, partnerships and seeds, depending on Exor's stake and role in the value creation process, as well as on the investment level of maturity:

- **Companies:** it constitutes the largest part of Exor's portfolio and includes investments where Exor is the largest shareholder. All companies are or have the potential to become *Great* and Exor aims to *Build Great Companies* by fostering a culture with a clarity of purpose and shared values, by playing an active role in the appointment of leaders who demonstrate this purpose and by creating governance that aligns culture and actions.
- **Partnerships:** a smaller part of Exor's portfolio, including investments where Exor partners with outstanding operators, aligned with Exor's interests and culture, to accelerate the path to greatness of their companies.
- **Seeds:** Seeds connect Exor back to its entrepreneurial roots and long history of innovation. This section represents the smallest part of Exor's portfolio constituted by investments in early-stage companies where Exor backs talented founders who have the ambition to build great companies.

COMPANIES

Investment	Description	Economic rights and voting rights ¹	% on GAV ²
	<ul style="list-style-type: none"> Ferrari is among the world's leading luxury brands focused on the design, engineering, production and sale of the world's most recognizable luxury performance sports cars. Ferrari's brand is a symbol of exclusivity, innovation, state-of-art sporting performance and Italian design and engineering heritage. Ferrari is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. 	<p>22.9%</p> <p>35.8%</p>	29.8%
	<ul style="list-style-type: none"> PartnerRe is a leading global pure-play reinsurer, with a broadly diversified and balanced portfolio of traditional reinsurance risks and capital markets risks. PartnerRe commenced operations in 1993 and provides Non-life (Property & Casualty (P&C) and Specialty) and Life and Health reinsurance on a worldwide basis. 	<p>100.0%</p> <p>99.7%</p>	23.9%
	<ul style="list-style-type: none"> Stellantis is one of the world's leading automakers and a mobility provider, guided by a clear vision: to offer freedom of movement with distinctive, affordable and reliable mobility solutions. Stellantis is listed on the New York Stock Exchange (NYSE), the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and the Euronext Paris. 	<p>14.4%</p> <p>14.4%</p>	23.4% ³
	<ul style="list-style-type: none"> CNHI is a leading global capital goods company engaged in the design, production, marketing, sale and financing of agricultural and construction equipment, trucks, commercial vehicles, buses and specialty vehicles as well as engines for different applications. CNHI is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. 	<p>26.9%</p> <p>42.5%</p>	13.5%
	<ul style="list-style-type: none"> Juventus was founded in 1897 and it is one of the most prominent professional football teams in the world. Juventus is listed on the Mercato Telematico Azionario managed by Borsa Italiana (MTA). 	<p>63.8%</p> <p>63.8%</p>	2.5%
	<ul style="list-style-type: none"> The Economist Group is a leading source of analysis on international business and world affairs. Based in London and serving a global readership and client base, it delivers its information through a range of formats, from newspapers and magazines to conferences and electronic services. 	<p>43.4%</p> <p>20.0%⁴</p>	1.0%
	<ul style="list-style-type: none"> GEDI Gruppo Editoriale is a leading Italian media group, operating through a set of first tier media brands including newspapers and magazines, radio, digital and advertising. It owns two of the leading Italian newspapers La Repubblica and La Stampa, Il Secolo XIX and other local newspapers, several magazines and three national radio stations including Radio DeeJay. 	<p>89.6%</p> <p>89.6%</p>	0.7%
	<ul style="list-style-type: none"> SHANG XIA is a luxury company whose brand has been established jointly by the designer Jiang Qiong Er and France's Hermès Group. The brand uses its distinctive combination of contemporary design, hand artisanship and Chinese culture to create an artistic portfolio of furniture, homeware, apparel, leather goods, jewelry and accessories. 	<p>77.3%</p> <p>77.3%</p>	0.3%

PARTNERSHIPS

Investment	Description	Economic rights ¹	% on GAV ²
	<ul style="list-style-type: none"> Via is a technology company specialising in the dynamic, data-driven optimisation of public mobility systems in cities all around the world. First launched in New York City in 2013, Via's technology is now deployed globally, including in Europe as ViaVan. 	8.9%	0.6%
	<ul style="list-style-type: none"> Welltec is a global company servicing the energy industry with market leading technologies to build and repair oil and gas wells. Its solutions help clients to optimize their production and minimize their environmental footprint. The company was established in 1994 and is based in Denmark. 	22.1%	0.1%

(1) At 28 February 2021.

(2) At 31 December 2020.

(3) Since Stellantis is the combined entity deriving from the merger of PSA with and into Fiat Chrysler Automobiles (effective 16 January 2021), the percentage on GAV refers to Exor's share in Fiat Chrysler Automobiles as of 31 December 2020.

(4) Voting rights are limited to 20%.

SIGNIFICANT EVENTS IN 2020

SIGNIFICANT EVENTS IN 2020

Significant events below refer to EXOR N.V. and the Holdings System⁽¹⁾.

COVID-19 pandemic

During the year 2020, the COVID-19 virus spread worldwide and was declared a pandemic by the World Health Organization on 11 March 2020. The virus, causing potentially deadly respiratory tract infections, has negatively affected and continues to negatively affect economic conditions regionally as well as globally, disrupt operations in countries particularly exposed to the contagion, affect supply chains or otherwise impact Exor's businesses.

Governments around the world imposed travel bans, quarantines, restrictions on travel and the movement and gathering of people, as well as restrictions on commercial activity and other emergency public safety measures (some of which are still applicable or partly withdrawn).

In order to respond to the interruption of market demand by ensuring optimization of supply, Fiat Chrysler Automobiles (FCA), CNH Industrial and Ferrari temporarily suspended production across the majority of their manufacturing plants. Also, due to the current global health emergency, all sport events and activities in which Juventus is involved were temporarily suspended and then restarted in the second-half of 2020.

These measures, though temporary in nature and only partially lifted as a function of the decisions adopted by the countries where such companies operate, may either continue, be reintroduced or increase depending on future developments with regard to the virus' outbreak which are currently unknown. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore Exor cannot reasonably estimate the impact it will have on its operations and results and on the operations and results of its operating subsidiaries.

The decisions adopted by the board of directors of FCA and CNH Industrial not to distribute an ordinary dividend in 2020 in relation to fiscal year 2019 in light of the impact of the Coronavirus crisis do not have adverse repercussions on Exor's balance sheet strength and financial position.

Juventus Football Club capital increase

On 10 January 2020 Juventus Football Club completed the execution of the capital increase proposed by its board of directors on 30 September 2019 and approved by the extraordinary shareholder meeting on 24 October 2019, with a full subscription of the share capital increase. After this operation, Exor (which subscribed for its portion of the capital increase) continues to hold 63.77% of the share capital.

PartnerRe - Covéa

On 3 March 2020 Exor signed a Memorandum of Understanding for the sale of PartnerRe to Covéa, a leading French mutual insurer.

The Memorandum of Understanding provided for Exor to receive a total cash consideration of \$9 billion plus a cash dividend of \$50 million, to be paid before closing.

On 12 May 2020 Exor communicated that its board of directors acknowledged Covéa's notice that Covéa did not intend to honor its commitment to acquire PartnerRe in accordance with the terms of the Memorandum. The Exor board reiterated its strong belief that a sale of PartnerRe on terms inferior to those established in the Memorandum of Understanding failed to reflect the value of the company. Exor reaffirmed its commitment to support PartnerRe's development and retain ownership of the company.

Investment in Via Transportation Inc.

On 30 March 2020 Exor signed an agreement with Via Transportation Inc. (Via), under which Exor invested a total amount of \$200 million to acquire an 8.87% stake in Via on a fully-diluted basis. The investment was completed on 16 April 2020, following receipt of US antitrust approval.

Via is a highly successful, rapidly growing technology company specializing in the dynamic, data-driven optimization of public mobility systems in cities all around the world. The business, founded in 2012 by Daniel Ramot and Oren Shoval, first launched its innovative technology platform by providing an on-demand, shared-ride transit service in New York City in 2013.

Acquisition of the controlling stake in GEDI Gruppo Editoriale S.p.A.

On 23 April 2020, following receipt of approval from the competent authorities, Exor, through its fully owned subsidiary Giano Holding, finalized the acquisition of the stake in GEDI owned by CIR (43.78% of the issued share capital) for a total consideration of €102 million (at the price of €0.46 per share).

At the end of April 2020 Giano Holding also acquired the GEDI shareholdings owned by Mercurio, Sia Blu and Giacaranda Maria Caracciolo di Melito Falck, at the price of €0.46 per share, for a total consideration of €26 million.

With the completion of the above transactions, Exor acquired control over GEDI and launched, through Giano Holding, a mandatory tender offer to acquire all of the ordinary shares of GEDI, at the price of €0.46 per share.

The mandatory tender offer was successfully concluded on 10 August 2020, reaching 100% of the outstanding capital of GEDI; on the same date, Borsa Italiana ordered the delisting of the ordinary shares of GEDI from the Market Telematico Azionario (MTA).

On 13 July 2020, in accordance with the agreements signed between the parties, CIR and Mercurio each acquired from Exor, at the same price as in the mandatory tender offer of €0.46 per share, a stake in Giano Holding corresponding to the 5% in transparency of the issued share capital of GEDI. The total consideration was €23 million.

At the end of 2020 Giano Holding was merged with and into GEDI and consequently Giano Holding has ceased to exist. Considering the stake previously held in GEDI and the reinvestment by CIR and Mercurio, the net consideration paid by Exor amounted to €188 million.

Issue of non-convertible bonds due on 29 April 2030

On 29 April 2020 EXOR N.V. issued bonds for a nominal amount of €500 million, maturing on 29 April 2030 with a fixed annual coupon of 2.25%. The bonds are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, with a BBB+ credit rating assigned by Standard & Poor's.

Exor credit rating by Standard & Poor's

On 27 May 2020 Standard & Poor's affirmed Exor's long-term and short-term ratings ("BBB+" and "A-2" respectively) and revised the outlook to "stable" from "positive".

Reopening of non-convertible Exor bond due on 14 October 2034

On 19 June 2020 Exor announced the reopening of its €300 million bond issue dated on 14 October 2019 and due on 14 October 2034, increasing the amount by €200 million, with settlement date 23 June 2020. The new bonds, issued through a private placement to institutional investors with a fixed annual coupon of 1.75%, are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, with a BBB+ credit rating assigned by Standard & Poor's.

Cooperation agreement with Covéa

On 3 August 2020 Exor reached an agreement with Covéa Coopérations S.A. under which Covéa will invest a total amount of €1.5 billion with Exor and in special purpose reinsurance vehicles managed by PartnerRe.

A total amount of €750 million will be allocated for investment opportunities alongside Exor. A further total amount of €750 million, with a three to five year lock-up period, will be allocated in a number of special purpose insurance vehicles managed by PartnerRe, investing in property catastrophe and other short-tail reinsurance contracts. A €500 million investment in special purpose insurance vehicles was made on 1 January 2021, with an additional €250 million investment to be made prior to or on 1 January 2024.

Exor share buyback program

On 25 September 2020 Exor restarted the share buyback program announced on 14 November 2018 and completed on 6 November 2020. In 2020 Exor repurchased on the Italian Stock Exchange a total 605,029 ordinary shares (0.25% of the issued share capital) for a total amount of €29 million at an average price of €47.25 per share.

The share buyback program provided for the repurchase of ordinary shares for a total consideration not exceeding €300 million. Since the start of the program, Exor has acquired 5,483,361 ordinary shares (2.28% of the issued share capital) for a total consideration of approximately €297 million. This completes the share buyback program.

At 31 December 2020 Exor held in total 9,993,244 ordinary shares in treasury (4.15% of the issued share capital).

Investment in Shang Xia

At the end of December 2020, following an agreement with Hermès International announced on 9 December 2020, Exor acquired a 77.3% stake in Shang Xia for around €80 million.

Exor invested via a reserved capital increase in the holding company Full More Group that resulted in it becoming the company's majority shareholder. Hermès, that has accompanied Shang Xia successfully throughout the initial phase of its development, will remain as an important shareholder alongside Exor and founder Jiang Qiong Er.

⁽¹⁾ An Alternative Performance Measure as defined on page 18.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP

Exor (and the subsidiaries constituting the Holdings System) together with its operating subsidiaries, constitutes the “Exor Group” or the “Group”.

This section includes a selection of the most relevant financial data from the consolidated financial statements of the Exor Group.

In order to ensure that data is coherent and uniform, it is presented based on Exor consolidation rules and IFRS accounting standards and therefore may differ from the data published by subsidiaries in their financial reports.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP

Significant economic data^(a)

€ million	FCA	CNH INDUSTRIAL	PARTNERRE	FERRARI	JUVENTUS	GEDI ^(b)	MINOR AND ADJUSTMENTS ^(c)	CONSOLIDATED
2020								
Revenues ^(d)	86,676	22,749	6,459	3,460	509	367	(701)	119,519
Net profit (loss)	24	(608)	208	609	(153)	(13)	(66)	1
Profit (loss) attributable to owners of the parent ^(e)	9	(178)	177	146	(98)	(11)	(75)	(30)
2019								
Revenues ^(d)	108,187	25,033	7,034	3,766	614	—	(879)	143,755
Net profit (loss)	6,630	809	831	699	(98)	—	44	8,915
Profit (loss) attributable to owners of the parent ^(e)	1,898	212	798	167	(62)	—	40	3,053

(a) Data prepared by each subsidiary for Exor consolidation purposes, which may differ from data published by each subsidiary in its own financial report.

(b) Data referred to the period 1 May-31 December 2020.

(c) Includes the net result of Exor and subsidiaries of the Holdings System excluding the share of the profit of the operating companies presented in their respective columns. Further details are provided in the section Alternative Performance Measures on page from 18 to 27.

(d) PartnerRe: net premium for €5,723 million (€5,829 million in the year 2019) and the portfolio result and other revenues for €736 million (€1,205 million in the year 2019).

(e) Exor share of the results attributable to the owners of the parent of each segment entity.

On 16 January 2021 Peugeot S.A. ("PSA") merged with and into Fiat Chrysler Automobiles N.V. ("FCA"), with FCA as the surviving company in the merger. On 17 January 2021 the combined company was renamed Stellantis N.V. Exor's 2020 Annual Report includes the financial data of FCA at 31 December 2020 and for the year 2020 before the merger with PSA occurred in 2021. Further details of the merger and the accounting implications for Exor are set forth in the paragraph: "Subsequent events and outlook" on page 58.

Net revenues

Net revenues of FCA for the year 2020 were €86,676 million, with a decrease of €21,511 million (-20%) compared to the year 2019 (€108,187 million), primarily due to a lower shipments and a negative foreign exchange translation impact in North America, LATAM and EMEA, partially offset by positive model mix and positive net pricing.

Net revenues of CNH Industrial for the year 2020 were €22,749 million, with a decrease of €2.284 million compared to the year 2019 (€25,033 million), primarily attributable to a reduction of 7,2% in net sales of industrial activities due to adverse COVID-19 impacts on end markets and actions to lower channel inventory levels primarily in the first - half of the year.

Net revenues of PartnerRe in 2020 were €6,459 million, a decrease of €575 million compared to the prior year (€7,034 million), principally due to the decrease in net result of the portfolio and in net premiums earned.

Net revenues of Ferrari for 2020 were €3,460 million, with a decrease of €306 million (-8.9% at constant currency) compared to €3,766 million in 2019, mainly attributable to the combination of a €148 million decrease in sponsorship, commercial and brand, €91 million decrease in cars and spare parts, €47 million decrease in engines and €20 million decrease in other revenues.

Net Profit (loss)

In 2020 net profit of FCA was €24 million, with a decrease of €6,606 million compared to 2019 (€6,630 million, of which €3.930 million from discontinued operations) principally due to the net gain on the disposal of Magneti Marelli for €3,769 million, and €2,700 million from continuing operations.

The decrease in net profit from continuing operations in 2020 (-€2,676 million) was primarily due to lower operating results across all segments relating to the COVID-19 pandemic and the impact of write downs of deferred tax assets in Italy and Brazil, partially offset by lower total impairments recognized in the year 2020.

Net loss of CNH Industrial was €608 million in 2020, while in 2019 the result was a net profit of €809 million. In 2020 the net loss also included the goodwill impairment of €504 million related to Construction, other assets impairment charges of €278 million, assets optimization charges of €247 million, €49 million of restructuring costs, an €18 million negative impact from the costs recognized by a Chinese joint venture for valuation allowances against deferred tax assets and restructuring actions, and other non-recurring net charges of €6 million.

Net profit of PartnerRe in 2020 was €208 million, with a decrease of €623 million compared to 2019 (€831 million) and includes a €348 million of underwriting losses, net of retrocession and reinstatement premiums, as a direct result of COVID-19 and the related effect of the economic impact for 2020, with the majority of the losses classified as incurred but not reported reserves. These losses are attributable to business interruption and event cancellation related coverages, credit exposures in financial risk lines and life and health business.

In 2020 the net profit of Ferrari was €609 million (€699 million in 2019). The decrease of €90 million was mainly attributable to reduction of net revenue, due to a the temporary suspension of production and shipments, as well as the changes to the calendar and format of the 2020 Formula 1 World Championship caused by the COVID-19 pandemic. As a percentage of net revenues, cost of sales increased from 47.9% to 48.7%.

Significant financial data^(a)

€ million	FCA	CNH INDUSTRIAL	PARTNERRE	FERRARI	JUVENTUS	GED ^(b)	MINOR AND ADJUSTMENTS ^(c)	CONSOLIDATED
31 December 2020								
Cash and cash equivalents	23,846	7,847	1,916	1,363	38	36	515	35,561
Total assets	100,053	41,199	22,537	6,262	967	660	1,267	172,945
Gross debt ^(d)	21,750	21,805	1,915	2,727	396	143	4,196	52,932
Total equity	25,861	5,489	6,583	1,789	125	231	(2,418)	37,660
Issued capital and reserves attributable to owners of the parent ^(e)	7,337	1,431	6,025	452	80	207	(2,442)	13,090
31 December 2019								
Cash and cash equivalents	15,014	5,140	1,321	898	137	—	425	22,935
Total assets	98,677	43,780	22,980	5,446	1,129	—	598	172,610
Gross debt ^(d)	13,219	22,729	1,476	2,105	464	—	3,506	43,499
Total equity	28,675	6,999	7,142	1,487	276	—	(2,020)	42,559
Issued capital and reserves attributable to owners of the parent ^(e)	8,173	1,852	6,477	378	176	—	(2,031)	15,025

(a) Data prepared by each subsidiary for Exor consolidation purposes which may differ from data published by each subsidiary in its own financial report.

(b) Consolidation starting from 30 April 2020.

(c) Includes the data of Exor and subsidiaries of the Holdings System excluding the share of the profit of the operating companies presented in their respective columns. Further details are provided in the section Alternative Performance Measures on pages from 18 to 27.

(d) Gross debt referred to CNH Industrial includes industrial activities and financial services debt.

(e) Exor share of the equity attributable to the owners of the parent of each segment entity.

Gross debt

€ million	31/12/2020	31/12/2019
Bonds	23,517	19,031
Borrowings from banks	13,108	7,562
Asset-backed financing	10,518	11,405
Payables represented by securities	1,696	1,899
Lease liabilities	2,253	2,180
Other financial debt and liabilities	1,840	1,422
Gross debt	52,932	43,499

During the year 2020, Exor and its subsidiaries took several key actions to secure their financial position, including drawing credit lines and facilities and securing additional incremental instruments to strengthen the available liquidity.

In particular, the gross debt at 31 December 2020 includes the draw down of the entire amount of the €6.3 billion credit facility signed by FCA with Intesa Sanpaolo to finance its activities in Italy, in accordance with the Italian government's Liquidity Decree addressing the COVID-19 pandemic.

Financial debt is constituted mainly of bond issues and bank borrowings. As is usual practice, the major part of such debt agreements contains covenants which *inter alia* limit the capacity of Group companies to contract further debt, make certain types of investment, put into effect certain types of transaction with Group companies, dispose of certain assets or merge with or into other companies and use assets as security for other transactions. Further, certain bond issues and bank borrowings require the issuer to remain in compliance with financial ratio covenants.

Cash flow

€ million	2020	2019 ⁽¹⁾
Cash and cash equivalents at the beginning of the year	22,935	19,136
Cash and cash equivalents at the beginning of the period included in Assets held for sale	17	719
Cash and cash equivalents at the beginning of the year	22,952	19,855
Cash flow from (used in) operating activities:	14,061	11,738
- continuing operations	14,061	12,046
- discontinued operations	—	(308)
Cash flow from (used in) investing activities	(10,102)	(3,448)
- continuing operations	(10,102)	(3,293)
- discontinued operations	—	(155)
Cash flow from (used in) financing activities	10,626	(5,435)
- continuing operations	10,626	(5,760)
- discontinued operations	—	325
Translation exchange differences	(1,949)	242
Net change in cash and cash equivalents	12,636	3,097
Cash and cash equivalents at the end of the year	35,588	22,952
Cash and cash equivalents at the end of the period included in Assets held for sale	(27)	(17)
Cash and cash equivalents at the end of the year	35,561	22,935

(1) Data restated following the presentation of Magneti Marelli as a discontinued operation.

In 2020 Group companies generated positive cash flows from operating activities for €14,061 million and used €10,102 million in investing activities. Cash flow from investing activities mainly related to the investments in property, plant and equipment and intangible assets for €10,253 million.

In 2020 net cash used in financing activities was €10,626 million, primarily related to the net change in financial debt for €7,315 million, partially offset by issues of new notes, net of repayments for €4,917 million.

In 2019 Group companies generated positive cash flows from operating activities for €11,738 million and used €3,448 million in investing activities. Cash flow from investing activities mainly related to the investments in property, plant and equipment and intangible assets for €10,290 million, partially offset by the net cash deriving from the disposal of Magneti Marelli for €5,348 million.

In 2019 net cash used in financing activities was €5,435 million, primarily related to dividends paid for €2,615 million, the net change in financial debt for €1,287 million, partially offset by repayment of notes, net of issuance of new notes for €1,011 million.

ALTERNATIVE PERFORMANCE MEASURES (APM)

This section presents the Alternative Performance Measures (APM) identified by Exor's management to facilitate the understanding of the economic and financial performance of Exor and the Group:

- Net Asset Value (NAV)
- Net Financial Position (NFP)
- Share of the profit (loss) of investments accounted for using the equity method

ALTERNATIVE PERFORMANCE MEASURES (APM)

To facilitate the understanding of the economic and financial performance of Exor and of the Group, the Management of Exor has identified a number of Alternative Performance Measures (APM), which are used to identify operational trends and to make investment and resource allocation decisions. To ensure that the APM are correctly interpreted, it is emphasized that these measures are not indicative of the future performance of the Group. The APM are not part of international reporting standards (IFRS) and are unaudited. They should not be taken as replacements of the measures required under the reference financial reporting standards.

The APM should be read together with the consolidated financial information prepared using the shortened consolidation criterion. Since they are not based on the reference financial reporting standards, the APM used by Exor may not be consistent and comparable with those used by other companies or groups. The APM used by Exor have been consistently calculated and presented for all the reporting periods for which financial information is presented in this Report.

It should also be noted that the principal subsidiaries and associates make use of non-GAAP financial measures to illustrate their performance to the market. Such indicators are commonly used by analysts and investors in the sectors to which the subsidiaries belong to evaluate business performance. A description of how such indicators are calculated is provided by the individual subsidiary companies and these are included in the section Review of performance of the Operating Subsidiaries in the Board Report, as extracted from their respective published documents. Such information is prepared autonomously by the companies and is not homogeneous. Set out below are the main APM's identified by Exor:

- Net Asset Value
- Net Financial Position
- Share of the (loss) profit of investments accounted for using the equity method.

Net Asset Value (NAV)

Definition and Methodology

Net Asset Value (NAV) corresponds to the total value of assets net of the Gross Debt of the Holdings System as defined below. In determining the total value of assets at 31 December 2020, listed equity investments and other securities are valued at official market trading prices, unlisted equity investments are valued at fair value, determined annually by independent experts at the end of the year.

Unlisted other investments (funds and similar instruments) are valued by reference to the most recent available fair value and bonds held to maturity are valued at amortized cost.

Treasury stock relates to the shares held in treasury before the Share Buyback Program launched on 14 November 2018. Treasury shares are valued at the official stock exchange price, except for the part designated to service stock option plans (measured at the option exercise price under the plan if this is less than the stock exchange price).

The sum of the aforesaid values constitutes the total value of assets (Gross Asset Value or GAV). Gross Debt corresponds to the total amount of the financial debt of the Holdings System.

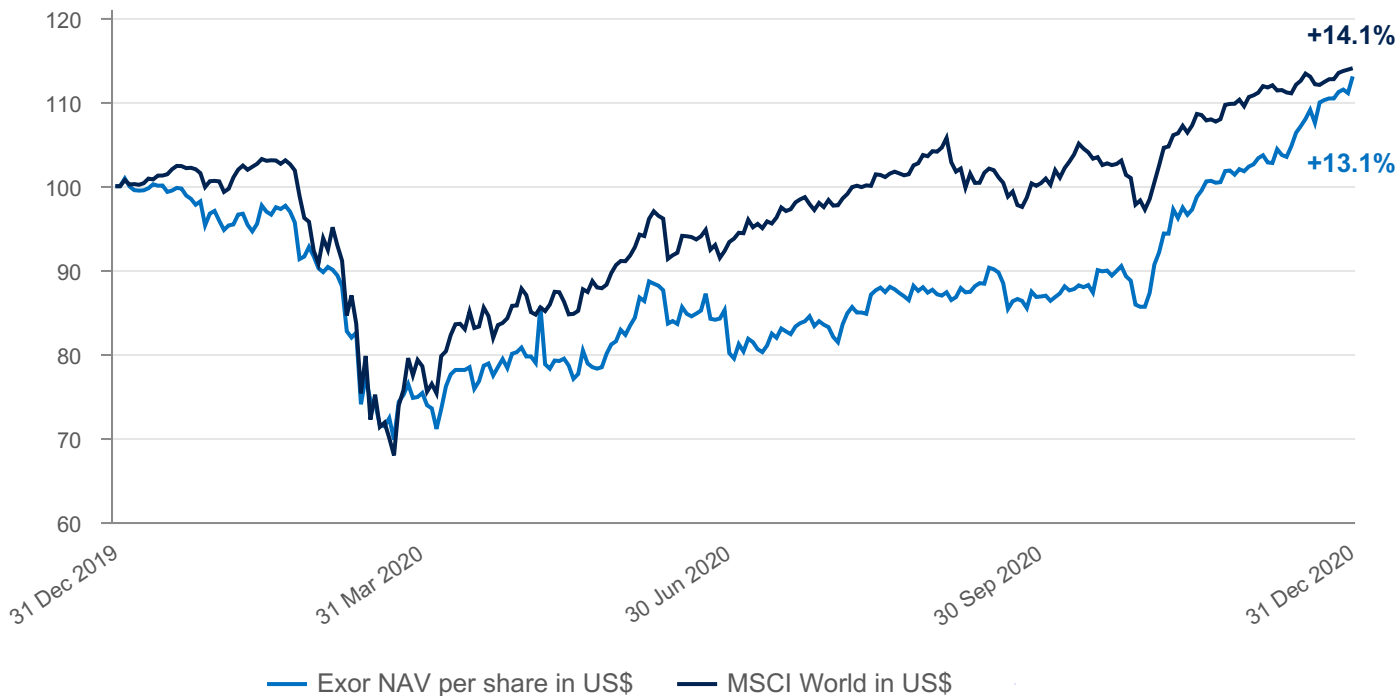
Items included in the calculation of Gross Asset Value and Gross Debt which are denominated in foreign currencies are converted at the official exchange rates at the corresponding reporting date.

Highlights

- At 31 December 2020 Exor's NAV is \$29,501 million (€24,041 million) compared to \$26,155 million (€23,282 million) at 31 December 2019.
- At 31 December 2020 Exor's NAV per share amounts to \$125.26 (€102.08) compared to \$110.77 (€98.60) at 31 December 2019, an increase of \$14.49/share or 13.1%. This compares to an increase of 14.1% for the MSCI World Index in US Dollar.

NAV per share at 31 December 2020 and at 31 December 2019 are based on 235,516,639 shares and 236,121,668 shares respectively. This is calculated based on 241,000,000 issued shares net of the shares bought back in the context of the share buyback program launched on 14 November 2018.

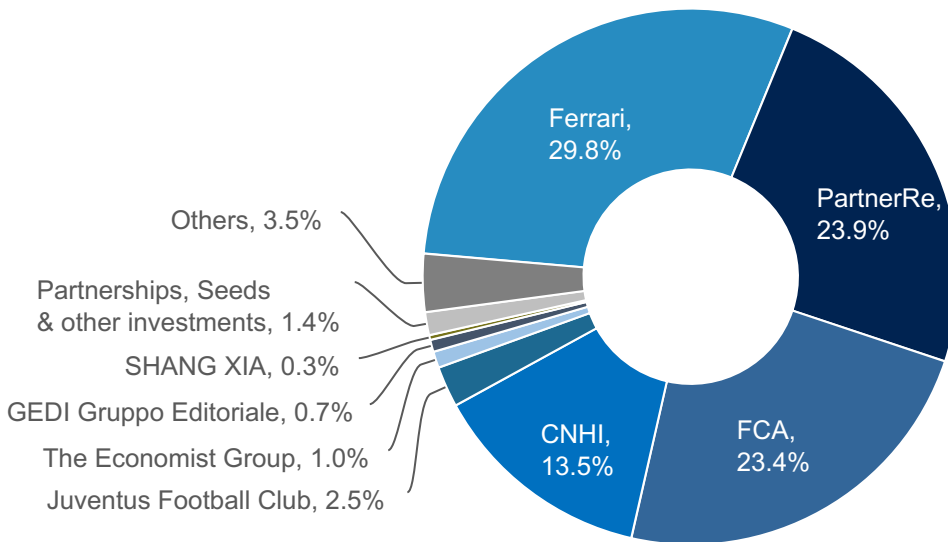
Change in NAV per share compared to the MSCI World Index in U.S. Dollar



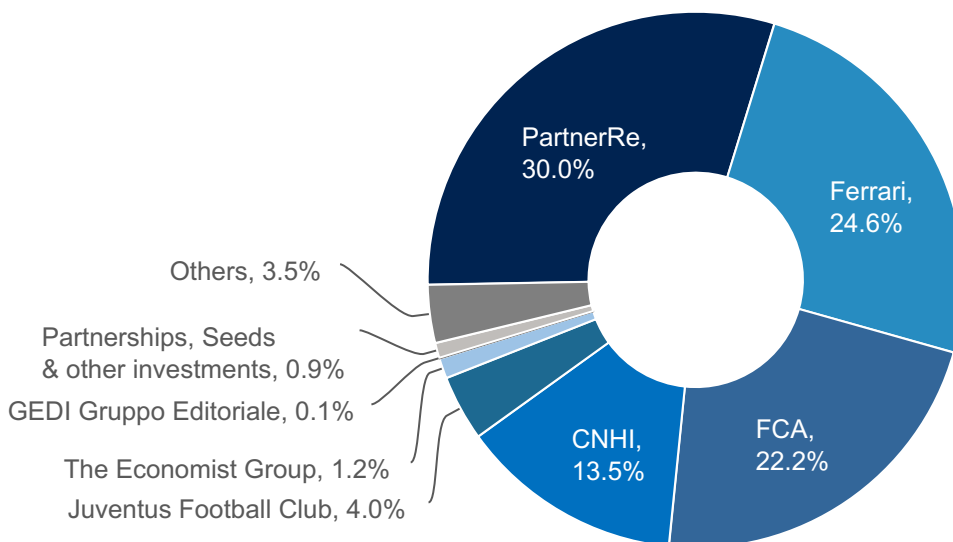
Gross Asset Value composition

The following chart illustrates the GAV composition at 31 December 2020 (\$34,544 million or €28,151 million), compared to 31 December 2019 (\$29,997 million or €26,702 million).

31 December 2020



31 December 2019



Note: "Others" includes Cash and Cash Equivalents, Financial Assets and Treasury Stock.

Breakdown of Net Asset Value in U.S. Dollar

US\$ million	Ownership %	Valuation methodology	31/12/2020	31/12/2019	Change vs 31 December 2019	
					Amount	%
INVESTMENTS			33,288	28,923	4,365	15.1 %
Companies			32,811	28,652	4,159	14.5 %
Ferrari	22.91%	Official market price	10,286	7,383	2,903	39.3 %
PartnerRe	100.00%	Fair value ^(a)	8,250	9,000	(750)	(8.3)%
Fiat Chrysler Automobiles	28.54%	Official market price	8,085	6,661	1,424	21.4 %
CNH Industrial	26.89%	Official market price	4,649	4,036	613	15.2 %
Juventus Football Club	63.77%	Official market price	848	1,188	(340)	(28.6)%
The Economist Group	43.40%	Fair value	343	368	(25)	(6.8)%
GEDI Gruppo Editoriale ^(b)	89.62%	Fair value	254	16	238	n.a.
SHANG XIA	77.30%	Fair value	96	—	96	n.a.
Partnerships^(c)		Fair value	248	108	140	129.6 %
Seeds^(d)		Fair value	140	64	76	118.8 %
Other investments^(e)		Fair value/ Official market price	89	99	(10)	(10.1)%
OTHERS			1,256	1,074	182	16.9 %
Cash and cash equivalents and Financial assets			1,054	886	168	19.0 %
Treasury stock^(f)			202	188	14	7.4 %
Gross Asset Value			34,544	29,997	4,547	15.2 %
Gross Debt			(5,043)	(3,842)	(1,201)	31.3 %
Net Asset Value (NAV)			29,501	26,155	3,346	12.8 %
NAV per Share in US\$^(g)			125.26	110.77	14.49	13.1 %

- (a) At 31 December 2020 the fair value has been determined by an independent expert. At 31 December 2019 the fair value was aligned with the price under the terms of the Memorandum of Understanding signed with Covéa.
- (b) In April 2020 Exor acquired control over GEDI and launched a mandatory tender offer at €0.46 per share which concluded in August 2020. At 31 December 2020, Exor held 89.62% of the GEDI share capital.
- (c) Partnerships at 31 December 2020 include Via Transportation (\$200 million) and Welltec (\$48 million). Partnerships at 31 December 2019 include Welltec (\$108 million).
- (d) Includes the amount directly invested in Exor Seeds by Exor S.A.
- (e) Other investments at 31 December 2020 include Perella Weinberg (\$15 million), among other small participations. Other investments at 31 December 2019 included Perella Weinberg (\$21 million) among other small participations.
- (f) Treasury stock includes shares held in treasury before the share buyback program launched on 14 November 2018.
- (g) Based on 235,516,639 shares at 31 December 2020 and 236,121,668 at 31 December 2019 (netting out, respectively, the 5,483,361 and 4,878,332 ordinary shares bought back in the context of the share buyback program).

Breakdown of Net Asset Value in Euro

The value of the NAV in the Euro currency, converted at the official exchange rates at the respective dates, is presented below:

€ million	Ownership %	Valuation methodology	31/12/2020	31/12/2019	Change vs 31 December 2019	
					Amount	%
INVESTMENTS			27,128	25,746	1,382	5.4 %
Companies			26,739	25,505	1,234	4.8 %
Ferrari	22.91%	Official market price	8,383	6,572	1,811	27.6 %
PartnerRe	100.00%	Fair value ^(a)	6,723	8,011	(1,288)	(16.1)%
Fiat Chrysler Automobiles	28.54%	Official market price	6,588	5,930	658	11.1 %
CNH Industrial	26.89%	Official market price	3,789	3,592	197	5.5 %
Juventus Football Club	63.77%	Official market price	691	1,058	(367)	(34.7)%
The Economist Group	43.40%	Fair value	280	328	(48)	(14.6)%
GEDI Gruppo Editoriale ^(b)	89.62%	Fair value	207	14	193	n.a.
SHANG XIA	77.30%	Fair value	78	—	78	n.a.
Partnerships ^(c)		Fair value	202	97	105	108.2 %
Seeds ^(d)		Fair value	114	57	57	100.0 %
Other investments ^(e)		Fair value/ Official market price	73	87	(14)	(16.1)%
OTHERS			1,023	956	67	7.0 %
Cash and cash equivalents and Financial assets			859	789	70	8.9 %
Treasury stock ^(f)			164	167	(3)	(1.8)%
Gross Asset Value			28,151	26,702	1,449	5.4 %
Gross Debt			(4,110)	(3,420)	(690)	20.2 %
Net Asset Value (NAV)			24,041	23,282	759	3.3 %
NAV per Share in Euro ^(g)			102.08	98.60	3.48	3.5 %

(a) At 31 December 2020 the fair value has been determined by an independent expert. At 31 December 2019 the fair value was aligned with the price under the terms of the Memorandum of Understanding signed with Covéa.

(b) In April 2020 Exor acquired control over GEDI and launched a mandatory tender offer at €0.46 per share which concluded in August 2020. At 31 December 2020, Exor held 89.62% of the GEDI share capital.

(c) Partnerships at 31 December 2020 include Via Transportation (€163 million) and Welltec (€39 million). Partnerships at 31 December 2019 include Welltec (€97 million).

(d) Includes the amount directly invested in Exor Seeds by Exor S.A.

(e) Other investments at 31 December 2020 include Perella Weinberg (€13 million), among other small participations. Other investments at 31 December 2019 included Perella Weinberg (€19 million) among other small participations.

(f) Treasury stock includes shares held in treasury before the share buyback program launched on 14 November 2018.

(g) Based on 235,516,639 shares at 31 December 2020 and 236,121,668 at 31 December 2019 (netting out, respectively, the 5,483,361 and 4,878,332 ordinary shares bought back in the context of the share buyback program).

Reconciliation with the IFRS financial statements

The following table shows the reconciliation between the Net Asset Value (NAV) and the issued capital and reserves attributable to owners of the parent.

€ million	31/12/2020	31/12/2019
Issued capital and reserves attributable to owners of the parent	13,090	15,025
Difference between the market value and the book value of the investments	10,785	8,095
Treasury stock and other	166	162
Net Asset Value (NAV)	24,041	23,282

The following table shows the difference between the market value and the book value of Investments:

€ million	31/12/2020		31/12/2019	
	Book value	Market value	Book value	Market value
Ferrari	452	8,383	378	6,572
PartnerRe ^(a)	6,025	6,723	6,477	8,011
FCA	7,337	6,588	8,173	5,930
CNH Industrial	1,431	3,789	1,852	3,592
Juventus Football Club	80	691	176	1,058
The Economist Group	299	280	323	328
GEDI ^(b)	207	207	14	14
Others	512	467	258	241
Total	16,343	27,128	17,651	25,746
<i>Difference</i>		<i>10,785</i>		<i>8,095</i>

(a) At 31 December 2020 the fair value is determined by an independent expert. At 31 December 2019 the fair value was aligned with the price under the terms of the Memorandum of Understanding signed with Covéa.

(b) At 31 December 2020, at the acquisition of the control of GEDI, Exor held 439,339,893 shares in GEDI. At 31 December 2019 Exor held 30,481,490 shares in GEDI.

Net financial position of the Holdings System

The net financial position of the Holdings System, determined by applying the shortened consolidation criterion, is a representative measure of the financial resources and commitments directly attributable to and managed by Exor.

Using the shortened consolidation criterion adopted by Exor, rather than the line-by-line method of consolidation required by law and under IFRS, the data derived from the financial statements or accounting data prepared in accordance with IFRS by Exor and by the subsidiaries constituting the Holdings System - Exor Nederland N.V. (the Netherlands), Exor S.A. (Luxembourg), Exor Investments Limited (United Kingdom), Exor Investment (UK) LLP (United Kingdom), Ancom USA Inc. (USA), Exor SN LLC (USA) - are consolidated in the financial statements of the parent company Exor using the line-by-line method, while the data derived from the financial statements or accounting data prepared in accordance with IFRS of the operating subsidiaries and associates (Ferrari, PartnerRe, FCA, CNH Industrial, Juventus Football Club, GEDI, Exor Seeds, Shang Xia, The Economist Group and Welltec) are included in the consolidated financial statements of the parent company Exor using the equity method.

The presentation of financial data under the shortened consolidation method facilitates the analysis of the financial position and results of Exor and it is generally recognized by the financial community, including financial counterparties and rating agencies.

Nevertheless, such data do not fully represent, nor should be treated as the consolidated financial position of the Exor Group prepared in accordance with International Financial Reporting Standards (IFRS). In fact, the shortened consolidation method is not contemplated in the reference accounting standards on the presentation of consolidated financial statements and may not be consistent with the method adopted by other groups and, therefore, such data may not be comparable with the data reported by such groups. The consolidated data prepared in shortened form are not audited by the independent auditors.

Set out below are the data relating to the net financial position prepared in shortened consolidation form:

€ million	31/12/2020	31/12/2019
Financial assets and financial receivables	367	366
Cash and cash equivalents	492	423
Cash, cash equivalents and financial assets	859	789
EXOR bonds	(3,855)	(3,391)
Commercial paper	(160)	0
Other financial liabilities	(95)	(29)
Gross debt	(4,110)	(3,420)

The reconciliation of the consolidated cash and cash equivalents of Exor Group with the consolidated cash and cash equivalents of the Holdings System is as follows:

€ million	31/12/2020	31/12/2019
Cash and cash equivalents^(a)	35,561	22,935
(Less) Cash and cash equivalents of the operating subsidiaries accounted for using the equity method in the Holdings System	(35,069)	(22,512)
Financial assets and financial receivables	367	366
Cash, and cash equivalents and financial assets of the Holdings System	859	789

(a) GAAP measure.

The reconciliation of the consolidated gross debt of Exor Group with the consolidated gross debt of the Holdings System is as follows:

€ million	31/12/2020	31/12/2019
Gross debt^(a)	(52,932)	(43,499)
(Less) Gross debt of the operating subsidiaries accounted for using the equity method in the Holdings System	48,822	40,079
Gross debt of the Holdings System	(4,110)	(3,420)

(a) GAAP measure.

Share of the profit (loss) of investments accounted for using the equity method

The composition of the share of the profit (loss) of investments accounted for using the equity method is as follows:

€ million	2020	2019	Change
Ferrari	146	167	(21)
PartnerRe	177	798	(621)
FCA ^(a)	9	1,898	(1,889)
CNH Industrial	(178)	212	(390)
Juventus Football Club	(98)	(62)	(36)
The Economist Group	13	12	1
GEDI ^(b)	(11)	—	(11)
Other	17	4	13
	75	3,029	(2,954)
Adjustments	4	4	—
Share of the profit (loss) of investments accounted for using the equity method	79	3,033	(2,954)

(a) In 2019 included the net gain relating to the disposal of Magneti Marelli of €3,771 million (Exor's share €1,081 million).

(b) In 2019 the investment was accounted at fair value through other comprehensive income.

The reconciliation of the share of the profit of investments accounted for using the equity method with the (loss) profit attributable to owners of the parent is as follows:

€ million	2020	2019	Change
(Loss) Profit attributable to owners of the parent^(a)	(30)	3,053	(3,083)
Less:			
-Other losses (gains)	31	—	31
- Net financial income/expenses	105	(44)	149
- Net recurring general expenses	19	21	(2)
- Net non-recurring other income/expenses	(50)	1	(51)
- Income taxes and other taxes and duties	4	2	2
Share of the profit of investments accounted for using the equity method	79	3,033	(2,954)

(a) GAAP measure.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP – SHORTENED

This section includes the results of the Exor Group based on the “shortened” criterion of consolidation.

According to this method, the Holdings System companies are consolidated line-by-line and the operating subsidiaries and associates are consolidated using the equity method.

While the presentation of such data is not contemplated in the reference accounting standards, Exor believes that this information facilitates the analysis of the results and the financial position of Exor.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP - SHORTENED

As described above in the APM section, Exor applies a shortened consolidation criterion to facilitate the analysis of the financial position and results of Exor.

Using the shortened consolidation criterion, rather than the line-by-line method of consolidation required by law and under IFRS, the data derived from the financial statements or accounting data prepared in accordance with IFRS by Exor and by the subsidiaries constituting the Holdings System are consolidated in the financial statements of the parent company Exor using the line-by-line method, while the data derived from the financial statements or accounting data prepared in accordance with IFRS of the operating subsidiaries (Ferrari, PartnerRe, FCA, CNH Industrial, Juventus Football Club, GEDI Gruppo Editoriale, Exor Seeds and Shang Xia) and associates (The Economist Group and Welltec) are included in the consolidated financial statements of the parent company Exor using the equity method.

The consolidated data prepared in shortened form are not audited by the independent auditors.

Consolidation of GEDI Gruppo Editoriale

Exor, through its wholly owned subsidiary Giano Holding S.p.A. ("Giano") acquired control of GEDI Gruppo Editoriale S.p.A. ("GEDI") at the end of April 2020, following the acquisition of the stake in GEDI owned by CIR (43.78% of the issued share capital) for a consideration of €102 million at a price of €0.46 per share. Immediately after this first transaction, Giano also acquired GEDI shares from Mercurio S.p.A., Sia Blu S.p.A. and Giacaranda Caracciolo di Melito Falck, at a price of €0.46 per share, for a total consideration of €26 million.

At the completion of this transaction, in accordance with Italian law, Giano launched a mandatory tender offer to acquire all GEDI shares, with the completion of the first phase on 30 June 2020, the sell out phase on 30 July 2020 and the squeeze out phase on 10 August 2020 (with a further investment of €83 million), reaching 100% of the outstanding capital of GEDI. On the same date, Borsa Italiana ordered the delisting of the ordinary shares of GEDI from the Market Telematico Azionario (MTA).

In accordance with the agreements signed among the entities, CIR and Mercurio each acquired from Exor, at the same price as in the mandatory tender offer of €0.46 per share, a stake in Giano corresponding to the 5% in transparency of the issued share capital of GEDI. The total consideration was €23 million.

As envisaged in the tender offer documentation, on 23 December 2020, Giano was merged with and into GEDI and consequently, Giano ceased to exist and Exor held directly the 89.62% of issued share capital of GEDI.

The transaction was accounted for in accordance with IFRS 3, considering the mandatory tender offer as linked to the acquisition of the 43.78% of GEDI's shares, applying the acquisition method on the basis of the interim financial statements prepared in accordance with IFRS at 30 April 2020 (the acquisition date). The interest previously held by Exor in GEDI (5.99% of share capital) was measured at fair value at the acquisition date.

Exor finalized the process of measuring the fair values assigned to GEDI's assets and liabilities at the acquisition date and identified a badwill of €18 million, which represents the excess of the net assets of GEDI as of the acquisition date over the consideration paid; such amount was booked as a gain in the income statement.

At 31 December 2020, consistently with the shortened consolidation criterion and according to the method adopted for all investments in operating subsidiaries and associates of the Group, GEDI was accounted for using the equity method on the basis of the consolidated financial information prepared in accordance with IFRS as of that date, while the income statement included the share of the result of GEDI for the period from 1 May 2020 to 31 December 2020.

Consolidation of Shang Xia

At the end of December 2020, following an agreement with Hermès International announced on 9 December 2020, Exor acquired a 77.3% stake in Shang Xia. Exor invested via a reserved capital increase in the holding company Full More Group.

The transaction was accounted for in accordance with IFRS 3, by applying the acquisition method on the basis of the financial statements prepared in accordance with IFRS at 31 December 2020 (the acquisition date).

At 31 December 2020, consistently with the shortened consolidation criterion and according to the method adopted for all investments in operating subsidiaries and associates of the Group, Shang Xia was accounted for using the equity method on the basis of the consolidated financial information prepared in accordance with IFRS as of that date; due to the year-end acquisition date, there was no effect on the income statement.

The carrying value of the investment includes an amount of €76 million corresponding to the excess of the consideration paid over the book value of Shang Xia's equity as of the acquisition date. The initial accounting is still provisional and the purchase price allocation process has not been completed; as consequence the mentioned difference may therefore be subject to future adjustments and it has been temporarily carried as goodwill.

The following table shows the scope of consolidation under the shortened method:

	Reporting currency	% of consolidation	
		31/12/2020	31/12/2019
Holding Company			
– EXOR N.V. (the Netherlands)	€	100	100
Companies in the Holdings System consolidated line-by-line			
– Exor Nederland N.V. (the Netherlands)	\$	100	100
– Exor S.A. (Luxembourg)	€	100	100
– Ancom USA Inc. (USA)	\$	100	100
– Exor SN LLC (USA)	\$	100	100
– Exor Investments Limited (United Kingdom)	£	100	100
– Exor Investments (UK) LLP (United Kingdom)	£	99.67	99.67
Investments in operating subsidiaries and associates, accounted for using the equity method			
– Ferrari	€	24.05	23.98
– PartnerRe	\$	100	100
– FCA	€	28.54	28.67
– CNH Industrial	\$	27.10	27.18
– Juventus Football Club	€	63.77	63.77
– GEDI Gruppo Editoriale ^(a)	€	89.62	—
– Shang Xia ^(b)	CNY	77.30	—
– The Economist Group	£	43.40	43.40
– Welltec	\$	22.12	22.12
– Exor Seeds	\$	76.34	73.11

(a) At 31 December 2019 GEDI was accounted at fair value through other comprehensive income. The acquisition date is 30 April 2020.

(b) Owned through the holding company Full More Group (Hong Kong). The acquisition date is 31 December 2020.

The exchange rates used to translate foreign currencies into Euro are as follows:

	2020		2019	
	Average	31/12	Average	31/12
U.S. dollar	1.142	1.227	1.120	1.123
British pound	0.890	0.899	0.878	0.851
Chinese Renminbi	7.875	8.023		
Hong Kong dollar	8.859	9.514		

Exor closed the year 2020 with a consolidated loss of €30 million; the year 2019 ended with a consolidated profit of €3,053 million. The decrease of €3,083 million is mainly attributable to the lower result from the operating subsidiaries, mainly impacted by the significant negative effect of the COVID-19 pandemic, while the 2019 result included Exor's share of the gain realized on the disposal of Magneti Marelli for €1,081 million (total €3,771 million). Additional details are provided in Note 1.

At 31 December 2020 the consolidated equity attributable to owners of the parent amounts to €13,090 million with a net decrease of €1,935 million, compared to €15,025 million at 31 December 2019, principally attributable to negative exchange differences on translation. Additional details are provided in Note 7.

The consolidated net financial position of the Holdings System at 31 December 2020 is a negative €3,251 million and reflects a negative change of €620 million compared to the negative financial position of €2,631 million at 31 December 2019, mainly due to investments (€500 million) and negative cash flow of €100 million. Additional details are provided in Note 8.

The shortened consolidated income statement and statement of financial position and notes on the most relevant line items are presented below.

EXOR GROUP – Consolidated Income Statement – Shortened

€ million	Note	2020	2019	Change
Profit (loss) from investments in subsidiaries and associates:				
Share of the profit (loss)	1	79	3,033	(2,954)
Other (losses) gains ^(a)		(31)	0	(31)
Dividends received		94	1,179	(1,085)
Dividends eliminated ^(b)		(94)	(1,179)	1,085
Profit (loss) from investments in subsidiaries and associates		48	3,033	(2,985)
Net financial (expenses) income:				
Profit (loss) from cash, cash equivalents and financial assets		6	134	(128)
Cost of debt		(104)	(96)	(8)
Exchange (losses) gains, net		(7)	6	(13)
Net financial (expenses) income	2	(105)	44	(149)
Net recurring general expenses	3	(19)	(21)	2
Net non - recurring other income (expenses)	4	50	(1)	51
Income taxes and other taxes and duties		(4)	(2)	(2)
(Loss) profit attributable to owners of the parent		(30)	3,053	(3,083)

(a) Includes the impairment recognized on the goodwill of Welltec (-€49 million) and the badwill recognized on the acquisition of GEDI (+€18 million).

(b) Dividends from investments in subsidiaries and associates which are included in the share of the profit (loss) from investments in subsidiaries and associates are eliminated in the consolidation process.

EXOR GROUP – Consolidated Statement of Financial Position – Shortened

€ million	Note	31/12/2020	31/12/2019	Change
Investments in subsidiaries and associates	5	16,099	17,551	(1,452)
Investments at FVTOCI	6	191	78	113
Other asset (liabilities), net		51	27	24
Invested capital		16,341	17,656	(1,315)
Issued capital and reserves attributable to owners of the parent	7	13,090	15,025	(1,935)
Cash, cash equivalents and financial assets	8	(859)	(789)	(70)
Gross debt	8	4,110	3,420	690
Equity and net financial position		16,341	17,656	(1,315)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - SHORTENED

1. Profit (loss) from investments in subsidiaries and associates

Share of the profit (loss) of investments accounted for using the equity method

The share of the results of investments accounted for using the equity method in the year 2020 is a profit of €79 million, with a decrease of €2,954 million compared to the profit of the year 2019 (€3,033 million), mainly impacted by the negative effect of the COVID-19 pandemic. The negative change reflects in particular the decrease in the share of the result of FCA (-€1,889 million), PartnerRe (-€621 million), CNH Industrial (-€390 million) and Ferrari (-€21 million), the increase in the negative result of Juventus (€36 million) and the share of the negative result arising from the first consolidation of GEDI (-€11 million). Moreover, in the year 2019 FCA's result included a gain realized on the disposal of Magneti Marelli of €3,771 million (Exor's share €1,081 million).

€ million	Result ^(a)		EXOR's share		Change
	2020	2019	2020	2019	
Ferrari	608	696	146	167	(21)
PartnerRe	177	798	177	798	(621)
FCA ^(b)	29	6,622	9	1,898	(1,889)
CNH Industrial ^(c)	(656)	781	(178)	212	(390)
Juventus Football Club ^(d)	(153)	(98)	(98)	(62)	(36)
The Economist Group ^(e)	30	29	13	12	1
GEDI ^(f)	(13)	—	(11)	—	(11)
Other			17	4	13
			75	3,029	(2,954)
Adjustments			4	4	—
Share of the profit (loss) of investments in subsidiaries and associates			79	3,033	(2,954)

- (a) Results attributable to owners of the parents. Results reported in foreign currencies have been converted into Euro at the average exchange rate of the year.
- (b) The result of the year 2020 includes impairment losses following the assessment of certain assets as a consequence of the COVID-19 pandemic for €1,447 million (total Exor's share €413 million): in particular €549 million for deferred tax assets, €898 million for impairment charges on tangible and intangible assets.
- (c) The result of the year 2020 includes impairment losses following the assessment of certain assets as a consequence of the COVID-19 pandemic for €1,029 million (total Exor's share €279 million): in particular €504 million for goodwill impairment loss, €272 million for impairment charges on other assets and €253 million for asset optimization. The year 2019 included a charge of €147 million (Exor's share €40 million) related to the asset optimization portion of the "Transform2Win" strategy and €103 million of restructuring costs (Exor's share €28 million).
- (d) The result refers to the accounting data prepared for consolidation in Exor for the period 1 January – 31 December.
- (e) The result refers to the period 1 October – 30 September.
- (f) The result refers to the period 1 May - 31 December 2020 as Exor acquired control on 30 April 2020. In the year 2019 the investment was accounted for as an investment at fair value through other comprehensive income.

For comments on the performance of the principal operating subsidiaries, please refer to the section "Review of performance of the operating subsidiaries".

Dividends

€ million	2020	2019	Change
Dividends from investments accounted for using the equity method:			
– Ferrari	50	46	4
– PartnerRe	44	178	(134)
– FCA	0	876	(876)
– CNH Industrial	0	66	(66)
– The Economist Group	0	12	(12)
– Other	0	1	(1)
Dividends included in the net financial position	94	1,179	(1,085)
Less: Dividends included in the share of the (loss) profit of investments accounted for using the equity method	(94)	(1,179)	1,085
Dividends included in the income statement	0	0	0

2. Net financial (expenses) income

In 2020 net financial expenses amounts to €105 million (net financial income of €44 million in 2019).

€ million	2020	2019	Change
Profit (loss) from cash, cash equivalents and financial assets:			
Realized gains (losses) ^(a)	0	10	(10)
Unrealized gains (losses) ^(b)	1	120	(119)
Interest income on:			
– bank current accounts and deposits	1	1	0
– debt securities	3	3	0
– financial receivables	1	0	1
Profit from cash, cash equivalents and financial assets	6	134	(128)
Cost of debt:			
Bonds ^(c)	(101)	(94)	(7)
Bank debt	(3)	(2)	(1)
Cost of debt	(104)	(96)	(8)
Exchange (losses) gains	(7)	6	(13)
Net financial (expenses) income	(105)	44	(149)

(a) Related to disposals of financial instruments.

(b) Change in fair value related to cash invested in financial assets managed by Exor Investments (UK) LLP through a Luxembourg SICAV Fund.

(c) Includes the credit risk adjustment component recorded in the income statement relating to the fair value measurement of the cross currency swap in accordance with IFRS 13.

3. Net recurring general expenses

Net recurring general expenses in 2020 amount to €19 million (€21 million to the prior year). The decrease of €2 million is mainly due to the waiver, from 1 April 2020 for the remainder of the year, of the fixed remuneration by the Chairman and Chief Executive Officer, other Directors and senior management.

The main items are detailed below:

€ million	2020	2019	Change
Personnel costs	(7)	(6)	(1)
Compensation and other costs relating to directors	(1)	(2)	1
Service costs, net	(5)	(7)	2
Net recurring general expenses included in net financial position	(13)	(15)	2
Share based compensation plan costs	(6)	(6)	0
Net recurring general expenses recorded in the income statement	(19)	(21)	2

4. Net non-recurring other income (expenses)

In the year 2020 net non-recurring other income (expenses) amount to €50 million and mainly refer to a one-off income (€63 million), partially offset by consulting fees related to investment and disinvestment projects (€12 million) and contributions to cultural and charitable associations (€1 million).

5. Investments in subsidiaries and associates

€ million	31/12/2020	31/12/2019	Change
Ferrari	452	378	74
PartnerRe	6,025	6,477	(452)
FCA	7,337	8,173	(836)
CNH Industrial	1,431	1,852	(421)
Juventus Football Club	80	176	(96)
The Economist Group	299	323	(24)
GEDI ^(a)	207	—	207
Shang Xia ^(b)	78	—	78
Other	190	172	18
Investments in subsidiaries and associates	16,099	17,551	(1,452)

(a) At 31 December 2019 the investment (€14 million) was classified in investment measured at fair value to other comprehensive income.

(b) Owned through the holding company Full More Group. Acquisition date at 31 December 2020.

The positive change in Exor's investment in Ferrari (€74 million) is primarily due to Exor's shares of the profit (€146 million), partially offset by the payment of dividends (€50 million) and the buy-back of treasury stock (€31 million).

The negative change in Exor's investment in PartnerRe (€452 million) is mainly attributable to the negative translation exchange differences (€563 million) and the payment of dividends (€44 million), partially offset by Exor's shares of the profit (€177 million).

The negative change in Exor's investment in FCA (€836 million) is mainly attributable to the negative translation exchange differences (€790 million) and the negative remeasurement of defined benefit plan (€25 million).

The negative change in Exor's investment in CNH Industrial (€421 million) can be ascribed primarily to the negative translation exchange differences (€290 million) and to Exor's share of the negative result (€178 million), partially offset by the positive movement on the fair value reserve (€33 million).

6. Investments measured at fair value through other comprehensive income

The investments measured at fair value through other comprehensive income amount to €191 million (€78 million at 31 December 2019) and include principally investments in equity instruments. The increase (€113 million) is mainly due to the acquisition of Via Transportation (€163 million, net of the negative fair value adjustment of €20 million), partially offset by the partial disposal of other assets (-€39 million) and by the reclassification of the 5.99% quota of GEDI shares held prior to the acquisition of control (-€14 million).

7. Issued capital and reserves attributable to owners of the parent

€ million	31/12/2020	31/12/2019	Change
Share capital	2	2	0
Reserves	13,386	15,292	(1,906)
Treasury stock	(298)	(269)	(29)
Issued capital and reserves attributable to owners of the parents	13,090	15,025	(1,935)

Details of changes during the year are as follows:

€ million	31/12/2020	31/12/2019
Initial amount	15,025	12,210
Buyback Exor treasury stock	(29)	(207)
Dividend paid by Exor	(100)	(100)
Fair value adjustment to investments and other financial assets	(13)	(6)
Measurement of Exor derivative financial instruments	(5)	(4)
Other net changes of Exor Holdings System ^(a)	(484)	113
Movements attributable to operating companies accounted for using the equity method:		
– Exchange differences on translation ^(b)	(1,233)	183
– Fair value	31	(2)
– Buyback treasury stock	(32)	(108)
– Remeasurement of defined benefit plans	(39)	(62)
– Cash flow hedge	2	(48)
– Other	(3)	3
Consolidated loss attributable to owners of the parent	(30)	3,053
Net change during the year	(1,935)	2,815
Final amount	13,090	15,025

(a) Mainly includes negative exchange differences on translation.

(b) Mainly relates to FCA (-€790 million) and CNH Industrial (-€290 million).

8. Net financial position of the Holdings System

The net financial position of the Holdings System at 31 December 2020 is a negative €3,251 million and shows a negative change of €620 million compared to the balance at 31 December 2019 (a negative €2,631 million).

€ million	31/12/2020	31/12/2019	Change
Financial assets	367	358	9
Financial receivables	0	8	(8)
Cash and cash equivalents	492	423	69
Cash, cash equivalents and financial assets	859	789	70
Exor bonds	(3,855)	(3,391)	(464)
Commercial paper	(160)	0	(160)
Other financial liabilities	(95)	(29)	(66)
Gross debt	(4,110)	(3,420)	(690)
Net financial position of the Holdings System	(3,251)	(2,631)	(620)

Financial assets include principally financial instruments accounted for at FVTPL and debt securities listed on an active market measured at amortized cost. Cash and cash equivalents include short-term deposits spread over an appropriate number of counterparties chosen according to their creditworthiness and their reliability since the primary objective is to hold investments which can readily be converted into cash.

Bonds issued by Exor and outstanding at 31 December 2020 are as follows:

Issue date	Maturity date	Issue price	Fixed Rate (%)	Nominal amount (million)	Balance at		Change
					31/12/2020	31/12/2019	
					(€ million)		
12-Nov-13	12-Nov-20	99.053	3.375	€ 200	0	(201)	201
03-Dec-15	02-Dec-22	99.499	2.125	€ 750	(749)	(748)	(1)
08-Oct-14	08-Oct-24	100.090	2.500	€ 650	(653)	(653)	0
07-Dec-12	31-Jan-25	97.844	5.250	€ 100	(104)	(104)	0
22-Dec-15	22-Dec-25	100.779 ^(a)	2.875	€ 450 ^(a)	(451)	(451)	0
20-May-16	20-May-26	99.650	4.398	\$ 170	(139)	(152)	13
18-Jan-18	18-Jan-28	98.520	1.750	€ 500	(502)	(501)	(1)
29-Apr-20	29-Apr-30	98.489	2.250	€ 500	(499)	0	(499)
09-May-11	09-May-31	100.000	2.800 ^(b)	¥ 10,000	(80)	(82)	2
14-Oct-19	14-Oct-34	99.725	1.750	€ 500 ^(c)	(477)	(298)	(179)
15-Feb-18	15-Feb-38	98.183	3.125	€ 200	(201)	(201)	0
					(3,855)	(3,391)	(464)
– Current portion					(35)	(227)	192
– Non-current portion					(3,820)	(3,164)	(656)

(a) Originally €250 million; the amount was increased by another €200 million on 10 May 2016. The issue price corresponds to the weighted average of the prices calculated on the entire amount of €450 million.

(b) To protect against currency fluctuations, a hedging transaction was put in place using a cross currency swap. The cost in Euro is fixed at 6.012% per year.

(c) Originally €300 million; the amount was increased by another €200 million with settlement date 23 June 2020.

Exor intends to repay the bonds in cash at maturity using available liquid resources and undrawn credit lines.

Exor may, from time to time, buy back bonds on the market also for purposes of their cancellation. The decision to buy back bonds will depend on, among other factors, market conditions and Exor's financial situation.

At 31 December 2020 commercial paper outstanding amounts to €160 million compared to a maximum amount of €500 million established by the Exor Euro-Commercial Paper Program on 15 May 2018.

Other financial liabilities (€95 million) mainly includes the fair value of cash flow hedge derivative instruments (€34 million) and the put option on certain minority stakes in GEDI and Shang Xia (€23 million and €23 million, respectively).

The net change at 31 December 2020, a negative €620 million, can be analyzed as follows:

€ million		31/12/2020	31/12/2019
Net financial position of the Holdings System - Initial amount	Note	(2,631)	(3,255)
Dividends received from investments	1	94	1,179
Investments ^(a)		(500)	(274)
Asset disposals		39	0
Dividends paid by Exor		(100)	(100)
Buyback Exor treasury stock		(29)	(207)
Other changes	2	(124)	26
Net change during the year		(620)	624
Net financial position of the Holdings System - Final amount		(3,251)	(2,631)

(a) 2020 includes the acquisition of the controlling stake in GEDI (€188 million), the acquisition of the stake in Via Transportation (€183 million) and the acquisition of the 77.3% of Shang Xia (€80 million). The year 2019 mainly included the subscription for Exor's portion of Juventus's share capital increase for €191 million.

€ million	2020	2019
1. Dividends received from investments	94	1,179
Ferrari	50	46
PartnerRe	44	178
FCA ^(a)	—	876
CNH Industrial	—	66
Other	—	13
2. Other changes	(124)	26
Net recurring general expenses	(13)	(15)
Net non - recurring other income (expenses)	50	(1)
Net financial (expenses) income ^(b)	(105)	44
Other changes	(56)	(2)

(a) In 2019 €292 million as ordinary annual dividend and €584 million as extraordinary cash distribution.

(b) In 2020 related to: unrealized gains on financial assets (€1 million), cost of debt (€104 million), net exchange losses (€7 million) and other financial income (€5 million). In 2019 related to: unrealized gains on financial assets (€120 million), realized gains on financial assets (€10 million), cost of debt (€96 million), net exchange gains (€6 million) and other net financial income (€4 million).

At 31 December 2020 Exor has irrevocable credit lines in Euro of €485 million, of which €335 million expiring after 31 December 2021, as well as revocable credit lines of €547 million.

Exor's long-term and short-term debt ratings from Standard & Poor's are "BBB+" and "A-2" respectively, with a "stable outlook".

REVIEW OF THE PERFORMANCE OF THE OPERATING SUBSIDIARIES

(The share capital and voting rights percentages are based on data at 31 December 2020)

Set out below is a summary of the key highlights from the interim reports of the operating subsidiaries, including the Management Report.

In order to facilitate the readers' use and cross reference the data has been extracted from the financial statements of each subsidiary, and presented using the original reporting currency and accounting principles.

Therefore, data presented in this section may differ from those prepared for Exor consolidation purposes.

Further information and details of significant events of subsidiaries are shown in the respective companies' reports.



(22.91% stake and 34.54% of voting rights on issued capital)

Key consolidated data reported by Ferrari in the year 2020 are as follows:

€ million	Year		Change	
	2020	2019		
Shipments (in units)	9,119	10,131	(1,012)	(10)%
Net revenues	3,460	3,766	(306)	(8)%
EBIT	716	917	(201)	(22)%
Net profit	609	699	(90)	(13)%
Net Industrial debt ⁽¹⁾	(543)	(337)	(206)	(61)%

(1) Defined as net debt less net debt of financial services activities.

COVID-19

The global spread of COVID-19, a virus causing potentially deadly respiratory tract infections, which was declared a global pandemic by the World Health Organization in March 2020, has led governments around the world to mandate certain restrictive measures to contain the pandemic, including social distancing, quarantine, “shelter in place” or similar orders, travel restrictions and suspension of non-essential business activities. The main impacts on Ferrari during 2020 include the following:

- Deliveries to the distribution network were temporarily suspended near the end of March 2020 due to restrictions on dealer activities or the inability of customers to collect their cars, and deliveries gradually recommenced during the month of May 2020. The closure and reopening of Ferrari dealerships worldwide as a result of lockdowns and other restrictions, and the gradual easing of those measures, were implemented to varying degrees from country to country. From May to October 2020, substantially all Ferrari dealerships remained fully operational and order collections resumed. Although new closures have been made necessary towards the end of the fourth quarter of 2020 as a result of the resurgence of the pandemic in certain territories, order collections have continued and Ferrari remains focused on maintaining a robust order book going forward and on the careful management of its waiting list to reach the optimal combination of exclusivity and client service.
- With the safety and well-being of Ferrari employees in mind, production was suspended from 14 March 2020 and gradually restarted from 4 May 2020, with full production resuming on 8 May 2020 thanks in large part to the successful implementation of the “Back on Track” program, as further described below. Ferrari continued to pay all employees throughout the suspension period and did not accede to any government aid programs. Ferrari experienced limited supply chain constraints in 2020, which were actively managed to mitigate any impacts on production, and it has consciously increased its inventories of raw materials and components in an effort to mitigate possible supply disruptions.
- The start of the 2020 Formula 1 World Championship was postponed to 5 July 2020, when the Austrian Grand Prix was held without spectators on site. The calendar for the season has evolved throughout the year and ultimately consisted of a total of 17 Grand Prix Events, five less than those originally scheduled. Most of the races were held without public attendance, including Paddock Club and paddock guests. These circumstances adversely impacted Ferrari's financial results due to a reduction of sponsorships and consequent reduced commercial revenues from partners and the holder of Formula 1's commercial rights (Formula One Management).

- Brand activities were also adversely impacted as a result of the temporary closures of Ferrari stores and museums, which gradually started to reopen in May 2020, with appropriate safety measures in place to protect Ferrari staff and customers. To date, in-store traffic remains significantly lower than pre-pandemic levels, while museums only partially reopened in February 2021 following their closure on 25 October 2020 in accordance with local government measures. This has been only partially offset by an increase in online sales of Ferrari merchandise.
- Although production and certain other activities (i.e. Formula 1, stores, museums) were temporarily suspended, Ferrari has been able to continue many other key business activities and functions through remote working arrangements.
- Ferrari continues to take measures to combat the spread of COVID-19 at its facilities, and in line with the laws and regulations enacted in Italy and other countries where it operates. Ferrari is continuing to guarantee the possibility of remote work for those employees whose job activity is compatible with such work arrangements.
- There were no significant effects on the valuation of assets or liabilities and no significant increases in allowances for credit losses in 2020. Moreover, no material impairment indicators were identified and there were no changes in accounting judgments or other significant accounting impacts relating to COVID-19.

Shipments

Shipments totaled 9,119 units in 2020, down 1,012 units or 10.0% versus prior year, following the seven-week production suspension in the first half 2020 and dealers' temporary closure due to the COVID-19 pandemic, partially offset by a gradual production recovery in the second half 2020.

Sales of both 8 cylinder models (V8) and 12 cylinder models (V12) were down 10.3% and 9.0%, respectively. The Ferrari Monza SP1 and SP2 were delivered as originally scheduled. The F8 family ramp up offset the 488 Pista family, which was approaching the end of its lifecycle. The 812 GTS was in the ramp up phase and reached global distribution, while Ferrari Portofino phased out ahead of the introduction of the Ferrari Portofino M in 2021.

Units ⁽¹⁾	Year		Change	
	2020	2019		
EMEA	4,818	4,895	(77)	(2)%
Americas	2,325	2,900	(575)	(20)%
Mainland China, Hong Kong and Taiwan	456	836	(380)	(45)%
Rest of APAC	1,520	1,500	20	1 %
Shipments	9,119	10,131	(1,012)	(10)%

(1) Excluding the XX Programme, racing cars, Fuori Serie, one-off and pre-owned cars.

Net revenues

Net revenues for 2020 were €3,460 million, down 8.9% at constant currency, with a decrease of €306 million (-8.9% at constant currency) compared to €3,766 million in 2019, mainly attributable to the combination of a €148 million decrease in sponsorship, commercial and brand partially offset by €47 million decrease in engines and €20 million decrease in other revenues. Revenues were negatively impacted in 2020 by the temporary suspension of production and shipments, as well as the changes to the calendar and format of the 2020 Formula 1 World Championship caused by the COVID-19 pandemic.

Net revenues generated from cars and spare parts were €2,835 million, a decrease of €91 million, or 3.1 percent, from €2,926 million for 2019. The decrease was primarily attributable to lower volumes as well as personalizations, mainly due to the seven-week production suspension in the first half of 2020 and the temporary closure of certain dealerships caused by the COVID-19 pandemic, partially offset by positive mix driven by deliveries of the Ferrari Monza SP1 and SP2.

The decrease in Engines revenues (€151 million, down 24.0%, also at constant currency) reflected lower shipments of engines to Maserati and lower revenues from the rental of engines to other Formula 1 racing teams driven by the reduced number of races in 2020 as a result of the COVID-19 pandemic.

Sponsorship, commercial and brand revenues (€390 million, down 27.5% or 27.8% at constant currency) were significantly impacted by the COVID-19 pandemic, which resulted in a reduced number of Formula 1 races in 2020 and a decrease in-store traffic and museum visitors.

€ million	Year		Change		
	2020	2019	amount	at current currency	at constant currency
Car and spare parts	2,835	2,926	(91)	(3)%	(4)%
Engines	151	198	(47)	(24)%	(24)%
Sponsorship, commercial and brand	390	538	(148)	(28)%	(28)%
Other	84	104	(20)	(20)%	(18)%
Net revenues	3,460	3,766	(306)	(8)%	(9)%

EBIT

2020 EBIT was €716 million, down 21.9% or 25.3% at constant currency versus prior year. Volume had a negative impact (€126 million) reflecting the decrease in shipments.

EBIT for 2020 was €716 million, down 21.9% or 25.3% at constant currency versus prior year. The decrease in EBIT was attributable to the combined effects of negative volume impact of €126 million, positive product mix and price impact of €130 million, an increase in industrial costs of €58 million, including higher depreciation, an increase in research and development costs of €8 million (net of the benefit from technology-related government incentives), a decrease in selling, general and administrative costs of €7 million, negative contribution of €184 million due to the impacts of COVID-19 on the Formula 1 racing calendar, lower traffic for brand related activities and lower engine sales to Maserati, and positive foreign currency exchange impact of €38 million (including foreign currency hedging instruments) primarily driven by the strengthening of the U.S. Dollar and Japanese Yen against the Euro.

The negative volume impact was primarily attributable to the temporary suspension of shipments for seven weeks during the first half of 2020 as a result of the COVID-19 pandemic, the effects of which were partially recovered in the second half of the year. The positive product mix and price impact was primarily attributable to deliveries of the Ferrari Monza SP1 and SP2 as well as an otherwise richer product mix, partially offset by fewer shipments of the FXX-K EVO and lower contributions from personalization programs, which are correlated to the decrease in volumes.

Net industrial debt

Net industrial debt at 31 December 2020 was €543 million, compared to €337 million as of 31 December 2019. During 2020, Ferrari repurchased own shares for a total value of €130 million and €212 million were distributed in dividends.

Lease liabilities per IFRS 16 as of 31 December 2020 were €62 million.

As of 31 December 2020, total available liquidity was €2,062 million, including undrawn committed credit lines of €700 million.

€ million	31/12/2020	31/12/2019	Change
Debt	(2,725)	(2,090)	(635)
of which: Lease liabilities as per IFRS 16 (simplified approach)	62	60	2
Cash and cash equivalents	1,362	898	464
Net debt	(1,363)	(1,192)	(171)
Net debt of Financial Services Activities	(820)	(855)	35
Net Industrial Debt⁽¹⁾	(543)	(337)	(206)

(1) Net industrial debt is defined as net debt excluding the funded portion of the self-liquidating financial receivables portfolio.

2021 Outlook

The Ferrari Group Guidance is subject to trading conditions being unaffected by further COVID-19 pandemic restrictions and assuming:

- Core business sustained by volume and mix;
 - Revenues from Formula 1 racing activities assuming announced calendar and reflecting lower 2020 ranking;
 - Brand-related activities dealing with COVID-19 challenges;
 - Resumption of operations and marketing;
-
- Net revenues: approximately €4.3 billion (from more than €3.5 billion);
 - Adjusted EBITDA: €1.45 billion - €1.50 billion (from more than €1.1 billion);
 - Adjusted EBIT: €0.97 billion - €1.02 billion (from more than €0.7 billion);
 - Adjusted diluted EPS: €4.00 - €4.20 per share (from more than €2.88 per share);
 - Industrial free cash flow: more than/equal to €0.35 billion (from more than €0.2 billion).

PartnerRe



(100% interest in common shareholder's equity and 99.73% of voting rights; through Exor Nederland N.V.)

Data presented and commented below are derived from PartnerRe's consolidated financial information for the year ended 31 December 2020 prepared in accordance with US GAAP.

\$ million	Year	
	2020	2019
Net premiums written	6,301	6,909
Non-life combined ratio ^(a)	106.0 %	100.3 %
Life and Health allocated underwriting result ^(b)	70	73
Net investment return	4.6 %	7.7 %
Other expenses	356	370
Net (loss) income attributable to PartnerRe common shareholders ^(c)	206	890
Net Income ROE ^(d)	3.1 %	14.4 %

- (a) PartnerRe uses a combined ratio to measure results for the Non-life P&C and Specialty segments. The combined ratio is the sum of the technical and other expense ratios.
- (b) PartnerRe uses allocated underwriting result as a measure of underwriting performance for its Life and Health segment. This metric is defined as net premiums earned, other income or loss and allocated net investment income less life policy benefits, acquisition costs and other expenses.
- (c) Net income/loss attributable to PartnerRe common shareholders is defined as net income/loss attributable to PartnerRe less preferred dividends.
- (d) Net income ROE is calculated as net income return on average common shareholders' equity.

COVID-19

The COVID-19 pandemic and the related economic downturn is ongoing, and there continues to be significant uncertainty surrounding the full extent of the impact. PartnerRe incurred \$397 million of pre-tax losses, net of retrocession and reinstatement premiums, as a direct result of COVID-19 and the related effects of the economic downturn during the full year 2020, with the majority of the losses classified as incurred but not reported (IBNR) reserves. This is inclusive of \$31 million of COVID-19 related losses recorded during the fourth quarter, driven by \$20 million of losses in Specialty financial risks lines as a result of the continued economic downturn and \$11 million of losses in the Life and Health segment. The total COVID-19 related losses for 2020 reflect PartnerRe's estimates on claims incurred as of 31 December 2020 and include \$160 million, \$211 million, and \$26 million of pre-tax losses, net of retrocession and reinstatement premiums, in its P&C, Specialty and Life and Health segments, respectively. These losses are attributable to business interruption and event cancellation related coverages, credit exposures in financial risks lines, and life and health business. Despite the recent market conditions, PartnerRe's solvency position has remained strong and total capital increased during the fourth quarter of 2020. PartnerRe also maintains ample liquidity, with cash and cash equivalents of \$2.4 billion at the end of 2020.

Net premiums written for 2020 decreased to \$6.3 billion compared to \$6.9 billion in 2019. Non-life net premiums written were down 11% for the full year 2020 compared to the same period of 2019. The decrease for the full year 2020 reflects premium exposure adjustments resulting from the current economic downturn and PartnerRe's focus on portfolio optimization throughout 2020.

The Non-life underwriting loss was \$304 million (combined ratio of 106.0%) for the full year 2020 compared to a \$20 million loss (combined ratio of 100.3%) for 2019. The P&C segment reported a combined ratio of 102.2% for the full year 2020 compared to 98.7% for 2019, driven by COVID-19 related losses of \$160 million (5.1 points), net of retrocession and reinstatement premiums. Catastrophic losses related to Hurricane Laura of \$55 million, net of retrocession and reinstatement premiums, primarily impacted the P&C segment (\$47 million or 1.5 points), compared to 8.4 points in the P&C segment for catastrophic losses related to Typhoons Hagibis and Faxai and Hurricane Dorian in 2019.

The P&C segment was also adversely impacted by an aggregation of mid-sized catastrophic and man-made losses during 2020. The 2.1 point favorable impact of net prior years' reserve development for the full year 2020 compared to 4.4 points for 2019. The Specialty segment recorded a combined ratio of 112.2% for the full year 2020 compared to 103.0% for 2019, driven by COVID-19 related losses of \$211 million (11.2 points) and higher adverse prior years' reserve development of 7.2 points compared to 4.0 points for 2019. This was partially offset by an improvement in the current accident year attritional loss ratio, and a decrease in large losses, as 2019 included 2.1 points related to a large aviation loss.

The Life and Health allocated underwriting result was a profit of \$70 million in 2020 compared to a profit of \$73 million in 2019. The decrease was driven by \$26 million of COVID-19 related losses, partially offset by the favorable impact of certain portfolio recaptures and favorable experience in PartnerRe's longevity business.

Net investment return for the full year 2020 was \$839 million, or 4.6%, which included net investment income of \$361 million, net realized and unrealized investment gains of \$454 million, and interest in earnings of equity method investments of \$24 million. This compares to a net investment return of \$1,352 million, or 7.7%, for 2019, which included net investment income of \$449 million, net realized and unrealized investment gains of \$887 million, and interest in earnings of equity method investments of \$16 million.

Net investment income was down \$88 million, or 20%, for the full year 2020, compared to 2019, primarily due to the impact of lower reinvestment rates, driven by the significant decreases in worldwide risk-free rates in the first quarter of 2020.

Net realized and unrealized investment gains of \$454 million for the full year 2020 included net realized and unrealized investment gains of \$245 million on fixed maturities and short-term investments, \$189 million of net realized and unrealized investment gains on equities and \$20 million of net realized and unrealized gains on other invested assets and investments in real estate. Gains on fixed maturities and short-term investments were primarily unrealized and driven by decreases in worldwide risk free rates. Gains on equities were also primarily unrealized and were due to increases in worldwide equity markets. Gains on other invested assets were driven by gains on private equities. For 2019, net realized and unrealized investment gains of \$887 million included net realized and unrealized investment gains of \$434 million on fixed maturities and short-term investments, primarily due to decreases in world-wide risk free rates and credit spreads, and \$453 million of net realized and unrealized investment gains on equities, investments in real estate and other invested assets.

Other Income Statement items

Other expenses of \$356 million (expense ratio of 5.4%) for the full year 2020 were down \$14 million compared to \$370 million (expense ratio of 5.7%) for 2019. The decrease in other expenses was primarily due to lower annual incentive and long term incentive payout for employees compared to prior year, partially offset by an increase in consulting and professional fees for accounting standard implementation projects.

Net foreign exchange losses were \$52 million for the full year 2020, driven by the depreciation of the U.S. dollar against all major currencies (primarily the Canadian dollar, British Pound and Swiss Franc) and the cost of hedging, compared to losses of \$87 million for the full year 2019, driven by the depreciation of the U.S. dollar against certain major currencies and the cost of hedging.

Interest expense was \$39 million for the full year 2020, compared to \$40 million for 2019. During the second quarter of 2019, PartnerRe issued \$500 million 3.70% Senior Notes due 2029 and used the proceeds to early redeem the \$500 million 5.50% Senior Notes due 2020 in the third quarter of 2019, resulting in a reduction in interest expense for the full year 2020 compared to 2019. Loss on redemption of debt of \$15 million for the full year 2019 related to the redemption of the 5.50% Senior Notes due 2020 at a make-whole redemption price.

Preferred dividends of \$46 million for the full year 2020 were comparable to 2019. During the fourth quarter of 2020, PartnerRe fully redeemed its 5.875% Series F Preferred Shares at a redemption price of \$68 million inclusive of accrued dividends, resulting in a loss on redemption of preferred shares of \$2 million.

Income tax benefit was \$13 million on pre-tax income of \$241 million for the full year 2020 compared to an expense of \$53 million on pre-tax income of \$989 million in 2019. These amounts were primarily driven by the geographical distribution of pre-tax profits and losses.

Balance sheet and capitalization

Total investments and cash and cash equivalents were \$20.1 billion at 31 December 2020, up 12.8% compared to 31 December 2019. The increase was primarily driven by the \$839 million net investment return for the full year 2020, the issuance of \$500 million 4.50% Fixed-Rate Reset Junior Subordinated Notes due 2050 during the third quarter of 2020, a \$124 million increase in net payables for securities purchased and other positive underwriting cash flows.

Cash and cash equivalents, fixed maturities, and short-term investments, which are government issued or investment grade fixed income securities, were \$14.9 billion at 31 December 2020, representing 74% of total investments and cash and cash equivalents.

The average credit rating of the fixed income portfolio was AA at 31 December 2020. The expected average duration of the public fixed income portfolio at 31 December 2020 was 2.3 years, while the average duration of PartnerRe's liabilities was 4.3 years.

Dividends declared and paid to common shareholders were \$50 million for the full year 2020, compared to \$200 million for the full year 2019.

Total capital was \$9.3 billion at 31 December 2020, up 7.3% compared to 31 December 2019, primarily due to the issuance of the Junior Subordinated Notes during the third quarter of 2020 and the increase in common shareholder's equity for the full year 2020, partially offset by the redemption of the Series F preferred shares.

Common shareholder's equity (or book value) of \$6.7 billion and tangible book value of \$6.1 billion at 31 December 2020 increased by 1.9% and 2.3%, respectively, compared to 31 December 2019, primarily due to net income available to common shareholder for the full year 2020, partially offset by dividends on common shares. Book value, excluding dividends on common shares for 2020, was up 2.6% compared to 31 December 2019.

Dividends Paid to Exor

During 2020, PartnerRe declared and paid to Exor Nederland N.V. common share dividends of \$50 million compared to \$200 million for full year 2019.

Reconciliation of reported US GAAP financial information to IFRS financial information used for line-by-line consolidation purposes

The differences between the US GAAP net income (\$206 million) and the IFRS net income (\$202 million) are immaterial and related only to the economic effects of the application of the acquisition method by Exor to account for the acquisition.

2020 Outlook

PartnerRe believes that overall, reinsurance will broadly remain a cyclical market, albeit of less amplitude, primarily as a result of capital inflows and outflows, and that the cycles will become more specific and local, with less global amplitude. The outlooks for 2021 for each of PartnerRe's segments are summarized as follows:

2021 P&C Segment Outlook

During the 1 January 2021 renewals, PartnerRe observed improving pricing trends in most lines of business. The market improvements were driven by primary rate increases in U.S. Casualty, Property Catastrophe rates (particularly in North America) and the assumed retrocession market. Due to capital capacity entering and leaving the industry, it is not possible to forecast how long the current pricing conditions will stay.

2021 Specialty Segment Outlook

During the 1 January 2021 renewals, PartnerRe generally observed improved pricing in most lines of business within the Specialty segment (particularly in the engineering, aviation, energy, marine and property lines of business). Due to capital capacity entering and leaving the industry, it is not possible to forecast how long the current pricing conditions will stay.

2021 Life and Health Outlook

The 1 January 2021 renewal for life business is not significant, as only a limited portion of the premiums written associated with the life portfolio is short-term business. While COVID-19 did result in a slowing of reinsurance bidding activity in 2020 in certain regions such as North America, PartnerRe expects a return to normal levels in 2021. Management expects moderate growth in PartnerRe's life portfolio in 2021 assuming constant foreign exchange rates, mainly due to growth in Asia, Canada, Europe and the United States. Pricing conditions are not expected to materially differ from 2020.



(28.54% stake, 44.40% of voting rights on issued capital)

The key consolidated data of FCA for 2020 are presented below:

€ million	Year		Change	
	2020	2019	amount	%
Net revenues	86,676	108,187	(21,511)	(19.9)
Adjusted EBIT ⁽¹⁾	3,742	6,668	(2,926)	(43.9)
Net profit from continuing operations	24	2,700	(2,676)	n.s.
Net profit (including discontinued operations)	24	6,630	(6,606)	n.s.

(1) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT excludes certain adjustments from Net profit from continuing operations, including: gains/(losses) on the disposal of investments, restructuring, impairments, asset write-offs and unusual income/(expenses) that are considered rare or discrete events that are infrequent in nature, and also excludes Net financial expenses and Tax expense/(benefit).

COVID-19

During the first half of 2020, the COVID-19 virus spread worldwide and was declared a pandemic by the World Health Organization on 11 March 2020. In response, many governments in affected jurisdictions imposed travel bans, quarantines and other emergency public safety measures. For example, governments imposed restrictions on travel and the movement and gathering of people, as well as restrictions on economic activity.

As the severity of the COVID-19 pandemic became apparent, FCA leadership took actions to protect its employees and communities, as well as strengthen FCA's financial position and limit the impact on FCA's financial performance.

FCA implemented a temporary suspension of production across its facilities: in APAC starting with China on 23 January 2020; in EMEA, starting with Italy from 11 March 2020; in Maserati beginning 12 March 2020; in North America starting progressively from 18 March 2020; and in LATAM on 23 March 2020. FCA also implemented remote working arrangements, where feasible, across all regions at various stages during the first quarter and has restricted both domestic and international business travel since late February 2020. These arrangements were structured to ensure continuation of critical activities, including, but not limited to, appropriate functioning of FCA's internal controls and financial reporting systems and processes.

FCA worked closely with all relevant stakeholders, including unions and dealer representatives, to develop and implement plans to restart production and vehicle sales once governments in various jurisdictions permitted, including the development of enhanced sanitizing and health and safety procedures. On 19 February 2020 and 24 February 2020, production restarted at the GAC Fiat Chrysler Automobiles Co. joint venture plants in Guangzhou and Changsha, China, respectively. Production restarted in all North American plants by 1 June 2020; in India on 18 May 2020; Latin America by 20 May 2020; on 27 April 2020 production restarted at the Sevel joint operation in Atessa, Italy, increasing progressively at other plants in the EMEA region and achieving pre-COVID shift patterns during the third quarter. Return to work procedures for offices and other facilities were also phased in with continued widespread use of remote working practices.

During 2020, FCA management took several key actions to secure its liquidity and financial position, including drawing on existing bilateral lines of credit totaling €1.5 billion and securing an additional incremental bridge credit facility of €3.5 billion, structured as a bridge to capital markets, which was available to be drawn beginning in April and then replaced as noted below. In addition, measures were taken to reduce cash outflows, including: a temporary suspension of a significant number of capital expenditure programs, with no programs cancelled; delaying non-essential spending; temporary lay-offs, salary cuts and deferrals; and significant reductions to marketing and other discretionary spend. On 21 April 2020, FCA drew down its €6.25 billion syndicated revolving credit facility, which was then subsequently repaid by 31 December 2020.

On 24 June 2020, FCA Group announced that FCA Italy S.p.A., a wholly owned subsidiary of Fiat Chrysler Automobiles N.V., and other Italian companies in the FCA Group had signed a 3-year, €6.3 billion credit facility with Intesa Sanpaolo, Italy's largest banking group. On 1 July 2020, the FCA Group confirmed pricing of an offering of €3.5 billion of notes under the Medium Term Note Programme, with settlement on 7 July 2020. The offering comprised (i) €1.25 billion in principal amount of 3.375% notes due July 2023, (ii) €1.25 billion in principal amount of 3.875% notes due January 2026, and (iii) €1.0 billion in principal amount of 4.500% notes due July 2028, each at an issue price of 100% of the applicable principal amount. The issuance replaced in full the €3.5 billion bridge credit facility above, which was fully cancelled on 7 July 2020, in connection with the settlement of the notes offering. Additionally, on 18 September 2020, FCA announced that it had entered into an agreement for a €485 million five-year loan with the European Investment Bank ("EIB") to support production of plug-in hybrid electric ("PHEV") vehicles, which is in addition to the €300 million facility entered into in March 2020 before the COVID-19 pandemic.

FCA also took actions to support the wider community in the countries in which it operates, including: producing protective masks for healthcare workers and first responders, with over one million shipped worldwide during the first quarter and one hundred million produced in Italy by September; in North America and EMEA working with medical equipment manufacturers to support production of ventilators, other medical equipment and personal protective equipment, such as Siare Engineering International Group (Bologna, Italy); in APAC the FCA Group donated personal protective equipment and vehicles; Maserati provided funding scholarships at medical schools; in LATAM, FCA worked on the creation of two makeshift field hospitals close to our plants in Brazil, with a further 100-bed facility constructed in Argentina, as well as the production of face shields, vehicle fleet support and engineering, and production assistance for the manufacturing and servicing of ventilators.

On 18 March 2020, due to the continued uncertainty of market conditions and regional operating restrictions related to the evolving COVID-19 pandemic, FCA withdrew its FY 2020 Guidance. On 3 April 2020, FCA announced that the Annual General Meeting of shareholders ("AGM") scheduled for 16 April 2020 would be postponed to late June 2020, including the postponement of the resolution on the proposed 2019 €1.1 billion ordinary dividend. Further to the planned 50/50 merger of their businesses announced in December 2019, on 13 May 2020, the board of directors of Fiat Chrysler Automobiles N.V. and the managing board of Peugeot S.A. announced the decision by each company to not distribute an ordinary dividend in 2020 related to financial year 2019, in light of the impact from the COVID-19 crisis. The postponed AGM was held on 26 June 2020.

Net revenues and Adjusted EBIT

Net revenues			Adjusted EBIT	
Years ended 31 December			Years ended 31 December	
2020	2019	€ million	2020	2019
60,322	73,357	North America	5,351	6,690
2,381	2,814	APAC	(116)	(36)
16,284	20,571	EMEA	(918)	(6)
5,305	8,461	LATAM	6	501
1,384	1,603	Maserati	(232)	(199)
1,000	1,381	Other activities, unallocated items and adjustments	(349)	(282)
86,676	108,187	Total	3,742	6,668

NORTH AMERICA

The decrease in Net revenues in 2020 compared to 2019 was primarily due to lower shipments and negative foreign exchange translation impacts, partially offset by positive model and channel mix, as well as favorable net pricing.

The decrease in Adjusted EBIT in 2020 compared to 2019 was primarily attributable to lower volumes, recall campaign costs as well as higher compliance costs driven by non-repeat of prior year benefit due to the CAFE fine rate reduction in the U.S. on MY2019 vehicles sold in prior periods, partially offset by purchasing savings, included within Industrial costs and negative foreign exchange translation impacts. These were partially offset by positive net pricing; favorable model and channel mix; and reduced advertising expense and cost efficiency actions.

LATAM

The decrease in Net revenues in 2020 compared to 2019 was primarily due to lower shipments and negative foreign exchange translation effects from the weakening of the Brazilian Real, as well as unfavorable mix and non-repeat of prior year one-off recognition of credits related to indirect taxes.

The decrease in Adjusted EBIT in 2020 compared to 2019 was primarily attributable to lower volumes; and product cost inflation and negative foreign exchange transaction effects, included within Industrial costs above. These were partially offset by reduced advertising and general and administrative costs.

APAC

The decrease in Net revenues in 2020 compared to 2019 was primarily due to lower shipments, lower component sales to the GAC FCA JV and negative foreign exchange translation effects.

The decrease in Adjusted EBIT in 2020 compared to 2019 was primarily attributable to lower Net revenues, and lower GAC FCA JV results, included within Other. These were partially offset by reduced marketing expense and general and administrative costs.

EMEA

The decrease in Net revenues in 2020 compared to 2019 was primarily attributable to lower volumes of vehicles and spare parts, partially offset by favorable model mix and positive net pricing.

The decrease in Adjusted EBIT in 2020 compared to 2019 was primarily attributable to lower volumes, less favorable overall mix and higher compliance and product electrification costs, included within Industrial costs above. These were partially offset by positive net pricing, primarily related to newly-launched electrified vehicles, lower fixed costs from cost containment and restructuring actions implemented in prior periods and reduced marketing costs.

Maserati

The decrease in Net revenues in 2020 compared to 2019 was primarily due to lower shipments.

The decrease in Adjusted EBIT in 2020 compared to 2019 was primarily due to lower volumes and higher marketing costs to support the new brand strategy partially offset by lower depreciation and amortization.

The following table is the reconciliation of Net profit from continuing operations to Adjusted EBIT (non-GAAP measure).

€ million	Year	
	2020	2019
Net profit from continuing operations	24	2,700
Tax expense	1,332	1,321
Net financial expenses	988	1,005
Adjustments:		
Impairment expense and supplier obligations ⁽¹⁾	927	1,542
Provision for U.S. investigations matters ⁽²⁾	222	—
Restructuring costs, net of reversals	73	154
Gains on disposal of investments	(4)	(15)
Brazilian indirect tax - reversal of liability/recognition of credits	—	(164)
Other ⁽³⁾	180	125
Total adjustments	3,718	1,642
Adjusted EBIT	3,742	6,668

(1) Impairment expense recognized in Maserati, EMEA, LATAM in Q1, EMEA in Q3 and North America in Q4 2020.

(2) Provision recognized for estimated probable loss to settle matters under investigation, primarily associated with U.S. diesel emissions.

(3) Primarily related to costs incurred for the FCA-PSA merger and for litigation proceedings.

Cash flows from operating activities to Industrial free cash flows

(€ million)	FY 2020	FY 2019
Cash flows from operating activities	9,183	10,462
Less cash flows from operating activities – discontinued operations	—	(308)
Cash flows operating activities – continuing operations	9,183	10,770
<i>Less: operating activities not attributable to industrial activities</i>	29	74
<i>Less: Capital expenditures for industrial activities</i>	8,598	8,383
<i>Add: Net intercompany payments between continuing operations and discontinued operations</i>	—	(200)
<i>Add: Discretionary pension contribution, net of tax</i>	68	—
Industrial free cash flows	624	2,113

2021 Outlook

2021 Industry Outlook(2): North America +8%, South America +20%, Europe +10%, Middle East & Africa +3%, India & Asia Pacific +3% and China +5%.

2021 Guidance(3): Adjusted Operating Income Margin of 5.5 - 7.5%; assumes no significant COVID-19 related lockdowns.



(26.89% stake, 41.68% of voting rights on issued capital)

Key consolidated figures of CNH Industrial for the year 2020 are as follows:

\$ million	Year		
	2020	2019	Change
Revenues	25,984	28,024	(2,040)
<i>Revenues in €</i>	22,749	25,033	(2,284)
Adjusted EBIT of Industrial Activities ⁽¹⁾	416	1,376	(960)
Net (loss) income	(695)	906	(1,601)
<i>of which attributable to owners of the parent</i>	(750)	874	(1,624)
Net Industrial Debt ⁽²⁾	297	(1,403)	1,700

(1) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT is defined as profit/(loss) before taxes, financial services results, industrial activities financial expenses, restructuring costs and certain non-recurring items.

(2) Net Industrial debt is defined as net debt excluding the funded portion of the sell-liquidating financial receivables portfolio.

COVID-19

During 2020, the effects of the COVID-19 pandemic and the related actions of governments and other authorities to contain COVID-19 spread impacted CNH Industrial's business, results and outlook. Many governments in countries, where CNH Industrial operates designated parts of its businesses as essential critical infrastructure businesses. This designation allows CNH Industrial to operate in support of its dealer and customers to the extent possible.

CNH Industrial's priorities in addressing the effects of COVID-19 continue to be the health, safety and well-being of its employees, the continuity of its business from a liquidity, cost management and market presence perspective and supporting its dealers, customers, suppliers and the communities in which it operates. CNH Industrial has proactively implemented health and safety measures at its operations around the world. The measures taken beginning in the first quarter of 2020 to aggressively decrease operational and selling, general and administrative expenses have been effective. CNH Industrial also worked closely with its dealers during 2020, and, as necessary, provided them with short-term payment relief.

As a consequence of the significant decline in industry demand and other market conditions due to the economic disruption caused by the pandemic, during the second quarter of 2020 CNH Industrial reviewed its current manufacturing footprint and, consequently, reassessed the recoverability of certain assets. As a result, Agriculture recognized \$111 million of impairment charges against tangible assets and \$137 million of impairment charges against intangible assets. In the same quarter, Construction recognized impairment charges of \$62 million against intangible and other long-lived assets, and Commercial and Specialty Vehicles recognized charges of \$282 million in connection with new actions identified in order to realize the asset portfolio of vehicles sold under buyback commitments. These actions were taken as a result of the significant deterioration of the used vehicle markets in which the segment operates and the consequent impact on truck residual values. The segment also recognized other asset impairment charges of \$7 million. Lastly, CNH Industrial performed a quantitative interim assessment of impairment for Construction goodwill, previously disclosed as being at risk of impairment. Having reassessed the expected future business performance of the segment and its projected cash flows, which deteriorated significantly, CNH Industrial recognized a charge of \$576 million in the second quarter, representing the total impairment of Construction goodwill.

Starting from the easing of COVID-19 restrictions in the third quarter of 2020, a general improvement was noted in market demand and in customer sentiment. The improvement continued in the fourth quarter, despite increasing COVID-19 restrictions in most geographies.

Uncertainty remains about the future impacts on CNH Industrial's end-markets and operations of renewed restrictions on social interactions and business operations until widespread vaccination is achieved.

CNH Industrial is closely monitoring the impact of the COVID-19 pandemic on all aspects of its business, its results of operations, financial condition and cash flows in 2021, which may also be significantly negatively impacted by, among other things, further restructuring actions and other non-cash asset impairments, price pressure on new and used vehicles, which may give rise to further reserve requirements, excess inventory, difficulty in collecting financial receivables and subsequent increased allowances for credit losses.

Revenues

Revenues for 2020 were \$25,984 million, a decrease of 7.3% (down 4.9% on a constant currency basis) compared to 2019, primarily due to a decrease of 7.2% (down 4.9% on a constant currency basis) compared to the prior year in net revenues of Industrial Activities due to adverse COVID-19 impacts on end markets and actions to lower channel inventory levels primarily in the first half of the year.

Net revenues for Agriculture were \$10,916 million in 2020, flat compared to 2019 (up 3.4% on a constant currency basis), as favorable price realization in all regions and higher volumes in Rest of World were offset by lower volumes in North America and in Europe, due to the COVID-19 impact in the first half of the year.

For 2020, worldwide industry unit sales for tractors increased 12% compared to 2019, while worldwide industry sales for combines were up 8% compared to 2019. In North America, industry volumes in the over 140 hp tractor market sector were flat and combines were up 1%. Industry volumes for under 140 hp tractors were up 17%. European markets were down 4% and 7% for tractors and combines, respectively. In South America, tractor industry volumes increased 4% and combine industry volumes decreased 1%. Rest of World markets increased 14% for tractors and 17% for combines.

Net revenues for Construction were \$2,170 million in 2020, down 21.6% compared to 2019 (down 18.7% on a constant currency basis), as a result of weaker market conditions due to the COVID-19 pandemic, mainly in the first half of the year, channel inventory destocking actions and a weaker pricing environment primarily in North America.

In 2020, Construction's worldwide compact equipment industry sales were up 4% compared to 2019, and worldwide general equipment industry sales were up 10% compared to 2019, while worldwide road building and site equipment industry sales were down 8%.

Commercial and Specialty Vehicles' net revenues were \$9,420 million in 2020, down 9.8% compared to 2019 (down 8.7% on a constant currency basis), primarily driven by the market slowdown in Europe due to the COVID-19 pandemic in the first half of the year.

Powertrain net revenues were \$3,633 million in 2020, down 11.7% compared to 2019 (down 11.5% on a constant currency basis), due to lower sales volume, mainly in Europe, as a result of COVID-19 pandemic. Sales to external customers accounted for 52% of total net revenues (51% in 2019).

Financial Services reported net revenues of \$1,807 million in 2020, down 9.5% compared to 2019 (down 5.4% on a constant currency basis), due to lower average portfolios in North America and Europe, negative impact from currency translation and lower used equipment sales, partially offset by a higher average portfolio in South America.

\$ million	Year		
	2020	2019	% change
Agriculture	10,916	10,958	-0.4
Construction	2,170	2,768	-21.6
Commercial and Specialty Vehicles	9,420	10,440	-9.8
Powertrain	3,633	4,114	-11.7
Elimination and other	(1,847)	(2,111)	n.s.
Total Industrial Activities	24,292	26,169	(7.2)
Financial Services	1,807	1,996	-9.5
Eliminations and other	(115)	(141)	n.s.
Revenues	25,984	28,024	-7.3

Adjusted EBIT of Industrial Activities

Adjusted EBIT of Industrial Activities was down 69.8% to \$416 million in 2020, compared to \$1,376 million in 2019, representing an Adjusted EBIT margin of 1.7%, down 360 basis points (“bps”) compared to 2019. The decrease was due to the significant impact from industry demand disruption and negative absorption caused by plant shutdowns in the first half of the year, partially offset by cost containment actions and recovering performances across all segments in the fourth quarter.

Adjusted EBIT of Agriculture was \$856 million in 2020, a \$44 million decrease compared to 2019. Positive price realization, reduced selling, general and administrative costs and improved income from non-consolidated joint ventures were offset by unfavorable market and mix and negative fixed cost absorption due to plant shutdowns in the first half of the year. Adjusted EBIT margin decreased 40 bps to 7.8%.

Adjusted EBIT of Construction was a loss of \$193 million in 2020 compared to \$50 million profit in 2019. The decrease was driven by lower volume, negative fixed cost absorption due to plant shutdowns in the first half of the year, destocking actions, and unfavorable price realization impacted by retail program enhancements in response to Covid-19 market conditions, partially offset by cost containment actions.

Adjusted EBIT loss of Commercial and Specialty Vehicles was \$169 million in 2020 (\$188 million profit in 2019), driven by decreased volumes and negative impact of fixed cost absorption due to plant shutdowns in the first half of the year, partially offset by positive price realization and cost containment actions.

Adjusted EBIT of Powertrain was \$223 million in 2020, a \$139 million decrease compared to 2019, mainly due to unfavorable volume, partially offset by purchasing efficiencies, lower costs for regulatory programs and cost containment actions. Adjusted EBIT margin was 6.1%, down 270 bps compared to 2019.

	Year		Change	2020	2019
	2020	2019		adjusted EBIT margin	adjusted EBIT margin
\$ million					
Agriculture	856	900	(44)	7.8 %	8.2 %
Construction	(193)	50	(243)	(8.9)%	1.8 %
Commercial and Specialty Vehicles	(169)	188	(357)	(1.8)%	1.8 %
Powertrain	223	362	(139)	6.1 %	8.8 %
Unallocated items, elimination and other	(301)	(124)	(177)	n.s.	n.s.
Adjusted EBIT of Industrial Activities	416	1,376	(960)	1.7 %	5.3 %

The following table is the reconciliation of Net income to Adjusted EBIT of Industrial Activities (non-GAAP measure).

\$ million	Year	
	2020	2019
Consolidated loss(profit)	(695)	906
Less:		
Consolidated income tax benefit (expense)	(55)	302
Financial services	(382)	(493)
Add back:		
Financial expenses	289	362
Adjustments:		
Restructuring costs	56	112
Goodwill impairment loss	576	
Other discrete items ⁽¹⁾	627	187
Adjusted EBIT of Industrial Activities	416	1,376

- (1) In 2020 this item primarily includes impairment of intangible and other long-lived assets, as well assets optimization charges, and the negative impact from the costs recognized by a Chinese joint venture, accounted for under the equity method, for valuation allowances against deferred tax assets and restructuring actions.
- (2) In 2019, this item mainly included the other asset optimization charges for \$165 million, \$20 million pre-tax non-cash settlement charge resulting from the purchase of a group annuity contract to settle a portion of the outstanding U.S. pension obligation and pre-tax gain of \$47 million related to a healthcare plan amendment in the U.S.

Net Industrial debt

\$ million	31/12/2020	31/12/2019	Change
Third party debt ⁽¹⁾	(26,618)	(25,413)	(1,205)
Cash and cash equivalents	9,629	5,773	3,856
Other/financial asset/(liabilities) ⁽²⁾	115	10	105
(Net debt)/Cash⁽³⁾	(16,874)	(19,630)	2,756
	Industrial Activities	(1,403)	1,403
	Financial Services	(18,227)	1,353

- (1) As a result of the role played by the central treasury, debt for Industrial Activities also includes funding raised by the central treasury on behalf of Financial Services.
- (2) Including fair value of derivative financial instruments.
- (3) The net intersegment receivable/payable balance recorded by Financial Services relating to Industrial Activities was -\$134 million and -\$194 million as of 31 December 2020 and 31 December 2019, respectively.

2021 Outlook (US GAAP)

CNH Industrial's 2021 outlook assumes a progressive improvement in economic conditions as populations and markets adjust to the new circumstances. CNH Industrial is providing the following 2021 outlook for its Industrial Activities:

- Net sales up between 8% and 12% year on year including currency translation effects;
- Free cash flow positive between \$0.4 billion and \$0.8 billion;
- R&D expenses growing to 4.5% of net sales, sales, general expenses lower/equal to 7.5% of net sales, and capital expenditures above 2.5% of net sales.



(63.77% of share capital)

The results for the first half of 2020/2021 of Juventus Football Club S.p.A. are as follows:

€ million	I Half		Change
	2020/2021	2019/2020	
Revenues	258	322	(64)
Operating costs	(263)	(261)	(2)
Operating result	(105)	(38)	(67)
Loss for the period	(114)	(50)	(64)

€ million	31/12/2020 ^(a)	30/06/2020	Change
Shareholders' equity	125	240	(115)
Net financial debt	358	385	(27)

(a) On 3 July 2020, Juventus acquired from Lindbergh Hotels S.r.l. its equity interest in B&W Nest S.r.l. (the company that manages the J Hotel); as a result of said acquisition, Juventus holds the entire share capital of B&W Nest S.r.l. Hence, effective from that date, Juventus is required to prepare consolidated financial statements. The main effect of the consolidation is reflected in the net financial debt, which increased by €17 million, of which €15 million attributable to the application of the IFRS 16 accounting standard on rental and lease contracts for the hotel's operating activities.

For a correct interpretation of the data, it should be noted that the financial year of Juventus does not coincide with the calendar year, but covers the period 1 July–30 June, which corresponds to the football season. The accounting data under examination thus represents the first half of operations for the financial year 2020/2021.

Interim data are prepared only for Exor consolidated reporting purpose and cannot be construed as representing the basis for a Juventus full-year projection. Result performance is characterized by the highly seasonal nature typical of the sector, determined mainly by the calendar of football events and the two phases of the players' Transfer Campaign.

The financial position and cash flows are also affected by the seasonal nature of the income components; in addition, some revenue items are collected in a period different from the period to which they refer.

COVID-19

The national and international scenario of the first half of the 2020/2021 financial year continues to be characterized by the impacts from the COVID-19 pandemic and the resulting restrictive measures for containment imposed by administrative, health and sports Authorities.

With the exception of the match on 20 September 2020 (Juventus vs Sampdoria), played at home with an audience limited to a maximum of one thousand invited spectators, these restrictive measures have not allowed, and currently do not allow, matches to be held with the public in attendance (effectively cancelling ticket sales). Moreover, the pandemic containment measures implemented with the Italian Prime Ministerial Decree (DPCM) of 3 November 2020 (as subsequently confirmed) entailed, in different phases, the closure to the public of the J Museum and stores, having a negative impact on visitor and merchandising revenues.

It should also be noted that the COVID-19 health emergency resulted in the postponement, to July and August 2020, of some matches of national and international competitions for the 2019/2020 season, thereby causing the respective revenues from television rights to be recognized in the current year.

During the first half of the 2020/2021 financial year, the protraction of the COVID-19 pandemic generated a significant negative impact on revenues (mainly from ticket sales and product sales), which can be quantified in about €50 million; conversely, the impact on costs was not significant, since some savings related to the lack of matches were partly offset by costs related to the pandemic (mainly health safeguards and protective devices).

The first half of the 2020/2021 financial year closed with a loss of €114 million, compared to a loss of €50 million in the first half of the previous financial year.

In detail, the higher loss in the first half of the year is essentially attributable to lower revenues of €64 million, related to lower revenues from players' registration rights (€55 million) and the effects directly attributable to the pandemic on tickets sales and sales of products, licenses and similar (total €39 million); these negative effects were partly offset by higher revenues from radio and television rights (€27 million, related to the higher number of championship matches played in the half year in question). In terms of revenues, note the positive trend - given the difficult context - of revenues from sponsorships and advertising (slightly higher than the previous year), as well as the increase in revenues from e-commerce (up by 60%), which partially offset the inevitable decline in revenues from physical retail stores.

Operating costs, amortization/depreciation and net provisions were flat on the whole, showing moderate changes in certain items (registered personnel and non-registered personnel costs – which were fully paid on time - as well as expenses for players' registration rights and health protection were up; external services and other minor costs decreased).

2021 Outlook

Given the COVID-19 health emergency, the economic, financial and sporting reference context is characterized by a high degree of uncertainty, which makes it very complex to formulate reliable forecasts regarding possible short to medium-term developments.

Juventus will continue to monitor constantly the evolution of the emergency situation connected with the spread of the COVID-19 pandemic, in consideration of both the changing reference regulatory framework and the complex global economic context, in order to assess further measures to safeguard its revenue sources and assets, as well as maintain high standards for protecting the health and well-being of its registered personnel and employees.

At present, the 2020/2021 financial year - which, unlike the previous financial year, is influenced by the pandemic effects for the entire period - is expected to result in a loss, also due to the significant impact deriving from the closure of the stadium to the public and from other containment measures imposed by the Authorities, which penalize ticket sales and product sales.

In evaluating the business outlook, uncertainties persist that are typical of football activities, deriving in particular from the First Team's performance in competitions in which it plays, additional transfers of players' registration rights that may take place during the year, the revenues evolution deriving from commercial activities, and the trend in the cost for registered personnel, also taking into account the variable component of the agreed remuneration.

Despite the difficult general economic and financial context, the directors have determined that there are no significant uncertainties with reference to the use of the going concern assumption. In developing this conclusion, the Directors have been taken into consideration both the capitalization (at 31 December 2020 the shareholders' equity amounted to €125.5 million) and the company's ability to meet its financial commitments through the liquidity obtained from medium-term loans and/or using available bank credit facilities. In addition, without prejudice to the continuation of business activities - despite a context influenced by reduced liquidity in the system as a result of the protracted crisis - Juventus could dispose of players' registration rights. The 2020/2021 financial year of Juventus b, forecasted to result in a loss, will be as usual strongly influenced by sports results, in particular in the UEFA Champions League.

(89.62% of share capital)

It should be noted that the financial data prepared for EXOR consolidated reporting purposes is different from that reported by GEDI. The data consolidated by Exor reflects the period from 1 May 2020 to 31 December 2020 and the differences related to the effects of the application of the acquisition method by Exor to account for the acquisition.

The following information refers to the key consolidated figures of GEDI for the year 2020.

€ million	Year		Change
	2020	1905	
Net revenues	533	604	(71)
Gross operating profit	2	34	(32)
Adjusted operating profit	(12)	28	(40)
Net loss	(166)	(129)	(37)

€ million	31/12/2020	31/12/2019	Change
Shareholders' equity	227	394	(167)
Net financial debt	106	99	7

COVID-19

Results for the year 2020 have been heavily penalized by the performance of the first half of 2020, in which all the activities have been significantly affected by the spread of the COVID-19 virus and the consequent restrictions needed for its containment introduced by national and local authorities.

The crisis has determined, for GEDI, a direct contraction of advertising revenue resulting from the collapse in consumption and the consequent stop of planning and cancellation of some national and local campaigns already previously booked and from the cancellation of scheduled events.

Conversely, all brands have further consolidated their central position and authority in providing accurate information to readers, recording particularly significant increases in digital traffic.

In this context, GEDI prioritized actions to guarantee the health and safety of its workforce and swiftly adopted a series of measures for further rationalization and reduction of costs, aimed at containing the economic and financial effects deriving from the sudden drop in advertising revenue, whilst continuing investment according to the strategic guidelines identified.

Revenues

€ million	Year		Change
	2020	2019	
Circulation	278	291	(13)
Advertising	239	294	(55)
Add-ons and others	16	19	(3)
Total	533	604	(71)

Consolidated revenues attested to €533 million, down by 11.6% compared to the year 2019. Revenues from digital activities accounted for 14.7% of consolidated revenues (20.2.% from Repubblica brand). Circulation revenues, for €253 million decreased by 6.1% compared to the previous year. The effects of COVID-19 and restrictive measures introduced at regional and national level impacted negatively on the performance of sales at newsstands.

Meanwhile, sales of digital subscriptions confirmed their positive trend, supported both by continued actions to maximize the consumer-base and increased new activations following growing attention of readers to news regarding the spread of COVID-19. In this context, a promotional policy was introduced for premium products and annual dual-copy subscriptions.

All these measures increased the customer base, which at the end of 2020 had reached 231 thousand subscriptions, higher by about 100 thousand subscriptions compared to the end of December 2019.

Advertising revenues at €239 million, were down by 18.6% compared to the year 2019. The decline is essentially attributable to the COVID-19 effect.

With reference to the Group's different platforms, print advertising was down 19% and radio down 29.3%, while internet advertising revenues increased by 3.7%.

Net loss

GEDI closed the year 2020 with a loss of €166 million, including the impairment losses on goodwill and on publications for €82 million (net of taxes), restructuring expenses in addition to the other non current components impacting on net profit for €24 million and losses realized on the disposal of local publications for €11 million.

In 2020, impairment losses of €7 million were also recorded on the investment held in Editoriale Libertà and Editoriale Corriere di Romagna and €13 million for adjustments on deferred tax assets due to the worsening forecasts for the recovery of previous tax losses due to COVID-19.

2021 Outlook

At present, with the protraction of the pandemic situation, all the factors contributing to the formulation of forecasts for revenues, particularly those from advertising, both in the press publishing sector (printed and digital) and in radio, continue to be subject to a high degree of uncertainty.

As to the outlook for the performance of the business, GEDI believes that it has adequate operational and financial capacity to ensure its positive medium to long term development, albeit in a macroeconomic context which inevitably will be influenced by the ongoing public health emergency. The measures already taken by the Government to sustain the national economy, which could be amplified and/or extended in time, could provide a further positive contribution to the Company's economic performance.

SUBSEQUENT EVENTS AND
2021 OUTLOOK

SUBSEQUENT EVENTS AND 2021 OUTLOOK

Subsequent events

Dividends and distribution of reserves expected to be received in the year 2021

The dividends and distributions of reserves already received or proposed by the board of directors of some subsidiaries are as follows:

Investee company	Dividends		
	Number of shares	Per share (€)	Total (€ million)
Ferrari N.V.	44,435,280	0.87	39
Stellantis N.V.	449,410,092	0.32	144
Stellantis N.V. (extraordinary dividend related the merger between PSA and FCA)	449,410,092	1.84	827
Stellantis N.V. (cash proceeds from the distribution of Faurecia) ^(a)	449,410,092	0.096677	43
CNH Industrial N.V.	366,927,900	0.11	40
Holdings System's share of dividends			1,093

(a) In addition Exor received no. 7,653,004 ordinary shares of Faurecia (equal to €363 million considering the market value per share at the date of distribution).

Creation of Stellantis

On 17 December 2019, FCA and PSA entered into a combination agreement providing for the combination of FCA and PSA through a cross-border merger, with FCA as the surviving legal entity in the merger.

On 14 September 2020, FCA and PSA agreed to amend the combination agreement. According to the combination agreement amendment, the FCA Extraordinary Dividend, to be paid to former FCA shareholders was reduced to €2.9 billion, with PSA's 46 percent stake in Faurecia planned to be distributed to all Stellantis shareholders promptly after closing following approval of the Stellantis board and shareholders.

On 4 January 2021, PSA and FCA held their respective extraordinary general shareholders meetings in order to, among other matters, approve the merger transaction. The respective shareholders meetings approved the merger.

On 16 January 2021, PSA merged with and into FCA. By virtue of the merger, FCA issued 1.742 FCA common shares for each outstanding PSA ordinary share and each PSA ordinary share ceased to exist. Each issued and outstanding common share of FCA remained unchanged as one common share in FCA. The surviving entity changed its name to Stellantis on 17 January 2021, which was the accounting acquisition date for the business combination.

Following the merger, Exor continues to hold 449,410,092 common shares of Stellantis, corresponding to 14.4% of the outstanding capital.

On 29 January 2021, the extraordinary dividend of approximately €2.9 billion (Exor's share €827 million) was paid to holders of FCA common shares of record as of the close of business on Friday, 15 January 2021.

As part of the merger, Stellantis distributed to its shareholders its 39.34% stake in Faurecia and the proceeds amounting to approximately €308 million generated by the sales of ordinary shares of Faurecia effected in 2020. On 22 March 2021 Exor received €43 million and 7,653,004 Faurecia ordinary shares.

From an accounting standpoint, in accordance with IAS 28, Exor is deemed to have a significant influence over Stellantis. Following the merger, Exor has to derecognize the former FCA assets and liabilities accounted for applying the line-by-line consolidation method and has to account for the investment in Stellantis applying the equity method, with the initial valuation at fair value at the date of the loss of control, including the purchase price allocation to be completed within one year from the initial recognition. The preliminary effects of the above accounting are not yet quantifiable at this time and will be reported in the half-year condensed consolidated income statements of Exor at 30 June 2021 and finally adjusted through the completion of the purchase price allocation process.

Issue of non-convertible bond due on 19 January 2031

On 19 January 2021 Exor issued bonds for a nominal amount of €500 million, maturing on 19 January 2031 with a fixed annual coupon of 0.875%. The purpose of the issue was to raise new funds for Exor's general corporate purposes, including the refinancing of existing debt. The bonds are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, with a BBB+ credit rating assigned by Standard & Poor's.

Tender offers on 2022 and 2024 Exor Bonds

On 12 January 2021 Exor launched an invitation to eligible noteholders of the Exor outstanding €750,000,000 2.125% Notes due 2022 and the Exor outstanding €650,000,000 2.50% Notes due 2024, listed on the Luxembourg Stock Exchange, to tender their notes for purchase by Exor for cash.

On 20 January 2021 Exor announced that it accepted all validly tendered notes for an aggregate nominal amount of €297,713,000. Therefore the nominal amounts outstanding after the repurchase settlement date are €601,891,000 of Notes due 2022 and €500,396,000 of Notes due 2024.

Investment in Christian Louboutin

On 8 March 2021 Exor and Christian Louboutin signed an agreement whereby Exor will invest €541 million to become a 24% shareholder in Christian Louboutin, alongside the founders and will nominate 2 of the 7 members of its Board of Directors. Exor's commitment to building great companies makes it an excellent partner for Christian Louboutin at a moment when this established brand is poised to capture significant new opportunities. The transaction is expected to close in the second quarter of 2021.

COVID-19

Exor is closely monitoring the impact of the COVID-19 pandemic on all aspects of its business, financial condition and cash flows. However, uncertainty remains about the extent to which the COVID-19 pandemic will impact Exor and its operating subsidiaries which Exor cannot reasonably estimate. The ultimate impact will depend on the scale, duration, severity and geographic reach of future developments, including the pace and efficacy of vaccination programs and the return to normal economic conditions, which cannot be predicted.

2021 Outlook

EXOR N.V. does not prepare budgets or business plans, nor does it publish forecast data or data on the basis of which it is possible to calculate forecast data.

Certain Exor operating subsidiaries (Stellantis, Ferrari and CNH Industrial) publish forecast data on their performance.

Other operating subsidiaries (PartnerRe and Juventus Football Club) publish information on the foreseeable outlook. Additional information is provided under "Review of performance of the Operating Subsidiaries" in the Board Report.

The forecast data and information of the above mentioned operating companies are drawn up autonomously and communicated by the respective companies and are not homogeneous. Quantitative forecast disclosures prepared by these operating companies and the type of information provided, as well as the underlying assumptions and calculation methods vary according to the accounting principles applicable to each subsidiary and the conventional application practices in the respective sector of reference.

EXOR N.V. in fact, is a holding company without a specific business of reference, head of a diversified and non-integrated group that operates in different segments and does not exercise direction and coordination activities over its subsidiaries, which operate in a completely independent manner.

EXOR N.V. deems that the forecasted data and information of the subsidiaries are not significant or suitable for the purposes of providing indications about the prospective economic trend of EXOR N.V.'s operations, nor represent a forecast or estimate of the company's results. Therefore, in assessing EXOR N.V.'s future prospects it is not possible to rely on the data and prospective information published by the aforesaid operating subsidiaries.

25 March 2021

The Board of Directors

John Elkann

Alessandro Nasi

Andrea Agnelli

Ginevra Elkann

Marc Bolland

Joseph Bae

Melissa Bethell

Laurence Debroux

António Horta-Osório

MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE

MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE

Introduction

EXOR N.V. (“Exor” or the “Company”) is a public limited liability company (*naamloze vennootschap*), incorporated under the laws of the Netherlands and its shares are listed in Italy on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (the “MTA”). The Company’s legal and tax residence is in the Netherlands.

Capital Structure

Structure of share capital

Share class	Number of shares	Listing market	Rights and obligations
Ordinary shares ¹	241,000,000	MTA/Borsa Italiana	

As of 31 December 2020 the Company held 9,993,244 of its own ordinary shares as treasury stock.

Economic and administrative rights

Each Exor ordinary share entitles its holder to one vote at general meetings of shareholders – ordinary and extraordinary – as well as to the economic and administrative rights according to the applicable provisions of law and of the Company’s articles of association (the “Articles of Association”).

Issuance of shares

Shares may be issued pursuant to a resolution of the general meeting of shareholders. This competence concerns all non-issued shares of the Company’s authorized capital, except insofar as the competence to issue shares is vested in the board of directors (the “Board of Directors”) by a resolution of the general meeting of shareholders to this extent.

Shares may be issued pursuant to a resolution of the Board of Directors, if and insofar as the Board of Directors is designated to do so by the general meeting of shareholders. Such designation can be made each time for a maximum period of five years and can be extended each time for a maximum period of five years. A designation must determine the number of shares of each class concerned which may be issued pursuant to a resolution of the Board of Directors. A resolution of the general meeting of shareholders to designate the Board of Directors as a body of the Company authorized to issue shares can only be withdrawn upon proposal of the Board of Directors.

By means of the resolution adopted by the general meeting on 24 November 2016, the Board of Directors has been designated as the competent body to issue ordinary shares and to grant rights to subscribe for shares for a term of five (5) years with effect from 11 December 2016. The Board of Directors has been authorized to increase the share capital with such number of shares for a nominal value up to five million Euro (Euro 5,000,000.00) and to issue convertible bonds for an aggregate issue price up to one billion Euro (Euro 1,000,000,000.00), and to issue the underlying ordinary shares (or granting of rights to subscribe for such underlying ordinary shares) pursuant to the applicable conversion ratio.

Payment for shares shall be made in cash unless another form of consideration has been agreed. Payment in a currency other than Euro may only be made with the consent of the Company.

Upon the issuance of ordinary shares, each holder of ordinary shares will have pre-emptive rights in proportion to the aggregate nominal value of his ordinary shares. A shareholder will not have pre-emptive rights in respect of ordinary shares issued against a non-cash contribution. Nor will the shareholder have pre-emptive rights in respect of ordinary shares issued to employees of the Company or of a group company (*groepsmaatschappij*).

Prior to each individual issuance of ordinary shares, pre-emptive rights may be restricted or excluded by a resolution of the general meeting of shareholders. However, with respect to an issue of ordinary shares pursuant to a resolution of the Board of Directors, the pre-emptive rights can be restricted or excluded pursuant to a resolution of the Board of Directors if and insofar as the Board of Directors is designated to do so by the general meeting of shareholders.

¹ The ordinary shares are registered shares, freely transferable and issued in electronic form. Shares are managed through the centralized clearing system organized by Monte Titoli.

By means of the resolution adopted by the general meeting on 24 November 2016, the Board of Directors has been authorized to limit or exclude pre-emptive rights of shareholders when issuing ordinary shares or granting rights to subscribe for ordinary shares for a term of five (5) years with effect from 11 December 2016.

Holders of Special Voting Shares have no pre-emptive rights on the issuance of shares of any class and with respect to the issuance of Special Voting Shares no pre-emptive rights exist.

The general meeting of shareholders or the Board of Directors, as the case may be, shall decide – when passing the resolution to issue shares or rights to subscribe for shares – in which manner the shares shall be issued and, to the extent that rights of pre-emption apply, within what period those rights may be exercised.

Special Voting Structure

In order to foster the development and continued involvement of a core and stable base of long-term shareholders in a manner that reinforces the group's stability, as well as providing Exor with enhanced flexibility when pursuing strategic investment opportunities in the future, the Articles of Association provide for a special-voting structure (the "Special Voting Structure"). The purpose of the Special Voting Structure is to reward long-term ownership of Exor ordinary shares by granting long-term Exor shareholders with special voting shares to which multiple voting rights are attached additional to the right granted by each Exor ordinary share held.

More precisely, according to the Special Voting Structure:

- (i) after 5 years of uninterrupted ownership of Exor ordinary shares held in the Loyalty Register (as defined below), each Exor shareholder will be entitled to 5 voting rights for each Exor ordinary share and, to this purpose, will receive – and Exor will issue – one special voting share, to which 4 voting rights are attached, and with a nominal value of Euro 0.04 ("Special Voting Share-A"), additional to each Exor ordinary share owned (to which 1 voting right is attached); and
- (ii) after 10 years of uninterrupted ownership of Exor ordinary shares held in the Loyalty Register (as defined below), each Exor shareholder will be entitled to 10 votes for each Exor ordinary share and, to this purpose, each Special Voting Share-A held will be converted into one special voting share B, to which 9 voting rights are attached, and with a nominal value of Euro 0.09 ("Special Voting Share-B"), additional to each Exor ordinary share owned (to which 1 voting right is attached).

Special Voting Shares-A and Special Voting Shares-B, which are collectively referred to as "Special Voting Shares", will not be tradable and will have only minimal economic entitlements.

Application for Special Voting Shares – Loyalty Register

A shareholder may at any time opt to become eligible for Special Voting Shares by requesting the agent (the "Agent") referred to Article 3.3 of the Terms and Conditions for Special Voting Shares (the "SVS Terms"), acting on behalf of the Company, to register one or more ordinary shares in the loyalty register (the "Loyalty Register") maintained by the Company pursuant to the SVS Terms. Such request will need to be made by the relevant shareholder via its intermediary, by submitting (i) a duly completed form (the "Election Form") and (ii) an intermediary confirmation statement attesting the uninterrupted holding of Exor ordinary shares, pursuant to the SVS Terms.

Together with the Election Form, the relevant shareholder must submit a duly signed power of attorney, irrevocably instructing and authorizing the Agent to act on his behalf and to represent him in connection with the issuance, allocation, acquisition, conversion, sale, repurchase and transfer of Special Voting Shares in accordance with and pursuant to the SVS Terms (the "Power of Attorney").

Upon receipt of the Election Form, the intermediary's confirmation and the Power of Attorney, the Agent will examine the same and use its reasonable efforts to inform the relevant shareholder, through his intermediary, as to whether the request is accepted or rejected (and, if rejected, the reasons why) within ten business days of receipt of the above-mentioned documents. The Agent may reject a request for reasons of incompleteness or incorrectness of the Election Form, the Power of Attorney or the broker's confirmation or in case of serious doubts with respect to the validity or authenticity of such documents. If the Agent requires further information from the relevant shareholder in order to process the request, then such shareholder shall provide all necessary information and assistance required by the Agent in connection therewith.

Exor ordinary shares for which a shareholder has issued a request for registration in the Loyalty Register – as well as ordinary shares already registered – are referred to as “Electing Ordinary Shares”.

Allocation of Special Voting Shares

For the sake of clarity, it should be noted that, as of the effective date of the Merger (i.e. 11 December 2016), no Special Voting Shares had been issued by Exor. As a consequence, assuming that a request for registration of Exor ordinary shares in the Loyalty Register was made at the effective date of the Merger, the requesting shareholder will be entitled to receive Special Voting Shares-A only after 5 years from the above mentioned registration in the Loyalty Register.

As per the date on which an Exor ordinary share has been registered in the Loyalty Register in the name of one and the same shareholder or its Loyalty Transferee (as defined under the SVS Terms) for an uninterrupted period of five years (the “SVS A Qualification Date”), such Electing Ordinary Share will become a “Qualifying Ordinary Share A” and the holder thereof will be entitled to acquire one Special Voting Share A in respect of each of such Qualifying Ordinary Share A.

As per the date on which an Exor ordinary share has been registered in the Loyalty Register in the name of one and the same shareholder or its Loyalty Transferee for an uninterrupted period of ten years (the “SVS B Qualification Date”), such Electing Ordinary Share – which, in the meantime, will have become a Qualifying Ordinary Share A – will become a “Qualifying Ordinary Share B”. Qualifying Ordinary Shares A and Qualifying Ordinary Shares B are collectively referred to as “Qualifying Ordinary Shares”.

On the SVS B Qualification Date, the Agent will, on behalf of the Company, issue a conversion statement pursuant to which the Special Voting Shares A corresponding to the number of Qualifying Ordinary Shares B will automatically convert into an equal number of Special Voting Shares B.

Transfer of Electing Ordinary Shares, Qualifying Ordinary Shares and Special Voting Shares; removal from the Loyalty Register

According to the SVS Terms and during the time in which Electing Ordinary Shares or Qualifying Ordinary Shares are held in the Loyalty Register, these cannot be sold, disposed of or transferred unless to a Loyalty Transferee.

No shareholder shall, directly or indirectly, (a) sell, dispose of or transfer any Special Voting Share or otherwise grant any right or interest therein, unless the shareholder is obliged to transfer Special Voting Shares to a Loyalty Transferee, or (b) create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over any Special Voting Share or any interest in any Special Voting Share.

As described above, anyone holding Electing Ordinary Shares or Qualifying Ordinary Shares may request at any time that all or part of their Electing Ordinary Shares or Qualifying Ordinary Shares be removed from the Loyalty Register and be transferred to the ordinary trading system, so as to enable the shareholder to freely dispose of their Exor shares as indicated below. Starting from the time the above mentioned request is made, it shall be considered that the person holding Qualifying Ordinary Shares has waived the attribution of the voting rights associated with the Special Voting Shares issued and attributed in relation to the Qualifying Ordinary Shares.

Each of the above mentioned requests shall result in a compulsory transfer by effect of which the Special Voting Shares shall be offered and transferred to Exor without any consideration (*om niet*) under the Articles of Association and the SVS Terms. Exor may keep the Special Voting Shares as treasury shares, but shall not be entitled to exercise the related voting rights. Alternatively, Exor may withdraw and cancel the Special Voting Shares and by this effect the nominal value of those shares shall be allocated to the special capital reserve of Exor. Therefore, the voting rights embodied in Special Voting Shares shall cease to apply with reference to the related Qualifying Ordinary Shares removed from the Loyalty Register.

Each shareholder holding Qualifying Ordinary Shares shall promptly notify Exor about the occurrence of an event of Change of Control (as defined under the SVS Terms) which concerns the same. A shareholder's Change of Control causes the related Qualifying Ordinary Shares to be removed from the Loyalty Register. The voting rights attaching to Special Voting Shares and assigned in relation to the corresponding Qualifying Ordinary Shares shall be suspended with immediate effect as a result of any event of Change of Control, directly or indirectly, related to each holder of Qualifying Ordinary Shares held in the Loyalty Register.

Other characteristics of Special Voting Shares

Issuance of Special Voting Shares does not require qualified shareholders to pay up their nominal value to Exor. Pursuant to Article 13.4 of the Articles of Association, Exor maintains a separate reserve (the “Special Capital Reserve”) to pay-up Special Voting Shares. The Board of Directors is authorized to credit or debit the Special Capital Reserve at the expense or in favour of the Company’s general share premium reserve. If the Board of Directors so decides, Special Voting Shares can be issued at the expense of the Special Capital Reserve *in lieu* of an actual payment for the shares concerned.

However, the holder of Special Voting Shares issued at the expense of the Special Capital Reserve may at any time substitute the charge of the Special Capital Reserve by making an actual payment to the Company in respect of the shares concerned (in accordance with payment instructions provided by the Board of Directors on request) in an amount equal to the nominal value of such Special Voting Shares (such shares being defined as “Special Voting Shares paid-up in cash”).

As anticipated, Special Voting Shares have minimal economic entitlement. Under Dutch law, in fact, Special Voting Shares cannot be excluded – as a whole – from the assignment of economic rights. Consequently, in accordance with Article 28.2 of the Articles of Association, holders of Special Voting Shares paid-up in cash will be entitled to the payment of an annual dividend equal to one per cent (1%) of the amount actually paid for such shares in accordance with the above, provided, however, that profits realized with respect to the financial year concerned are not fully appropriated to increase and/or form reserves. Actual payments made during the financial year to which the dividend relates will not be counted.

In case of liquidation of the Company, out of the balance remaining after payment of its debts, the following payments will be proceeded:

- firstly, the amounts actually paid-in on Special Voting Shares in accordance with Article 13.5 of the Articles of Association will be transferred to those holders of Special Voting Shares whose Special Voting Shares have so been actually paid for; and
- secondly, the balance remaining will be transferred to the holders of ordinary shares in proportion to the aggregate number of the ordinary shares held by each of them.

Pursuant to Article 11 of the SVS Terms, in the event of a breach of any of the obligations of a shareholder, that shareholder must pay to the Company an amount for each Special Voting Share affected by the relevant breach (the “Compensation Amount”), which amount is the average closing price of an ordinary share on the MTA calculated on the basis of the period of twenty (20) trading days prior to the day of the breach or, if such day is not a business day, the preceding business day, such without prejudice to the Company’s right to request specific performance.

Pursuant to Article 12 of the SVS Terms, the SVS Terms may be amended pursuant to a resolution by the Board of Directors, provided, however, that any material, not merely technical amendment will be subject to the approval of the general meeting of shareholders of Exor, unless such amendment is required to ensure compliance with applicable laws or listing regulations.

Repurchase of Shares

The authorization of the Board of Directors to repurchase its own fully paid-up ordinary shares, up to the maximum number of ordinary shares that can be repurchased under Dutch law, and further within the limits of Dutch law, applicable regulations and the Company’s Articles of Association, has been extended, by the annual general meeting of shareholders held on 29 May 2019 for a term of 18 months, starting from the date thereof.

Under the authorization granted by the annual general meeting of shareholders to the Board of Directors on 29 May 2018, an ordinary share buyback program was launched on 14 November 2018 (the “Program”).

The Program involved the repurchase of up to €300 million of ordinary shares and per 9 August 2019 the total consideration for the shares acquired was of approximately €269 million.

On 24 September 2020 Exor announced the intention to restart and complete the Program. The completion of the Program was conducted in the framework and completed on 6 November 2020.

At 25 March 2021, the Company holds 9,993,244 ordinary shares in treasury (4.15% of issued capital).

Restrictions on the transfer of shares

There are no restrictions on the transfer of Exor ordinary shares, no limitations on ownership and no clauses requiring acceptance on the part of the Company or of other shareholders upon a transfer of shares.

The above shall not apply to transfers of Special Voting Shares or Electing Ordinary Shares or Qualifying Ordinary Shares: for such provisions, reference is made to the section above.

Restrictions on voting rights

There are no restrictions on voting rights.

Shareholders

Significant shareholdings

Based on the regulatory filings with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) the following entities own as of 31 December 2020, directly or indirectly, more than 3% of the share capital carrying voting rights:

Shareholder	% of issued capital
Giovanni Agnelli B.V.	52.99%
Harris Associates LP	4.99 %

In total ten shareholders, one of which is Giovanni Agnelli B.V., are registered, for a total amount of 132,228,028 shares, in the Loyalty Register to participate in the Special Voting Structure, as explained above.

Giovanni Agnelli B.V. is the largest shareholder of Exor through its 52.99% shareholding interest in Exor's issued capital. Giovanni Agnelli B.V. is a Dutch private company with limited liability the shares of which are held by descendants of Giovanni Agnelli, founder of Fiat. The main business objective is to preserve unity and continuity of its controlling equity interest in Exor.

Consequently, Giovanni Agnelli B.V. could strongly influence all matters submitted to a vote of Exor's shareholders, including approval of annual dividends, election and removal of directors and approval of extraordinary business transactions.

Employee shareholdings: system for the exercise of voting rights

A specific mechanism for the exercise of voting rights applicable to employees' shareholdings does not exist. In particular the voting rights on shares deriving from the vesting of shares or from the exercise of option rights under stock option plans or incentive plans – for information on which reference should be made to the section “Remuneration of Directors” – are not subject to any form of restriction and are directly exercisable by the beneficiaries.

Shareholder agreements

Exor is not aware of shareholder agreements concerning either the exercise of the rights attached to the Company's shares or the transfer of the shares.

Change of control clauses and By-Law provisions relevant to a public offer

Any change in control of the Company² would entitle subscribers of the following bonds outstanding at 31 December 2020 to demand early repayment.

- Non-convertible bond issue 2015/2022 of €750 million
- Non-convertible bond issue 2014/2024 of €650 million
- Non-convertible bond issue 2012/2025 of €100 million
- Non-convertible bond issue 2015/2025 of €450 million
- Non-convertible bond issue 2016/2026 of \$170 million
- Non-convertible bond issue 2018/2028 of €500 million

- Non-convertible bond issue 2020/2030 of €500 million
- Non-convertible bond issue 2011/2031 of ¥10 billion
- Non-convertible bond issue 2019/2034 of €500 million
- Non-convertible bond issue 2018/2038 of €200 million.

In addition, three lending banks would have the right to demand the cancellation of four irrevocable lines of credit totaling €300 million, which, however, were unutilized as of 31 December 2020.

Except for the aforesaid, as of the date of this report, there are no significant agreements to which the Company is a party that would become effective, be amended or be extinguished on a change of control of the Company.

The Articles of Association do not provide for derogations from the passivity rule or for the application of the breakthrough rule contemplated in the Dutch and Italian legislation on public offers.

² The articles of association of the majority shareholder Giovanni Agnelli B.V. include a condition that requires (i) the unanimous vote of directors in function, and (ii) the approval of the general meeting of shareholders by a special majority of more than two thirds of the votes cast representing more than two thirds of the issued and outstanding share capital for any disposal of ordinary shares in Exor which does not leave at least 51% of the ordinary share capital of Exor in the full ownership of Giovanni Agnelli B.V.

RISK MANAGEMENT, RISKS AND CONTROL SYSTEM

RISK MANAGEMENT, RISK AND CONTROL SYSTEM

In compliance with the principles of the Dutch Corporate Governance Code Exor has adequate internal risk management and control systems in place. To assess the risk affecting the Company's activities and the effectiveness of the internal control system Exor has in place an internal control and risk management system based on the model provided by the COSO Framework (Committee of Sponsoring Organizations of the Treadway Commission Report – Enterprise Risk Management model) and the principles of the Dutch Corporate Governance Code (hereafter also the "System"). The System consists of a set of policies, procedures, rules and organizational structures the purpose of which is to provide an adequate process for the identification, measurement, management and monitoring of the principal risks in order to ensure the reliability, accuracy and timeliness of financial information, the safeguarding of the Company's assets, the efficiency and effectiveness of business processes and the Company's compliance with laws and regulations. An effective internal control and risk management system contributes to the conduct of the business in a manner consistent with its pre-established objectives and facilitates well-informed decision-making. The System is integrated within the organization and governance structure adopted by Exor and is developed giving adequate consideration to the reference models and the best practices available nationally and internationally.

The responsibility for the institution and maintenance of an effective System which is coherent with Exor's business, process objectives and for the corresponding risk management method employed with a pre-established containment plan is entrusted to the Board of Directors.

In particular, Exor's System operates at three levels of internal control:

- First Level: operating areas identification, evaluation and monitoring of applicable risks in the single processes and the establishment of specific actions managing such risks. At this level are located the structures responsible for the individual risks, for their identification, measurement and management, as well as for the performance of the necessary checks.
- Second Level: departments responsible for risk control which define methodologies and tools for managing risks and the monitoring of such risks.
- Third Level: provides an independent and objective assurance of the adequacy and effective operation of the first and second levels of control and in general of the overall mode of managing risks. This activity is carried out by the Internal Audit function which operates independently.

The System is subject to verification and updating annually in order to ensure its constant suitability as an instrument of control over the business's principal areas of risk.

The Audit Committee monitors the effectiveness of the Company's System.

Internal control and external control over financial reporting

The System of control over financial reporting is set in a broader framework of internal control and risk management and has the purpose of ensuring the reliability, accuracy, completeness and timeliness of the Group's financial information.

The System of internal controls over financial reporting is focused on the procedures and organizational structures which ensure the reliability, accuracy, completeness and timeliness of financial reporting.

The System of internal control over financial reporting aims to ensure the adequate and effective application of the administrative and accounting procedures designed to provide a true and fair representation and reliable information on the business activities in the financial reports (annual consolidated and company only financial statements and shortened half yearly consolidated financial statements) prepared by the Company.

The approach adopted by the Company for the evaluation, monitoring and continuous updating of the System of control over financial reporting, is based on a 'top-down, risk-based' process consistent with the COSO Framework. This enables focus on areas of higher risk and/or materiality, where there is risk of significant errors, including those attributable to fraud, in the elements of the financial statements and related documents.

The principal characteristics of the System of control over financial reporting are based on the following components and phases:

- Identification and assessment of administrative and accounting risks.
- Identification of the controls responding to the risks identified.
- Verification of the effective application of the controls and evaluation of any problems detected.

The Exor System of control over financial reporting has been developed taking into consideration existing law and the regulations, best practices as well as the guidelines provided by the competent bodies and is composed of the following administrative and accounting procedures:

- *Code of Conduct* – which illustrates the ethical principles and values of the Company and must be observed by Company personnel involved, for any reasons, in the implementation of the System of control over financial reporting;
- *System of delegated powers and proxies* – which identifies the powers to represent the Company held by individual managers;
- *Risk Management process* – which identifies roles, responsibilities and methodologies in performing the risk management activity and in the preparation, diffusion and checking of financial reports disclosed to the market;
- *Administrative and accounting procedures* – which establish the responsibilities and rules for the process controls to be applied;
- *Financial reporting instructions and closing timetables* – which are used to communicate operational instructions for the preparation of the reporting package;
- The process of internal attestation by the corporate bodies of the significant subsidiaries as regards the data and the related internal control system under their responsibility reported to the parent company.

Internal control covering the preparation and processing of financial information

Overview of the organizational structure and management of accounting and financial information

The consolidated financial statements of the Exor group are prepared in accordance with international financial reporting standards (IFRS) and interpretations as adopted in the European Union at the balance sheet date.

As parent company, EXOR N.V., under the responsibility of the Chief Financial Officer defines and oversees the preparation of reported accounting and financial information of EXOR N.V. and the process related to the financial information being requested from the operating subsidiaries. Accordingly, the Chief Financial Officer of EXOR N.V. ensures that the processes for preparing accounting and financial information produce reliable information and give, in a timely manner, a fair view of the Company's financial position and results. He obtains and reviews all information that he deems useful, such as closing assumptions, critical accounting positions and judgments, changes in accounting method and results of audits performed by the external auditors.

For consolidation purposes, the Chief Financial Officers of operating subsidiaries are responsible for preparing the reporting packages of such companies in accordance with group instructions. These financial statements are prepared under the control of their respective Board of Directors and are the responsibility of company management of each subsidiary. Each reporting package is accompanied with a representation letter in which management of the subsidiary takes responsibility for the information provided in the consolidation process.

Members of the EXOR N.V. Audit Committee examine the annual and interim financial statements of EXOR N.V. and monitor the process for preparing accounting and financial information. Their conclusions are based notably on information produced by the Chief Financial Officer and his team, exchanges with the team during Audit Committee meetings and the findings of internal audits. The Chairman of the Audit Committee reports on the committee's work to the Board of Directors.

The Board of Directors of EXOR N.V. approves EXOR N.V. consolidated financial statements (interim and annual) and separate (company) financial statements.

Processes for the preparation and processing of accounting and financial information for the consolidated financial statements

The process for the preparation of the consolidated financial statements is organized and coordinated under the responsibility of the Chief Financial Officer.

The consolidated financial statements are produced using a consolidation software configured to automate a certain number of consistency checks on the data in the reporting packages.

Detailed consolidation instructions are sent before each interim and annual closing to the attention of the finance departments of the various consolidated subsidiaries.

The closing schedule for accounts and the related instructions are prepared sufficiently in advance to enable the financial teams of the subsidiaries to organize their procedures and anticipate closing constraints.

Risk Management

Exor has adopted its own Enterprise Risk Management (“ERM”) system to identify and analyze the main risks associated with the Company’s activities and the achievement of its objectives.

The Exor ERM system is based on the above mentioned COSO ERM Framework, which defines risk management as a “process effected by the Board of Directors, management and other personnel, applied in setting strategy across the organization and designed to identify potential events that may affect the business, in order to manage the risk within the risk appetite and to provide reasonable assurance regarding the achievement of the business objectives”. The COSO Framework is based on five areas: the control environment, risk assessment, control activities, information and communication, and monitoring and supervision.

The Audit Committee monitors the effectiveness of the Company’s internal control and ERM system. The Audit Committee, together with executive management, every other year performs a thorough exercise for the identification of the main risks and their ranking. In 2020 a detailed risk assessment and update of the risk profile as well as a re-assessment of the relevant risks and risk appetite has been performed. Risk Appetite indicators (Risk Category & Measurement & Tolerance Level) have been reviewed and confirmed for 2020 and onwards.

The ERM system is integrated within the Company’s organization and corporate governance, supporting the efficiency and effectiveness of business processes, the reliability of financial information and compliance with laws and regulations. An effective ERM system contributes to the conduct of the business in a manner consistent with its objectives and facilitates well-informed decision-making.

In this context, the Board of Directors is responsible for the identification of the risks to which Exor and the “Holdings System” are exposed in relation to the business objectives and Company characteristics, and for performing an assessment of the possible risk scenarios mitigation, considering the effectiveness of the control process currently in place.

The Exor ERM system is subject to verification and updating over time in order to ensure its constant suitability as an instrument of control over the business’s principal areas of risk.

An assessment of the design and operating effectiveness of key controls is carried out through tests performed by the Internal Audit Function, using sampling techniques recognized as best practices internationally.

The assessment of the controls may require the definition of compensating controls and plans for remediation and improvement. The results of monitoring are subject to periodic review by management and are communicated to the Audit Committee (which in return reports to the Board of Directors). No significant deficiencies or material weaknesses have been reported by the Internal Audits performed.

Risk Appetite

Exor set its risk appetite within risk taking and risk acceptance parameters which are driven by applicable laws, the Code of Conduct, core principles and values, corporate policies and directives.

Exor operates within a moderate overall risk range, inherent to its activities and strategy. In this context, Exor's highest risk appetite relates to the strategic and operational objectives related to a positive Net Asset Value (NAV) per share / MSCI ratio in the long term and maintaining an adequate credit rating and cash flow to enable continuity of investment activities, while ensuring in any case the compliance with the criteria that direct Exor investment choices.

Exor's lowest risk appetite relates to the objectives of protecting the Group reputation, compliance with the rules and regulations and of accuracy and reliability of the financial reporting. Meeting applicable legal and regulatory obligations will take priority over other business objectives.

The Exor risk management and internal control system comprises a structured process aimed at addressing individual risk categories, with a defined risk appetite applied to each category as detailed below:

Risk Category	Risk Description	Risk Appetite	
Strategic Risks	Strategic risks may affect Exor long-term strategic performance objectives.	Moderate	Exor is willing to accept moderate risks in order to realize its strategic objectives. Exor defined tolerable levels of deviation from NAV per share compared with MSCI, credit rating and cash flow targets in the short and medium term, in order to achieve long term goals.
Operational Risks	Operational risks include adverse, unexpected impacts resulting from internal processes, people and systems, or from external events linked to the performance of the Company's portfolio of businesses.	Low – Moderate	Exor aims for lean operations focused on its core activities.
Compliance Risks	Compliance risks cover unanticipated failures to comply with applicable laws, regulations, policies and procedures.	Low	Exor strives to comply with (international) applicable laws and regulations at all times. Exor focuses on good governance of its activity as a diversified investment holding company.
Financial reporting risks	Financial reporting risks primarily relate to (failure) of internal controls leading to possible misrepresentation of Exor's positions and performance to investors and other stakeholders	Low	In the external reporting Exor aims to provide an insightful, fair and accurate representation of the Group and Company performance and economic results. Adequacy of financial reporting is secured through the financial reporting policies and internal control framework at Exor and its affiliates.
Financial Risks	Financial risks include uncertainty of financial return and the potential for financial loss due to capital structure imbalances, inadequate cash flows and the volatility of financial instruments.	Low – Moderate	Inherent to Exor's long term investment horizon, a low to moderate level of financial risk is accepted in our investment portfolio. Through capital market transactions, cash balances and bank credit line agreements, Exor seeks to maintain a capital structure profile which achieves long term goals and maintains its covenant compliance.

Exor has established the appetite for principal risks, identifying its overall risk capacity and appetite position. Risk metrics for each principal risk have been identified in order to put in place monitoring activity and corrective mitigation actions, if needed.

Key Risks and Key trends

As a part of the 2020 risk assessment process, management performed an update of the previous Risk Assessment. Based on the potential business impact and likelihood of occurrence, as well as existing and/or planned countermeasures (mitigating actions) the risks have been reviewed and updated where needed.

The risk impact could result in a material direct or indirect adverse effect on its business, operations, financial condition and performance, reputation and/or other interests. The results of this assessment were presented to the Audit Committee on 3 September 2020 and to the Board of Directors on 16 November 2020.

Exor expects that the implemented (internal and external) controls will mitigate the risks up to the level of the risk appetite.

The sequence in which these risks and mitigating actions are presented does not reflect any order of importance, likelihood or materiality. For further information regarding the risks Exor faces, refer to the section Risk Factors below.

Risk Event	Risk Description	Control/Mitigation Activities
Dividend risk (Cash Flow) (Financial risk)	Risk of holding shares in companies that do not generate a cash flow of dividends sufficient to manage operating costs and net financial expenses of Exor.	Careful management of cash in / cash out and investment portfolio diversification. Exor maintains an adequate cash flow management by performing cash flow analysis, adjusting and monitoring the flows on a regular basis. The Company risk management approach mixes a wide variety of investments within the portfolio thus mitigating unsystematic risk events in the collection of dividends from the investments.
Portfolio composition (Strategic/operational risk)	Risk that investment decisions do not allow Exor to (i) obtain a return on investments that will increase the Net Asset Value (NAV) per share, surpassing the MSCI World Index in USD; and (ii) define an adequate portfolio mix in terms of diversification of the investments, resulting in difficulties in optimizing the Group's future performance.	The Company risk management approach mixes a wide variety of investments within the portfolio. The Company portfolio consists of different kinds of investments, consequently characterized by an overall lower risk level. Company investment procedures ensure adequate evaluation also in relation to portfolio composition.
Stock market performance (Strategic risk)	Risk that fluctuations in the stock market can affect the value of investments.	Asset allocation. The Company risk management approach mixes a wide variety of investments within the portfolio. The Company portfolio is composed of diversified and different kinds of investment, consequently characterized by an overall lower risk level. The diversification by sector and geography for example mitigates unsystematic risk events in the portfolio, so the positive performance of some investments neutralizes the negative performance of others.
Financial structure / availability of cash (Financial risk)	Risk related to the financial structure with a potential increase in financial costs for Exor and not having sufficient credit available to take investment opportunities.	Careful management of cash in / cash out and investment portfolio diversification. Exor maintains an adequate cash flow management by performing cash flow analysis, adjusting and monitoring the flows on a regular basis. The Company diversifies the sources of financing and manages the maturity and the cost through active liability management.
General state of the economy / changes in economic/political environment (Financial risk)	Risk related to developments in the political / economic / social environment (e.g. legislation, nationalization, terrorism, general state of the economy) of the countries where the Company and/or the subsidiaries operate, with potential adverse effects on the businesses in which they operate.	The Company risk management approach and investment procedures ensure diversification of the portfolio and global presence of the operating subsidiaries.

Risk Factors

The following risks and uncertainties are deemed material and, in the judgement of the Board of Directors, relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the Report of Operations.

For the risk factors from subsidiaries we refer to their individual Annual Report.

RISKS RELATED TO BUSINESS, STRATEGY AND OPERATIONS

Risks relating to international markets and exposure to changes in local conditions and trade policies, as well as economic, geopolitical or other events

Exor's earnings and financial position, and those of its subsidiaries and associates, are particularly influenced by the general state of the economy in the countries in which they operate and by the variables which affect performance, including increases or decreases in gross national product, access to credit, the level of consumer and business confidence, the cost of raw materials and the rate of unemployment. The principal sectors of business are also subject to highly cyclical demand and tend to reflect the overall performance of the economy, in certain cases even amplifying the effects of economic trends.

Moreover, the evolution of world monetary and financial market conditions and the associated uncertainties, especially in emerging markets, could adversely affect present economic conditions.

The principal risks associated with a slowdown in the markets in which Exor's investments operate comprise increases in energy prices and fluctuations in raw materials or possible contractions in infrastructure spending. In addition, in the Eurozone, unemployment remains significant, and a slow or inefficient implementation of structural reforms and budget adjustments in the public and private sectors will continue to hamper the pace of the recovery.

Exor is also susceptible to risks relating to epidemics and pandemics of diseases. The outbreak of coronavirus COVID 19, a virus causing potentially deadly respiratory tract infections, which was declared a global pandemic by the World Health Organization in March 2020, has led to governments around the world mandating increasingly restrictive measures to contain the pandemic, including social distancing quarantine, "shelter in place" or similar orders, travel restrictions and suspension of non-essential business activities.

COVID 19 and related lockdown measures have already had an adverse impact on the global economies and on the industrial sectors in which Exor is invested by causing, inter alia, a disruption in operations in countries particularly exposed to the contagion and affecting supply chains.

Notwithstanding, the ultimate impact of the pandemic on Exor's business, results of operations and financial condition will depend on numerous evolving factors and future developments that Exor is not able to predict, including the ultimate duration, spread and severity of the outbreak and potential subsequent waves, the ultimate extent and duration of the effect on the global economy and how quickly and to what extent normal economic and operating conditions can resume.

The ongoing coronavirus pandemic and any possible future outbreaks of other viruses may have a significant adverse effect on Exor and its capability to fully achieve its investing strategies and cause delays in the completion, or failure to complete, any acquisition, disposal, merger, joint venture or similar transaction.

Exor may also be exposed through its investments to any market downturn arising in connection with the UK's exit from the European Union (Brexit). The United Kingdom (UK) left the European Union (EU) on 31 January 2020 and the transition period ended on 31 December 2020. Therefore, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation (made under powers provided in these Acts) ensures there is a functioning statute book in the UK. On 24 December 2020, after intensive negotiations, the European Commission reached an agreement with the UK on the terms of their future cooperation. The precise impact of the future relationship between the UK and the EU on the business of Exor is difficult to determine.

Although Exor does not believe Brexit will have a direct material impact on its financial position, the form of Brexit remains uncertain and may result in greater restrictions on imports and exports between the UK and EU countries, a fluctuation in currency exchange rates and additional regulatory complexity as well as further global economic uncertainty, all of which could have a material adverse effect.

The exit of the United Kingdom (or any other country following the example of the United Kingdom) from the European Union, the potential decision of any European country that adopted the Euro to adopt a different currency, or prolonged periods of uncertainty connected to these circumstances could have significant negative impacts on international markets, including further declines in stock exchange indices and in the value of Sterling and the Euro and/or greater volatility of markets in general due to the increased uncertainty, with possible negative consequences on Exor and/or Exor's investments, operating results, capital and financial condition.

In addition to the above and given that there is currently no legal procedure or practice aimed at facilitating the exit of a Member State from the Euro, the consequences of these decisions are exacerbated by the uncertainty regarding the methods by which a Member State could manage its current assets and liabilities denominated in Euros and the exchange rate between the newly adopted currency and the Euro. A collapse of the Eurozone could be accompanied by the deterioration of the economic and financial situation of the European Union and could have a significant negative effect on the entire financial sector, creating new difficulties in the granting of sovereign loans and loans to businesses and involving considerable changes to financial activities both at market and retail level. Should this occur, Exor and/or Exor's investments, financial condition and results of operations would be materially adversely affected.

New or revised agreements between the United States and its trading partners may also impact business and potential changes in tax laws that could adversely affect U.S. operations. These developments have introduced an elevated level of economic and policy uncertainty and could have a material adverse effect on business, financial condition and results of operations. Such developments could cause financial and capital markets within and outside the US and Europe to constrict, thereby negatively impacting Exor's ability to finance its business.

It is therefore not possible to provide an accurate indication of the future trends of the above factors and variables which may have an adverse impact on the demand for products and services, earnings, business prospects and the financial position of Exor and its subsidiaries and associated.

Risks relating to the business, operations and profitability of Exor

The composition of Exor's investment portfolio may vary substantially from time to time. Maintaining long-term ownership in investments and a flow of investments and divestments in new investment activities involves commercial risk, such as having a high exposure to a certain industry or an individual holding, changed market conditions for finding attractive investment candidates or barriers that arise and prevent exit from a holding at the chosen time.

Exor does not have operations or significant assets other than the capital stock of its subsidiaries and other intercompany balances. Exor has cash outflows in the form of other expenses, payments on its indebtedness and dividends to its shareholders. Exor relies primarily on cash dividends and payments from its subsidiaries to meet its cash outflows. In particular, Exor does not have a significant operating business of its own and, accordingly, Exor's financial condition depends upon the results of its investment activities, including the receipt of funds by other members of the Group. Exor expects future dividends and other permitted payments from its subsidiaries to be the principal source of funds to repay its indebtedness and to pay expenses and dividends. The ability of Exor's subsidiaries to make such payments (in the form of dividends and intercompany payments) depends on their economic performance and financial condition and may also be limited by contractual or regulatory constraints. No assurance can be given that Exor will receive adequate funding to maintain its financial condition.

The financial results of the Exor Group and of Exor are no indicators of the future profitability of Exor. For the 2020 financial statements, the Group's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1 - Presentation of Financial Statements) exist about its ability to continue as a going concern.

There can be no assurance concerning the profitability of Exor in future periods.

Risks associated with the distribution of dividends

The distribution of dividends by Exor and the amount of such dividends depend on the Company's future profits which in turn depend on the dividends distributed by Exor's subsidiaries and associates and on the gains realized on divestments of these companies, events which by their nature are neither periodic nor recurrent.

The failure to achieve the objectives of the business plans of subsidiaries and associates due to, among other things, deterioration of economic and financial conditions and of the general conditions of the market, may have a significant negative effect on the economic results and financial position of Exor's subsidiaries and affiliates and affect their capability to pay dividend to Exor.

Therefore, no assurance can be given with regard to the fact that Exor will receive constant flows of dividends from the subsidiaries and affiliates which depend on the economic and financial performance and the investment and dividend policies of such companies.

Accordingly, Exor's results in different financial years may not be regular and/or comparable. Where investments have been made having recourse to debt financing, part of the resources arising from the divestment will, as a priority, be applied in repayment of such debt and only the remaining part may be used for the distribution of dividends. In addition, Exor or its investments may be bound contractually or otherwise to not distribute dividends or to distribute limited dividends in certain circumstances or periods. It will be recalled that the dividends distribution by PartnerRe depends also on capital requirements, including regulatory requirements.

Further, Exor does not have a policy for the payment of dividends (for example a minimum distribution per share in absolute terms or as a percentage-dividend payout) and has not made any specific undertaking in this respect.

Given the uncertainty linked to market conditions and restrictions on operating activities that could be implemented as a result of the future evolution of the COVID-19 pandemic, some of Exor's subsidiaries have resolved not to distribute an ordinary dividend in 2020 in relation to fiscal year 2019. Since the COVID-19 pandemic is an ongoing event, the distribution of future dividends by Exor's subsidiaries remains subject to uncertainties, even if declared by the respective board of directors.

Risks relating to Exor's credit rating

The Exor's corporate credit rating from S&P is currently "BBB+" for long-term debt and "A-2" for short-term debt with a stable outlook. Its ability to access capital markets, and the cost of borrowing in those markets, is highly dependent on its credit ratings. The rating agencies may review their ratings for possible downgrades, and any downgrades would increase the Exor's cost of capital, potentially limiting its access to sources of financing, and could negatively affect its businesses.

Risks associated with market conditions

Exor holds investments in both publicly listed companies and unlisted companies. The value of the investments in listed companies is based on their market prices, whereas for investments in unlisted companies one of the methods used to value the shareholdings is based on multiples of comparable listed companies. Therefore, changes in prices and market conditions can negatively impact the value of Exor's business operations. A substantial weakening of equity and/or bond markets or changes in interest rates and/or currency exchange rates could impact negatively on the value of Exor's investments.

Further, the operating costs which Exor incurs cannot be reduced with the same speed as a fall or unabated decline in financial markets and, in the case of inadequately efficient cost management, this could negatively impact the financial results of Exor.

Risks associated with the sectors and markets in which Exor's subsidiaries operate

Through its investments in subsidiaries and associates, Exor currently operates mainly in the sectors of reinsurance (PartnerRe), automobile (FCA), trucks, commercial vehicles, buses, tractors, agricultural and construction equipment (CNH Industrial), performance and luxury cars (Ferrari), media, publishing and editorial (GEDI and The Economist Group) and professional football (Juventus Football Club). As a result, Exor is exposed to the risks typical of the sectors and markets in which such subsidiaries and associates operate. Therefore, the performance of the main subsidiaries has a very significant impact on the earnings, financial position and cash flows of Exor.

In the football industry, revenues are driven by the performance of football teams. Therefore, revenues of football teams may vary significantly depending on their participation and performance in domestic and international competitions. Also, business and financial performances are affected significantly by transactions made as part of the transfer campaign and the management of a player's registrations rights. A significant portion of the revenues of Juventus includes, but is not limited to, its broadcasting and media rights, the management of its brand, sponsorship and advertising market.

Revenues deriving from such activities may be affected by various circumstances, such as future changes to the rules and criteria set out both at national and European level to govern the distribution of the broadcasting and media rights and by events in the football industry that, even if unrelated to Juventus, may negatively affect its brand or reputation. Juventus' sponsorship and advertising revenues are also affected by the terms and conditions of the relevant sponsorship and advertising agreements; when the current agreements expire, Juventus may not be able to renew or replace them with contracts on similar or better terms.

In respect of the editorial, publishing and media industry, companies operating in the sector derive substantial revenues from the sale of advertising on newspapers, inserts and websites. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and buying patterns. In addition, newer technologies and free-press are increasing the number of media available to audiences and may cause changes in consumer behavior that could affect the attractiveness of the media and publishing industries' offerings, both to advertisers and to the public generally, which could have an adverse effect on the relevant business. The publishing industry is also largely exposed to the threat of content piracy and infringement of intellectual property rights. Further, in general, the industry is highly regulated by laws and regulations issued and administered by various authorities; such authorities regulate, among other things, the ownership of media and various authorities have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters, including technological changes, which could, directly or indirectly, adversely affect the editorial, publishing and media industry business.

The sectors and markets in which the Exor's principal investments operate have already been affected by the current COVID-19 pandemic. In particular, the adoption of lockdown measures taken to limit the spreading of COVID-19 have caused, and may continue to cause, a decline in demand for the products and services that Exor's subsidiaries provide and as a result adversely impact the business and operations of Exor's subsidiaries.

Exposure to financial counterparty risk

Exor is exposed to financial institution counterparty risk and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. Financial services institutions are inter-related as a result of trading, counterparty and other relationships. Exor has exposure to many different industries and counterparties and routinely executes transactions with counterparties in the financial industry, including financial intermediaries, brokers and dealers, commercial banks and investment banks for its own account. Defaults by, or even the perceived questioning of the creditworthiness of, one or more financial services institutions or the financial services industry, generally, has led and may continue to lead to market-wide liquidity problems and could also lead to losses or defaults. The exact nature of the risks faced by Exor is difficult to predict and guard against in view of the severity of the global financial crisis and the fact that many of the related risks to the business are totally, or in part, outside of Exor's control.

Risks associated with the consolidated indebtedness of the Exor Group

The overall amount of the consolidated indebtedness of the Exor Group could have a significant negative impact on the business and the financial performance of Exor and of the Exor Group. A deterioration in market conditions, which the companies of the Group were not able to tackle rapidly, could have negative effects on revenues and cash flows of Group companies; such a situation could result in higher financial charges with a consequent negative impact on the profitability of such Group companies and as a consequence on the flow of dividends and other payments to Exor.

The deterioration of the economic and financial position of the Group companies could, also, have negative effects on the possibility of accessing sources of additional funding for the achievement of the business objectives of Exor and of the Group companies, for capital expenditure, working capital and the repayment of debt as well as on the cost of the latter; such circumstances could render the Group more vulnerable. Further, if Exor and the other companies in the Group should fail to generate the financial resources necessary to repay debt within the terms agreed, they would be compelled to seek other financial resources or to refinance or renegotiate existing debt on more onerous terms and conditions, with the consequent limitation of available funds and the increase of the related costs.

Any difficulty in obtaining financing could have a significant impact on the Group, its business prospects and its profits. It should be noted that Exor has not given any guarantees regarding the indebtedness of its operating subsidiaries and affiliates.

Risks associated with acquisitions and disposals

No assurance can be given that the present investments or those in the future, if completed, will not impact negatively on Exor's results and financial position in the short and/or the medium term and on its ratings and will not encounter obstacles of an administrative, legal, technical, industrial, operational, regulatory or financial policy nature or other difficulties, such that they may not assure the achievement of the results, objectives or benefits expected. Exor is also exposed to the risk that the disposal of its investments may be effected on terms and conditions which are unsatisfactory with consequent negative impacts on its financial position and on its own prospects.

Exor is a diversified holding company and in the normal course of its business assesses new investment opportunities as well as opportunities to disinvest, such activity being its core business. In assessing new investment opportunities, Exor intends to keep its indebtedness at a level consistent with the objective of maintaining an investment grade rating, that is to say a "BBB" or higher. Any delay in completing, or the failure to complete, an acquisition, disposal, merger, joint venture or similar operation, could prejudice the full achievement or delay fully achieving, the results and the benefits expected for Exor, and could have significant negative repercussions on its business prospects and on its results and/or its financial situation.

Risks associated with the investment portfolio and the concentration of investments

Exor is a diversified holding company, with the financial results of its major investments and the capital distributed by the subsidiaries and affiliates (as dividends or otherwise) having a significant impact on its performance.

Since Exor holds a limited number of investments, the economic and financial performance of Exor may be materially influenced by the negative economic and financial results even of a single investment.

Exor's investment portfolio is monitored and analyzed constantly both through the use of corporate governance rights (e.g. board representation) and through constant dialogue with the management of the subsidiaries and affiliates without affecting their independence as the managers of the companies.

Exor does not have a specific policy on investment and disposals: investment decisions taken by Exor are formulated on the basis of in-depth assessments and the expertise developed in specific sectors, as well as on the basis of the potential contribution of the individual investment to the geographical and sector diversification of the portfolio and of its capacity to generate future cash flows.

Disposals have been guided by the wish to reduce exposure to non-global businesses or the wish to take advantage of concrete opportunities to divest in a market which offered an adequate economic result.

The maintenance of long term investments and the decisions to invest and divest entail business risks, such as having a concentrated portfolio in one or a few companies or industries, being subject to movements and changes in market conditions and having to deal with obstacles holding back the disposal of investments. This also means that, immediately after the disposal of a (or several) significant portfolio investment (or investments), Exor could temporarily be exposed to few companies or industries, exhibiting low levels of portfolio diversification.

Risks associated with the loss of key management figures

The success of Exor and of the Exor Group has depended, and will continue to depend, partly upon the ability to attract and retain management personnel and its abilities to manage efficiently Exor and the Exor Group. If the Exor Group should lose the contribution of key executives, this could have a significant negative effect on the business prospects as well as on the financial results and/or financial position.

Furthermore, if one or more managers should resign from service with Exor or with Exor's investee companies and should it not be possible to adequately replace them in a timely manner with persons of equal skill and experience, the competitive capacity of such companies could diminish with potentially negative effects on the business and on the ability to replicate the results achieved in the past.

Risks associated with the presentation of consolidated data in shortened form (Shortened Consolidation)

The Shortened Consolidation data is prepared by Exor on the basis of a “shortened” method of consolidation in which the data derived from the IFRS financial statements of Exor and of the subsidiaries of the Holdings System: Exor Nederland N.V. (the Netherlands); Exor S.A. (Luxemburg); Ancom USA Inc. (USA); Exor SN LLC (USA); Exor Investments Limited (United Kingdom); Exor Investment (UK) LLP (United Kingdom) are included in the financial statements of the parent company Exor using the line-by-line method, while the data derived from the financial statements prepared in accordance with IFRS of the operating subsidiaries and associates (PartnerRe, FCA, CNH Industrial, Ferrari, Juventus Football Club, GEDI, Exor Seeds, Shang Xia, The Economist Group and Welltec) are included in the financial statements of the parent company Exor using the equity method.

While the data and information prepared using the shortened consolidation method are recognized by the financial community, by financial counterparties and by the rating agencies, and Exor believes that these data and information facilitate analysis of the financial position and results of Exor, such data do not fully represent, nor should be treated as the consolidated financial position of the Exor Group prepared in accordance with International Financial Reporting Standards (IFRS). In fact the shortened consolidation method is not contemplated in the reference accounting standards on the presentation of consolidated financial statements and may not be consistent with the method adopted by other groups and, therefore, such data may not be comparable with the data reported by such groups.

The consolidated data prepared in shortened form are not audited by the independent auditors.

Risks associated with tax assessments of the Italian tax authorities relating to periods prior to the date when the merger became legally effective

It should be noted that the merged company, EXOR S.p.A. was taxable for IRES and IRAP purposes up until the legally effective date of the Merger.

For Italian tax purposes the Merger qualifies as an intra-community cross-border merger as defined by the Italian tax regulations (TUIR) which implemented E.U. Council Directive 1990/434 dated 23 July 1990 on the common system of taxation to be applied to mergers, de-mergers, transfers of assets and share exchanges involving companies of differing Member States (consolidated in E.U. Council Directive 2009/133 dated 12 October 2009, the “Merger Directive”).

The Italian tax regulations provide for the fiscal neutrality of the intra-community merger with respect to assets and liabilities which remain connected with a permanent organization in Italy, providing, conversely, that elements which do not remain connected with a permanent organization in Italy are deemed to be realized at fair value. Considering that EXOR N.V. has not maintained a permanent organization in Italy after the Merger, all the components of EXOR S.p.A. (including investments in companies, financial liabilities and tax-suspended reserves) have been treated as having been realized at fair value, resulting in the crystallization of taxable surpluses (“EXIT gains”) in the financial position at the 10 December 2016 merger date.

Exor believes that the related taxation which was declared and paid in June 2017 is correctly determined, however any related disputes and Italian tax authority decisions could have a negative effect, also for a significant amount, on the results of future financial years.

Risks and uncertainties associated with the development and interpretation of tax regulations

The economic and financial activities of Exor and of its principal subsidiaries and associates make it subject to a variety of taxes and duties. Exor and those subsidiaries and affiliates are, therefore, exposed to the risk that the level of taxation to which they are subjected may rise in the future. Any such increase in the level of taxation, or the introduction of new taxes, to which Exor and its principal subsidiaries and affiliates may be subjected, could have negative effects on the economic results and financial position of Exor.

Additionally, Exor and its principal investee companies are also exposed to risk from the interpretative complexity of tax regulations and may from time to time be subjected to inspections by the tax authorities.

RISKS RELATED TO THE COMMON SHARES

The loyalty voting structure could have a negative effect on the liquidity of the common shares and reduce the common share price

The introduction of the Special Voting Structure could reduce the liquidity of Exor common shares adversely affecting the trading price in the market. The Special Voting Structure is intended to reward long-term shareholding and provide an incentive for a stable shareholder base, giving shareholders the opportunity to decide to receive special voting shares after a certain uninterrupted period of ownership of common shares.

The Special Voting Shares cannot be traded and must be transferred to Exor for no consideration (*om niet*) immediately prior to cancellation of the common shares from the Exor special register.

The Special Voting Structure may reduce liquidity in Exor common shares and adversely affect their trading price. No Special Voting Shares had been issued at the December 2016 Merger date and none are outstanding at 31 December 2020.

The Special Voting Structure may make it more difficult for shareholders to acquire a controlling interest, change the management or the strategy of the Group or exercise influence over it, resulting in a reduction in the market price of the common shares

The provisions of the Articles of Association which establish the Special Voting Structure, allowing qualifying shareholders to exercise up to 5 or 10 voting rights for each Exor common share held, may make it more difficult to acquire, or attempt to acquire, control of Exor and prevent or discourage any initiatives seeking to change Exor's management, even if a change of control were considered favorably by shareholders holding the majority of the Exor common shares.

The Special Voting Structure may prevent or discourage initiatives of shareholders seeking to change the ownership structure or the strategy of Exor or to exercise their influence and also may prevent or discourage initiatives of shareholders seeking to bring about changes in the company's management.

Shareholders who hold a significant quantity of Exor common shares for the uninterrupted periods prescribed in the Articles of Association and who request special voting shares could be in a position to exercise a significant quota of voting rights at meetings of shareholders and to have substantial influence over Exor.

Based on the most recent information available Giovanni Agnelli B.V. holds 52.99% of the issued capital of Exor, such that its control is not at present contestable.

It should be recalled, however, that the Special Voting Structure will commence to have its effect only when five years have passed from the date of adoption of the new Articles of Association following the Merger's becoming effective, assuming that the holders of Exor common shares satisfy the conditions for requesting Special Voting Shares. No Special Voting Shares had been issued at the December 2016 Merger date and none are outstanding at 31 December 2020.

Risks related to the tax treatment of Special Voting Shares

No statutory, judicial or administrative authority directly discusses how the receipt, ownership, or disposition of Special Voting Shares should be treated for Italian or Dutch tax purposes and as a result the tax consequences in the Netherlands are uncertain. The fair market value of the Exor Special Voting Shares, which may be relevant to the tax consequences, is a factual determination and is not governed by any guidance that directly addresses such a situation. Considering that the Exor Special Voting Shares are not transferable (other than, in very limited circumstances, together with the associated Exor common shares) and that a shareholder's rights to receive amounts in respect of the Special Voting Shares are extremely limited, Exor believes and intends to take the position that the fair market value of each Special Voting Share is minimal. However, the relevant tax authorities could assert that the value of the Special Voting Shares as determined by Exor is incorrect. The tax treatment of the Special Voting Shares and the consequences of acquiring them, therefore, are not entirely clear and established.

CORPORATE GOVERNANCE

GOVERNANCE

Introduction

EXOR N.V. ("Exor" or the "Company") is a public limited liability company (naamloze vennootschap), incorporated under the laws of the Netherlands. Its shares are listed in Italy on the Mercato Telematico Azionario, organized and managed by Borsa Italiana S.p.A. (the "MTA"). The Company's legal and tax residence is in the Netherlands.

Exor attaches great importance to good corporate governance. The board of directors of Exor (the "Board" or "Board of Directors"), consisting of executive directors (the "Executive Directors") and non-executive directors (the "Non-Executive Directors"), is responsible for the corporate governance structure of Exor. Exor endorses the Dutch Corporate Governance Code's principles and best practice provisions adopted by the Monitoring Committee Corporate Governance Code 2016 (the "Dutch Corporate Governance Code"). The purpose of the Dutch Corporate Governance Code is to facilitate, with or in relation to other laws and regulations, a sound and transparent system of checks and balances within Dutch listed companies and, to that end, to regulate relations between the Board of Directors, its committees and its shareholders.

It should be noted that the Dutch Corporate Governance Code provisions primarily refer to companies with a two-tier board structure (consisting of a management board and a separate supervisory board), while Exor has implemented a one-tier board. The best practices reflected in the Dutch Corporate Governance Code for supervisory board members apply by analogy to Non-Executive directors.

This Annual Financial Report provides the relevant information on the overall corporate governance structure of the Company. This report also includes information which the Company is required to disclose pursuant to the Dutch Decree on section 10 of the Directive on takeover bids ("Takeover Directive").

Exor discloses in this Annual Financial Report and intends to disclose in its future Annual Financial Reports, any material departure from the best practice provisions of the Dutch Corporate Governance Code.

Corporate Offices and Home Member State

The Company has its corporate seat at Gustav Mahlerplein 25, 1082 MS Amsterdam, the Netherlands. Exor has elected the Netherlands as Home Member State for the purposes of Article 2, paragraph 1, letter i), Article 20 and Article 21 of the Directive 2004/109/EC of the European Parliament and the Council of 15 December 2004 (the so-called "Transparency Directive"). The Company is registered in the Dutch Commercial Register under number 64236277.

BOARD OF DIRECTORS

Pursuant to the articles of association of the Company (the "Articles of Association"), the total number of members of the Board must be at least seven and at most nineteen (the "Directors", each of them individually a "Director"). The members of the Board were initially appointed on 11 December 2016, being the effective date of the cross-border merger of EXOR S.p.A. with and into the Company. The members of the Board have subsequently been reappointed at the annual general meeting of shareholders ("Annual General Meeting of Shareholders") on 30 May 2017 and 20 May 2020. During this last Annual General Meeting of Shareholders, the Directors were reappointed for a term of three years, each of them until the closure of the Annual General Meeting of Shareholders convened in 2023 for approval of the 2022 annual accounts.

Pursuant to the Articles of Association and the Dutch Corporate Governance Code, the term of office of Directors may not exceed a maximum period of four years at a time. A Director who ceases office in accordance with the previous provisions is immediately eligible for re-appointment.

The Board of Directors is entrusted with the management of the Company and as a whole is responsible for the strategy of the Company, which is determined in order to realize long-term value creation for the Company. In the performance of its tasks, the Board of Directors is guided by this long-term value creation and takes into account the stakeholder interests that are relevant in this context. The Board of Directors is composed of one executive director, the Chief Executive Officer and Chairman of the Company (the "Executive Directors"), having the day-to-day responsibility for management of the Company, and eight Non-Executive Directors. The Non-Executive Directors do not have day-to-day responsibility and their duty is to supervise the performance of his duties by the Executive Director. Each Director is responsible for the general course of affairs of the Company and the business connected with it. Pursuant to article 19 of the Articles of Association, the general authority to represent the Company is vested with the Board of Directors or the Executive Director independently.

By means of the resolution adopted on 12 December 2016, the Board of Directors appointed the following internal committees: (i) an audit committee (the "Audit Committee") and (ii) a compensation and nominating committee (the "CNC").

The table below shows the name, year of birth, position held, appointment date and current term in office of each of the Directors.

Name	Year of birth	Position	(Re)Appointment date	Current period in office
Mr. John Elkann	1976	Chairman and Chief Executive Officer	20 May 2020	4 years*
Mr. Alessandro Nasi	1974	Vice Chairman and Non-Executive Director	20 May 2020	4 years*
Mr. Marc Bolland	1959	Senior Non-Executive Director	20 May 2020	4 years*
Mr. Andrea Agnelli	1975	Non-Executive Director	20 May 2020	4 years*
Mr. Joseph Bae	1972	Non-Executive Director	20 May 2020	2 years*
Ms. Melissa Bethell	1974	Non-Executive Director	20 May 2020	3 years*
Mrs. Laurence Debroux	1969	Non-Executive Director	20 May 2020	3 years*
Mrs. Ginevra Elkann	1979	Non-Executive Director	20 May 2020	4 years*
Mr. António Horta-Osório	1964	Non-Executive Director	20 May 2020	4 years*

*Years since the first appointment as Director by the Annual General Meeting of the Company.

Five of the eight Non-Executive Directors (representing a majority) qualify as independent for the purposes of the Dutch Corporate Governance Code.

The following members are considered independent within the meaning of the Dutch Corporate Governance Code:

- Marc Bolland;
- Joseph Bae;
- Melissa Bethell;
- Laurence Debroux;
- António Horta-Osório.

The Board of Directors has resolved to grant to the following people a specific title:

- John Elkann: Chief Executive Officer and Chairman;
- Alessandro Nasi: Vice-Chairman;
- Marc Bolland: Senior Non-Executive Director. According to article 18 of the Articles of Association, the chairman of the Board, as referred to in the Dutch Civil Code, has the title of "Senior Non-Executive Director".

The composition of the Board of Directors, and their respective CVs, is as follows:

John Elkann (1976) - Chairman and Chief Executive Officer (Executive Director)

John Elkann is the sole Executive Director and CEO of Exor. He obtained a scientific baccalaureate from the Lycée Victor Duruy in Paris, and graduated in Engineering from Politecnico, the Engineering University of Turin. While at university, he gained work experience in various companies of the Fiat Group in the UK and Poland (manufacturing) as well as in France (sales and marketing). He started his professional career in 2001 at General Electric as a member of the Corporate Audit Staff, with assignments in Asia, the USA and Europe.

Additional positions:

John Elkann is currently chairman of Stellantis N.V. (formerly FCA N.V.), Ferrari N.V. (interim CEO since 10 December 2020), Giovanni Agnelli B.V. and GEDI Gruppo Editoriale S.p.A. In addition, he is chairman of the Giovanni Agnelli Foundation and a member of MoMA.

Alessandro Nasi (1974) - Vice Chairman and Non-Executive Director

Alessandro Nasi obtained a degree in Economics at the University of Turin. He started his career as a financial analyst in several banks, gaining experience at Europlus Asset Management - a division of Unicredito in Dublin - Pricewaterhouse Coopers in Turin, Merrill Lynch and JP Morgan in New York. He then joined JP Morgan Partners in New York as an Associate in their Private Equity Division. In the years thereafter, he held various senior managerial positions at Fiat Group and CNH Industrial.

Additional positions:

Alessandro Nasi serves as chairman of the board of Iveco Defence Vehicles and Comau and is a member of the board of CNH Industrial, GVS S.p.A. and Giovanni Agnelli B.V. In addition, he is a member of the advisory board of the Lego Brand Group.

Marc Bolland (1959) - Senior Non-Executive Director

Marc Bolland graduated with an MBA from the University of Groningen in the Netherlands. In November 2011, he was awarded an Honorary Doctorate from the University of York, in the UK. He began his professional career at Heineken N.V. in 1987 as a Management trainee. During his first 14 years he occupied several international management positions at Heineken N.V., WM Morrison Supermarkets plc, Marks and Spencer plc and the Blackstone Group International Partners LLP, where he currently is Senior Operating Partner and Chairman Europe.

Additional positions:

Marc Bolland is currently a non-executive director of the Coca-Cola company board, Atlanta USA. In addition, he is a trustee of the Royal Collection Trust and the chairman of the Royal Collection Trust Strategic Development Committee. He is also the vice president at Unicef UK and was elected vice chairman of the Consumer Goods Forum in 2014. He was appointed by HRH the Prince of Wales as his personal National Ambassador and was appointed by the Prime Minister as a British Business Ambassador.

Andrea Agnelli (1975) - Non-Executive Director

Andrea Agnelli studied at Oxford (St Clare's International College) and Milan (Università Commerciale Luigi Bocconi). While at university, he gained professional experience both in Italy and abroad, including positions at Iveco-Ford in London, Piaggio in Milan, Auchan Hypermarché in Lille, Schroder Salomon Smith Barney in London and is currently the executive chairman at Juventus Football Club S.p.A. in Turin.

He began his professional career in 1999 at Ferrari Idea di Lugano and moved to Paris later and assumed responsibility for marketing at Uni Invest SA, a Banque San Paolo company specializing in managed investment products. He furthermore held positions in companies such Philip Morris International and IFIL Investments S.p.A. (now EXOR N.V.).

Additional positions:

Andrea Agnelli is a director of Giovanni Agnelli B.V., Stellantis N.V. (formerly FCA N.V.) and a member of the advisory board of BlueGem Capital Partners LLP. In addition, he is the executive chairman of Lamse S.p.A. and was appointed to the UEFA Executive Committee as an ECA representative and is the chairman of the European Club Association. He is also the president of "Fondazione del Piemonte per l'Oncologia".

Joseph Bae (1972) - Non-Executive Director

Joseph Y. Bae holds a B.A., magna cum laude, from Harvard College. He currently works at KKR and is the co-president and co-chief operating officer of KKR. Previously he was the managing partner of KKR Asia and the global head of KKR's Infrastructure and Energy Real Asset businesses. He has also worked for Goldman Sachs & Co. in its principal investment area, where he was involved in a broad range of merchant banking transactions.

Additional positions:

Mr. Bae has been a member of the board of directors of KKR & Co. Inc. since 16 July 2017. He is the chairman of KKR's Asia and Americas Private Equity Investment Committees and serves on KKR's European Private Equity, Growth Equity, Energy, Global and Asia Pacific Infrastructure, Real Estate and Special Situations Investment Committees. He is also a member of KKR's Inclusion and Diversity Council. He also serves on the boards of a number of corporate, non-profit educational and cultural institutions including as a trustee for Phillips Andover Academy, and the Global Advisory Council at Harvard University, and is a board member of the Lincoln Center.

Melissa Bethell (1974) - Non-Executive Director

Melissa Bethell has an MBA with distinction from Harvard Business School and received a BA with honours in Political Science and Economics from Stanford University. She is currently a partner at Atairos, an investment fund backed by Comcast NBC Universal, where she is the Managing Partner of Atairos Europe. She was previously a managing director at Bain Capital for over 18 years and member of the senior leadership team responsible for strategy setting, fundraising and portfolio management. Prior to joining Bain Capital, Ms. Bethell worked in the Capital Markets group at Goldman Sachs & Co., with a focus on media and technology. Ms. Bethell previously held non-executive director positions at Samsonite, Worldpay and Atento.

Additional positions:

In addition, she is a non-executive director of Tesco plc and Diageo plc.

Laurence Debroux (1969) - Non-Executive Director

Laurence Debroux graduated at HEC (Ecole des Hautes Etudes Commerciales) Paris and began her career in investment banking. She has had Executive responsibility for Global functions such as Strategic Planning & Business Control, Tax & Financial Markets, Business Development, Financial Processes & Internal Control, Accounting & Reporting, Procurement and Information Systems. Laurence Debroux joined Heineken N.V. in 2015 as a member of the executive board and CFO. She will step down after the Heineken shareholders meeting in April 2021.

Before joining Heineken she had been chief financial and administrative officer and a member of the executive board of JCDecaux since July 2010. Prior to this, Mrs. Debroux spent 14 years with the global healthcare company SANOFI where she held various executive positions including CFO and chief strategic officer.

Additional positions:

In addition, she is a member of the Board of Directors of HEC (Ecole des Hautes Etudes Commerciales) Paris and an independent Board member of Novo Nordisk A/S.

Ginevra Elkann (1979) - Non-Executive Director

Ginevra Elkann graduated in Visual Communication at the American University of Paris and completed a Master in Film Making at the London Film School. Ginevra Elkann is president of Asmara Films, a film production company founded in 2010.

Additional positions:

Since 2011, she is the president of Pinacoteca Giovanni and Marella Agnelli. She sits on the Boards of Christie's, Foundation Cartier and UCCA in Beijing, China. In addition, Mrs. Elkann sits in the board of trustees of the American Academy in Rome. In May 2018, she was appointed new independent Director of Kering Group.

António Horta-Osório (1964) - Non-Executive Director

António graduated in management and business administration at Universidade Católica Portuguesa and has an MBA from INSEAD where he was awarded the Henry Ford II prize – and an AMP from Harvard Business School. He has also been awarded Honorary Doctorates from the University of Edinburgh, the University of Bath, the University of Warwick and the University of Birmingham. He started his career at Citibank Portugal and subsequently worked for Goldman Sachs in New York and London, Banco Santander de Negócios Portugal, Santander Totta, Banco Santander Brazil. António currently is group chief executive of Lloyds Banking Group. He is the chairman-designate of Credit Suisse and will take on the role on 1st May 2021; leaving his role at Lloyds in April.

The Spanish Government in 2009 awarded him the order of Isabel la Católica, Commander by Number and in 1998 he was also awarded the National Order of Cruzeiro do Sul from the Government of Brazil.

Additional positions:

In addition, he is a non-executive director of Sociedade Francisco Manuel dos Santos B.V., Stichting INPAR Management/Enable and Fundação Champalimaud in Portugal. He furthermore serves on the CBI President's Committee and has been the chairman of the Wallace Collection since 2015.

Composition and diversity of the Board of Directors

The Company believes that it is a prerequisite for effective management and supervision of the Company to have a Board of Directors that has an appropriate and diverse mix of skills, cultural/professional backgrounds, experience, expertise and diversity factors (such as education, gender, age, nationality). The Board of Directors believes that, considering the specific characteristics, the culture and the business of the Company, the Board of Directors has the appropriate diversity mix, independence and judgment to allow the Board of Directors to fulfill its responsibilities, execute its duties appropriately and to have a good understanding of the current affairs and long-term risks and opportunities related to the Company's business.

In this context, and as prescribed in the Dutch Corporate Governance Code, and in addition to the Board profile in place, a diversity policy, which is included in the board regulations, as to diversity in education, gender (composition to be at least 30% male and 30% female), background, knowledge, expertise and work experience, was adopted by the Board of Directors on 13 November 2017.

The Board of Directors endorses the importance of diversity in education, work experience, nationality, age and gender and in addition, the Board of Directors tries to maintain a balance between experience and affinity with the nature, culture and the business of the Company.

Pursuant to Dutch law, and in accordance with the Company's diversity policy, the Company should strive to achieve a Board of Directors composition that is at least 30% male and at least 30% female and it should disclose in its annual report if this requirement is not met. Currently, three of the nine members of the Board of Directors are female and therefore its composition complies with the above-mentioned gender diversity requirement.

Board Practice and Committees

Directors are expected to prepare themselves for and to attend all Board of Directors meetings, the Annual General Meeting of Shareholders and the meetings of the committees of which they are a member of, with the understanding that, on occasion, a Director may be unable to attend a meeting.

In total twelve Board of Directors meetings were held in 2020. Due to COVID-19, these Directors participated in these meetings by means of video conference. This was also one of the reasons why proportionally more meetings of the Board took place than in previous years. The table below shows the attendance of the individual Board members at these meetings. In these periodical meetings, the Board discussed a number of subjects, including the general state of affairs, as well as the strategy of the Company, investment opportunities, long-term value creation, the Company's values, purposes and objectives for the coming years and the procedures and evaluation of the functioning of the Board, its members and its Committees.

Director	Board of Directors	Audit Committee	Compensation and Nominating Committee
John Elkann	12/12	-	-
Alessandro Nasi	12/12	-	2/2
Andrea Agnelli	12/12	-	-
Joseph Bae	10/12	-	1/2
Melissa Bethell	11/12	4/4	-
Marc Bolland	12/12	-	-
Laurence Debroux	12/12	4/4	-
Ginevra Elkann	11/12	4/4	-
António Horta-Osório	8/12	-	2/2

Evaluation

Annually, under the oversight and responsibility of the Compensation and Nominating Committee and of the Senior Non-Executive Director and with the assistance of the general counsel, the Board of Directors evaluates and discusses its own functioning and performance, the functioning of its Committees and its individual Directors. In 2020, the evaluation of the Board of Directors and its Committees consisted of a self-assessment facilitated by written questionnaires. The main topics of the questionnaire related to the composition, competence, performance, meeting information provision as well as, operational and strategic topics, oversight and involvement of the Board and the functioning of the internal Committees. The outcome of the questionnaire (the response rate was 100%) was assessed and discussed in the Compensation and Nominating Committee. The general impression emerged from this self-evaluation was positive.

After carrying out these written questionnaires, interviews were held with the individual Directors and the chair of the Compensation and Nominating Committee and the Senior Non-Executive Director. In these interviews, the individual functioning of the Director and the functioning of the Executive Director were discussed.

The Committee, as well as the Senior Non-Executive Director, gave their feedback and recommendations in the Board of Directors meeting in which the evaluation was further discussed. During this meeting, the functioning of the individual Directors and the Board as a whole has also been considered in more detail and this has been very insightful. Consequently, the general impression that emerged from this evaluation was good to excellent. A further conclusion that could be drawn on the basis thereof, as prescribed by the best practice provision 2.2.8 of the Dutch Corporate Governance Code, is that the Board believes certain improvements could be made in the structure of the meetings in order to deal with topics within the remit of the Executive and/or Non-Executive Directors in a more efficient way, and this topic is currently being addressed.

Board Regulations

The Board of Directors has adopted internal regulations in accordance with article 20.8 of the Articles of Association; these were lastly amended on 26 March 2018. The Board aims to be as transparent as possible about its working methods and therefore the regulations are publicly available on the Company's website (<https://www.exor.com/pages/exor/governance/corporate-regulations>).

The regulations govern the operating of the Board of Directors and its Committees internally and contain provisions concerning the manner in which meetings of the Board of Directors are convened and held, including the decision-making process. In addition, the regulations further elaborate on topics such conflicts of interests, related-party conflicts and the relationship with shareholders

Indemnification of Directors

To the extent permissible by law, as prescribed under article 24 of the Articles of Association, the Company is required to indemnify any and all of its Directors, both former members and members currently in office or persons who may have served at its request as a director or officer of another company, (each of them an "Indemnified Person"), against any and all expenses actually and necessarily incurred by any of them in connection with the defense of any action; suit or proceeding in which they, or any of them, are made parties, or a party, by reason of being or having been Director or officer of the Company, or such other company, except in relation to matters as to which any such person shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of their duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled otherwise, claims, judgments, fines and penalties ("Claims") incurred by the Indemnified Person as a result of any expected, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative, initiated by any party other than Exor itself or a controlled entity of Exor, in relation to any acts or omissions in or related to their capacity as an Indemnified Person. Claims will include derivative actions of or initiated by the Company or a group company thereof against the Indemnified Person and (recourse) claims by the Company itself or a group company thereof for payments of claims by third parties if the Indemnified Person will be held personally liable therefore.

Conflict of interest

At Exor, we strive to compose the Board in such a way that the Directors can operate independently and critically with regard to each other, the Board and any particular interests. The Board of Directors adopted rules dealing with conflict of interests and related party transactions on 5 April 2017 and last amended and updated these on 13 November 2019.

In general, any form of appearance or conflicting interests between the Company and members of the Board must be avoided. Therefore, a Director of the Company is not allowed to participate in discussions or decision-making within the Board of Directors, if with respect to the matter concerned he or she has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it (“Conflict of Interests”). This prohibition does not apply if the Conflict of Interests exists for all Directors; should this be the case, the Board of Directors shall maintain its power, subject to the approval of the general meeting of shareholders.

A Director having a Conflict of Interests or an interest which may have the appearance of such a Conflict of Interests must declare the nature and extent of that interest to the other Directors. All transactions, where there is a Conflict of Interest, must be concluded on terms that are customary in the branch or sector concerned and must be approved by the Board of Directors.

In the financial year 2020, there were no transactions involving a conflict of interest with members of the Board.

Determination of independence and related-party conflicts

To further ensure the independence of the members of the Board, each Director needs to inform the Board (through the Company Secretary of the Board of Directors) as to all material information regarding any circumstances or relationships that may impact their characterization as “independent,” or impact the assessment of their interests. One of the ways in which this is done is by responding promptly to the annual questionnaire circulated by or on behalf of the Company Secretary that is designed to elicit relevant information regarding business and other relationships.

In addition, each Director shall annually assess in good faith whether he or she (i) is independent (as referred to in best practice provision 2.1.8 of the Dutch Corporate Governance Code) and/or (ii) would have a Conflict of Interests in connection with any transactions between the Company and a significant shareholder or related party of the Company, including affiliates of a significant shareholder (such conflict being, a “Related-Party Conflict”). Currently, Giovanni Agnelli B.V. would be considered a significant shareholder. Based on each Director’s assessment, the Board of Directors shall make a determination at least annually regarding such Director’s independence and such Director’s Related-Party Conflict. These annual determinations shall be conclusive, absent a change in circumstances from those disclosed to the Board of Directors that necessitates a change in such determination.

In the financial year 2020, there have been no Related Party Conflicts.

Mr. Elkann, Executive Director and chairman of Exor, also fulfills a role as chairman of Ferrari N.V. (and interim CEO since 10 December 2020), Stellantis N.V. (former FCA N.V.) and Giovanni Agnelli B.V., the latter being the largest shareholder of the Company. Ferrari, Stellantis and certain companies within their respective groups qualify as related parties to Exor and the Company may therefore have potential conflicts of interest with these companies.

Amount and Composition of the remuneration of the Board of Directors

Details of the remuneration of the members of the Board of Directors and its committees are set forth under the Section “Remuneration of Directors”.

THE AUDIT COMMITTEE

The Audit Committee, under the responsibility of the Board of Directors, assists and supports the Board of Directors with its oversight of, amongst others: (i) the integrity and quality of the Company’s financial statements and the auditors’ report thereon; (ii) the effectiveness of the risk management and the systems of internal controls that management and/or the Board of Directors have established, including the internal audit reviews thereon; (iii) the Company’s compliance with legal and regulatory requirements; (iv) the Company’s follow-up on recommendations and observations of the internal and the independent auditors; (v) the Company’s policies and procedures; (vi) the qualifications, independence and remuneration of the Company’s independent auditors and any non-audit services provided to the Company by the independent auditors; (vii) the effectiveness and functioning of the Company’s internal audit function and independent auditors; and (viii) the implementation and effectiveness of the Company’s ethics and compliance program.

The tasks and functions of the Audit Committee are described in the Audit Committee charter, which was last amended and approved during the Board meeting held on 13 November 2018. The charter is published on the Exor website (<https://www.exor.com/pages/exor/governance/corporate-regulations>).

Composition of the Audit Committee

The Audit Committee is elected by the Board of Directors and is composed of at least three Non-Executive Directors. The majority of the Audit Committee should qualify as independent within the meaning of the Dutch Corporate Governance Code and each member shall neither have a material relationship with the Company, as determined by the Board of Directors nor perform the functions of auditors or accountants for the Company. Furthermore, at least one member shall be a financial expert and have competence in accounting or auditing, relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

During the financial year 2020, the Audit Committee consisted of the following members:

- Ms. M. Bethell (chair);
- Mrs. L. Debroux; and
- Mrs. G. Elkann.

The majority of the above members qualify as independent and the Board considers two of them to be financial experts.

Meetings

Unless the Audit Committee determines otherwise, the independent auditors, the Chief Financial Officer, the Chief Audit Executive as the internal auditor and the General Counsel will attend the meetings of the Audit Committee. The Company's Executive Director will be free to attend the meetings of the Audit Committee unless the Audit Committee determines otherwise. The Audit Committee can also require him to join the meeting.

The Audit Committee met four times during 2020. The average attendance rate was 100%.

The main items discussed and/or reviewed during these meetings were, amongst others, the annual and semi-annual financial reports; incident reporting; risk assessment and risk appetite; appropriateness of the risk management & control systems in place; the internal and external audit plan; updates on compliance and legal matters; review of updated policies and procedures; review of the internal audit assessment on the separate/consolidated financial reporting, the internal and external audit scope; quality of the control environment; evaluation of the external auditors and the (re)appointment of the external auditors; evaluation of the internal audit function, assessment of the internal audit function outsourcing alternatives; and the self-assessment of the Audit Committee itself.

The CFO, the General Counsel and the Chief Audit Executive (head of the internal audit function) and the external auditors (Ernst & Young Accountants LLP) attended all the meetings. Furthermore, the Committee held executive sessions with the Chief Audit Executive and the external auditors in addition to the four meetings held in 2020.

INTERNAL AUDIT FUNCTION

The Corporate Governance Code emphasizes on an internal audit function and the Company underlines the importance of an internal audit function. Therefore, the Board of Directors meeting resolved to outsource the internal audit function to Deloitte Risk Advisory B.V. since the size and nature of the Company are not suited to have an audit department established internally. An internal audit charter has been adopted and as of his appointment, the Chief Audit Executive has attended all the Audit Committee meetings.

In November 2020, on recommendation of the Audit Committee, the Board of Directors appointed BDO Consultants B.V. as the internal audit function of the Company, since Deloitte Risk Advisory B.V. could not perform such services anymore due to independence rules as Deloitte & Touch S.p.A. was appointed as the external auditor of the Company's operating subsidiary Juventus Football Club S.p.A. for the financial year starting 1 July 2021.

The Company also has an internal control system in place, which is integrated within the organizational and corporate governance framework adopted by the Company. This system contributes to the protection of corporate assets and ensures the efficiency and effectiveness of business processes, the reliability of financial information and compliance with laws, regulations, the Articles of Association, policies and internal procedures.

In the financial year 2020, all significant internal audit reviews, assessments and tests were performed. As part of these reviews and tests, the effectiveness of the risk management and internal control systems was tested and no material weaknesses or deficiencies were identified.

THE COMPENSATION AND NOMINATING COMMITTEE

The Compensation and Nominating Committee, under the responsibility of the Board of Directors, assists and supports the Board of Directors with its oversight of, amongst other matters: (i) determining the executive compensation; (ii) the Company's remuneration policy; (iii) determining the compensation of Non-Executive Director; (iv) preparation of the remuneration reports; (v) drawing up of the selection criteria and appointment procedures for Directors of the Company; (vi) periodic assessment of the size and composition of the Board of Directors and as appropriate making proposals for changes in the composition of the Board of Directors; (vii) periodic assessment of the performance of individual Directors and reporting on this to the Board of Directors; and (viii) proposals for the nomination and re-nomination of Executive and Non-Executive Directors to be appointed by the shareholders meeting.

The tasks and functions of the Compensation and Nominating Committee are described in the Compensation and Nominating Committee Charter, which was last amended and approved during the Board meeting held on 13 November 2019. The Charter is published on the EXOR website (<https://www.exor.com/pages/exor/governance/corporate-regulations>).

The Compensation and Nominating Committee is elected by the Board of Directors and is comprised of at least three Non-Executive Directors. More than half of its members is and shall be independent in accordance with the Dutch Corporate Governance Code and article 2 of the Compensation and Nominating Committee Charter.

During the financial year 2020, the Compensation and Nominating Committee consisted of the following members:

- Mr. A. Horta-Osório (chair);
- Mr. A. Nasi; and
- Mr. J. Bae.

In 2020, the Compensation and Nominating Committee met twice and the average attendance rate was 83%.

The main items discussed and/or reviewed during these meetings were, amongst others: the review of the 2019 Remuneration Report; evaluation and approval of the variable part of the executive remuneration; possible adjustment to the Remuneration Policy and update of the long term incentive plan; review, assessment and discussion of the results of the self-assessment and the recommendations thereof to the Board of Directors; establishment of the independence of the Non-Executive Directors; assessment of the composition of the Non-Executive Directors.

For a description of the Company's commitment to environmental, social and governance matters (ESG) and its sustainability governance guidelines, reference should be made to the non-financial information section of this Board Report.

DISCLOSURES PURSUANT TO THE DECREE IMPLEMENTING ARTICLE 10 EU-DIRECTIVE ON TAKEOVERS

In accordance with the Dutch *Besluit artikel 10 overnamerichtlijn* (the "Decree"), the Company makes the following disclosures.

- (a) For information on the capital structure of the Company, the composition of the issued share capital and the existence of the two classes of shares, reference should be made to the section above Major Shareholders and Ownership Structure. For information on the rights attached to the ordinary shares reference is made to the Articles of Association which can be found on the Company's website. To summarize, the rights attached to ordinary shares comprise pre-emptive rights upon issue of ordinary shares, the right to attend the general meeting of shareholders and to speak and vote at that meeting and the entitlement to distributions of such amount of the Company's profit as remains after allocation to the reserves. For information on the rights attached to the special voting shares reference should be made to the Articles of Association and the terms of the special voting shares (the "SVS Terms") which can both be found on the Company's website and more in particular to the section Special Voting Structure above.
- (b) No transfer restrictions apply to ordinary shares. Pursuant to the Articles of Association and the SVS Terms transfer restrictions apply for special voting shares.

- (c) For information on participation in the Company's capital in respect of which pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Acts (*Wet op het financieel toezicht*) notification requirements apply reference is made to the section "Major Shareholders and Ownership Structure" of this Board Report. This section lists the shareholders who hold 3% or more of the issued ordinary shares.
- (d) No special control rights or other rights accrue to shares in the capital of the Company other than the right of holders of ordinary shares to receive special voting shares if and when the terms and conditions as set out in the SVS Terms are met.
- (e) A mechanism for verifying compliance with a scheme allowing employees to subscribe for or to acquire shares in the capital of the Company or a subsidiary if the employees do not arrange for such verification directly is not applicable to the Company.
- (f) No restrictions apply to voting rights attached to ordinary shares in the capital of the Company, nor are there any deadlines for exercising voting rights. No depositary receipts for ordinary shares have been issued with the cooperation of the Company.
- (g) The Company is not aware of the existence of any agreements with any shareholder which may result in restrictions on the transfer of shares or limitation of voting rights.
- (h) The rules governing the appointment and dismissal of members of the Board of Directors are stated in the Articles of Association. All members of the Board of Directors are appointed by the general meeting of shareholders. The Board of Directors will nominate a candidate for each vacant seat. A nomination by the Board of Directors will be binding. However, the general meeting of shareholders may deprive the nomination of its binding character by a resolution passed with a two-thirds majority of the votes cast. If the binding nomination is not deprived of its binding character, the person nominated will be deemed appointed. If the nomination is deprived of its binding character, the Board of Directors will be allowed to make a new binding nomination. The term of office of Directors may not exceed a maximum period of four years at a time. A Director who ceases office in accordance with the previous provisions is immediately eligible for reappointment. The rules governing an amendment of the Articles of Association are stated in the Articles of Association and require a resolution of the general meeting of shareholders which can only be adopted upon a proposal of the Board of Directors.
- (i) The Board of Directors has been designated by the general meeting of shareholders as the competent body to issue ordinary shares and to grant rights to subscribe for shares for a term of five years with effect from 11 December 2016. The Board of Directors will be authorized to increase the share capital with such number of shares for a nominal value up to EUR 5,000,000 and to issue convertible bonds for an aggregate issue price up to EUR 1,000,000,000, and to issue the underlying ordinary shares (or granting of rights to subscribe for such underlying ordinary shares) pursuant to the applicable conversion ratio. This designation can be used for any and all purposes. The Board of Directors is also authorized to limit or exclude pre-emptive rights of shareholders when issuing ordinary shares or granting rights to subscribe for ordinary shares, for a term of five years with effect from 11 December 2016. With respect to Special Voting Shares A, the Board of Directors has been designated by the general meeting of shareholders as the competent body to issue Special Voting Shares A and to grant rights to subscribe for Special Voting Shares A for a term of five years with effect from 11 December 2016. The power of the Board of Directors concerns all authorized but un-issued Special Voting Shares A in the Company's share capital from time to time. The Board of Directors has also been authorized by the general meeting of shareholders with effect from 29 May 2019 to resolve on the acquisition by the Company of its own fully paid-up ordinary shares, up to the maximum number of shares that can be repurchased under Dutch law, and further within the limits of Dutch law and the Articles of Association through a purchase on the stock exchange or otherwise for a term of 18 months against a repurchase price between, on the one hand, the nominal value of the shares concerned and, on the other hand, an amount of 110% of the reference price recorded for the ordinary shares on the Mercato Telematico Azionario on the day before each transaction is made or, in the event of purchases carried out through public purchase or exchange offerings on the day before the disclosure to the public. The maximum amount to be used for the repurchase of ordinary shares will be EUR 500,000,000.

- (j) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Acts (*Wet op het financieel toezicht*), provided that certain of the loan agreements entered into by the Company contain clauses that, as is customary for financing agreements of similar type, may require early repayment or termination in the event of a change of control of the Company.
- (k) The Company did not enter into any agreement with a director or employee providing for a payment / distribution upon termination of employment as a result of a public offer within the meaning of article 5:70 of the Dutch Financial Supervision Acts.

GENERAL MEETING OF SHAREHOLDERS

Each year, though not later than in the month of June, an annual general meeting of shareholders will be held.

Other general meetings of shareholders will be held whenever the Board of Directors deems such to be necessary, without prejudice to the provisions of Sections 2:108a, 2:110, 2:111 and 2:112 of the Dutch Civil Code.

The agenda of the general meeting will include the following subjects for discussion or voting:

- (a) discussion of the board report;
- (b) discussion and adoption of the annual accounts;
- (c) dividend proposal (if applicable);
- (d) appointment of Directors;
- (e) appointment of an external auditor;
- (f) other subjects presented for discussion or voting by the Board of Directors and announced with due observance of the provisions of the Articles of Association, as for instance (i) release of Directors from liability; (ii) discussion of the policy on reserves and dividends; (iii) authorization of the Board of Directors to issue shares; and/or (iv) authorization of the Board of Directors to resolve to acquire own shares.

Calling of meetings

Notice of general meetings of shareholders is given by the Board of Directors and must be given with due observance of the statutory notice period of forty-two (42) days and in line with other relevant statutory provisions or regulations applicable to the Company pursuant to the listing of its shares on the MTA.

The notice of the meeting will state (a) the subjects to be dealt with; (b) venue and time of the meeting; (c) the requirements for admittance to the meeting as described in Articles 35.2 and 35.3 of the Articles of Association, as well as the information referred to in Article 36.3 of the Articles of Association (if applicable); and (d) the address of the Company's website, together with any such other information as may be required by law.

In addition, shareholders acting solely or jointly representing at least ten percent (10%) of the issued share capital may request the Board of Directors, in writing, to call a general meeting of shareholders, stating the matters to be dealt with. Shareholders and/or other persons entitled to attend the general meeting who, alone or jointly, meet the requirements set forth in section 2:114a subsection 2 of the Dutch Civil Code will have the right to request the Board of Directors to place items on the agenda of the general meeting if certain requirements are being met.

The manner in which persons entitled to attend the general meeting of shareholders can register and exercise their rights will be set out in the notice convening the meeting. General meetings of shareholders can be held in Amsterdam or Haarlemmermeer (including Schiphol Airport), at the choice of those who call the meeting.

Conduct of the meeting

In general, general meetings of shareholders will be chaired by the Senior Non-Executive Director or his replacement. Each shareholder and each other person entitled to attend the general meeting of shareholders is authorised to attend, to speak at, and to the extent applicable, to exercise his voting rights in the general meeting of shareholders. They may be represented by a proxy holder authorised in writing.

A person entitled to attend the general meeting of shareholders or his proxy will only be admitted to the meeting if he has notified the Company of his intention to attend the meeting in writing at the address and by the date specified in the notice of meeting. The proxy is also required to produce written evidence of his mandate.

The Board of Directors is authorised to determine that the voting rights and the right to attend the general meeting of shareholders can be exercised by using an electronic means of communication. If so decided, it will be required that each person entitled to attend the general meeting of shareholders, or his proxy holder, can be identified through the electronic means of communication, follow the discussions in the meeting and, to the extent applicable, exercise the voting right. The Board of Directors may also determine that the electronic means of communication used must allow each person entitled to attend the general meeting of shareholders or his proxy holder to participate in the discussions.

The Board of Directors may determine further conditions to the use of electronic means of communication as referred above, provided such conditions are reasonable and necessary for the identification of persons entitled to attend the general meeting of shareholders and the reliability and safety of the communication. Such further conditions will be set out in the notice of the meeting. The foregoing does, however, not restrict the authority of the chairman of the meeting to take such action as he deems fit in the interest of the meeting being conducted in an orderly fashion. Any non- or malfunctioning of the means of electronic communication used is at the risk of the persons entitled to attend the general meeting of shareholders using the same.

The chairman of the meeting will decide upon the admittance to the meeting of persons other than those who are entitled to attend. The company secretary will arrange for the keeping of an attendance list in respect of each general meeting of shareholders. The attendance list will contain in respect of each person with voting rights present or represented: his name, the number of votes that can be exercised by him and, if applicable, the name of his representative. The chairman of the meeting can decide that also the name and other information about other people present will be recorded in the attendance list.

The Company is authorized to apply such verification procedures as it reasonably deems necessary to establish the identity of the persons entitled to attend the general meeting of shareholders and, where applicable, the identity and authority of representatives. The Board of Directors shall provide the general meeting of shareholders with all requested information, unless this would be contrary to an overriding interest of the Company.

Each ordinary share confers the right to cast one vote. Each Special Voting Share-A confers the right to cast four votes and each Special Voting Share-B confers the right to cast nine votes. At the general meeting of shareholders, all resolutions must be adopted by an absolute majority of the votes validly cast, except in those cases in which the law or the Articles of Association require a greater majority. If there is a tie in voting, the proposal will thus be rejected.

The Board of Directors may determine that votes cast prior to the general meeting of shareholders by electronic means of communication or by mail, are equated with votes cast at the time of the general meeting. Such votes may not be cast before the record date referred to above. Without prejudice to the provisions of article 35 of the Articles of Association, the notice convening the general meeting of shareholders must state how shareholders may exercise their rights prior to the meeting. Blank and invalid votes will be regarded as not having been cast and the chairman of the meeting will decide whether and to what extent votes are taken orally, in writing, electronically or by acclamation.

When determining how many votes are cast by shareholders, how many shareholders are present or represented, or what portion of the Company's issued capital is represented, no account will be taken of shares for which no votes can be cast by law.

No voting rights shall be exercised in the general meeting of shareholders for shares owned by the Company or by a subsidiary of the Company. Pledgees and usufructuaries of shares owned by the Company and its subsidiaries shall however not be excluded from exercising their voting rights, if the right of pledge or usufruct was created before the shares were owned by the Company or a subsidiary. Neither the Company nor any of its subsidiaries may exercise voting rights for shares in respect of which it holds a right of pledge or usufruct.

Minutes will be kept of the proceedings at the general meeting of shareholders by, or under supervision of, the company secretary, which will be adopted by the chairman of the meeting and the secretary and will be signed by them as evidence thereof. However, the chairman of the meeting may determine that notarial minutes will be prepared of the proceedings of the meeting. In that case the co-signature of the chairman will be sufficient. The minutes of the general meeting of shareholders shall be made available, on request, to the shareholders no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the minutes in the following three months. The minutes shall then be adopted in the manner as described in the Articles of Association.

CODE OF CONDUCT

By means of the resolution passed on 24 November 2016, the Board of Directors approved and adopted the Code of Ethics, which Code of Ethics has been amended, updated and renamed the Code of Conduct and approved by the Board of Directors meeting in November 2017 (the "Code").

The Code sets out the principles and the ethical values that contribute to a culture which EXOR follows in the conduct of its activities and the quality and integrity which it requires of all persons in the Company and more generally of all those who work with and are collaborators of the Company. Together with all the other regulations, policies and dispositions issued by the Company, the Code constitutes the foundation necessary for the prevention and detection of any infringement of the law.

The Code includes specific guidelines relating to the mission and values contributing to a long-term-horizon-culture, the ethical principles, social commitment, principles for the management of its investments and conduct principles, anti-corruption, respect of human rights, conflicts of interest and abuse of inside information, data privacy, safeguarding of the Company's assets, workplace health and safety, and relationships with third parties, such as public institutions.

All of Exor's Directors, managers and staff, those who have a function of representation, administration and direction, all employees (without any exception) and all collaborators (including, as mere example, consultants, professional advisors etcetera) are required to be familiar, and to comply with the dispositions of the Code.

To strengthen its effectiveness and ensure proper compliance with the Code, the Company is committed to ensuring maximum diffusion by means of appropriate communication methods, such as through training and measures that increase awareness of its contents. In addition, disciplinary measures can be imposed in case of non-compliance with the provisions of the Code.

Exor furthermore takes steps to ensure that the companies in which it has an investment have adopted principles similar to or based on those of the Code.

The Code is available on EXOR's website (<https://www.exor.com/pages/exor/governance/corporate-regulations>).

INSIDER TRADING POLICY

The Exor insider trading policy (the "Insider Trading Policy") sets forth the guidelines, recommendations and prohibitions for all members of the Board of Directors and employees of Exor regarding the legal and regulatory duties and sanctions applicable to insider trading and unlawful disclosure of inside information. In addition, the Insider Trading Policy states the notification obligations that have to be fulfilled under Dutch and Italian law by members of the Board of Directors when dealing in securities of Exor and its group companies. The insider Trading Policy is also applicable to persons closely associated (immediate family members or members of the same household) with the members of the board of directors or employees.

With the Insider Trading Policy, Exor makes sure that the requirements of article 18(2) and 19(5) of the Market Abuse Regulation (Regulation 596/2014) will be fulfilled. The amended and restated Exor Insider Trading Policy was adopted by the Board of Directors on 13 November 2019. Exor also maintains a so-called insider list including all persons, who in the exercise of their employment, profession or duty, have access to inside information.

Compliance with the Dutch Corporate Governance Code

The Company acknowledges the importance of good corporate governance. The Company endorses the principles and best practice provisions of the Dutch Corporate Governance Code and complies with the majority of the provisions, except for the best practice provisions listed below:

- a) *Best practice provision 2.1.7 (iii) of the Dutch Corporate Governance Code: For each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the company, there is at most one supervisory board member who can be considered to be affiliated with or representing them as stipulated in best practice provision 2.1.8, sections vi. and vii.*

The Non-Executive Directors Alessandro Nasi, Andrea Agnelli and Ginevra Elkann are considered non-independent non-executive directors within the meaning of best practice provision 2.1.7 (iii) of the Dutch Corporate Governance Code. These three members belong to the Agnelli family, which controls Giovanni Agnelli B.V. In light of the major shareholding of Giovanni Agnelli B.V., the Company's history and its commencement the Company feels it is appropriate that more than one member of the Agnelli family has a seat on the Board of Directors as a Non-Executive Director.

- b) *Principle 2.3.2 of the Dutch Corporate Governance Code*: If the supervisory board consists of more than four members, it shall appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee.

The Company has combined the roles of the remuneration committee and the selection and appointment committee in one committee, called the Compensation and Nominating Committee. The Company feels that there would be no benefits for the Company, given its size and its simple organizational structure, in splitting the Compensation and Nominating Committee as prescribed under the Dutch Corporate Governance Code.

- c) *Best practice provision 4.3.3 of the Dutch Corporate Governance Code*: The general meeting of shareholders of a company not having statutory two-tier status (*structuurregime*) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast.

Pursuant to article 15.3 of the Company's Articles of Association the binding nature may only be canceled with a two-third majority of the votes cast. The Company feels that in view of the major shareholding of Giovanni Agnelli B.V. it is appropriate to have such a threshold.

REPORT OF THE NON-EXECUTIVE DIRECTORS

Introduction

This is the report of the Non-Executive Directors of the Company on the financial year 2020 as referred to in best practice provision 5.1.5 of the Dutch Corporate Governance Code. The Board of Exor is structured as a one-tier board and does therefore not have a separate supervisory body. According to the Articles of Association, the Board of Directors consists of at least seven and at most nineteen members, comprising both members having responsibility for the day-to-day management of the Company (executive Directors) and members not having such day-to-day responsibility (non-executive Directors).

The Non-Executives Directors of Exor are responsible for the supervision of the policy and the general course of affairs of the Company and its affiliated enterprises carried out by the Executive Director, including the implementation of the strategy of the Company regarding long-term value creation. The Non-Executive Directors perform this task in an independent way and act solely in the interest of the Company in doing so. They are guided by the interests of the Company and its affiliated enterprises and take into account the stakeholder interests that are relevant in this context.

The tasks of the Executive and Non-Executive Directors in a one-tier board such as the Company's Board of Directors may be allocated under or pursuant to the Articles of Association, provided that the general meeting of shareholders has stipulated whether each individual Director is appointed as an executive or as a non-executive director and furthermore provided that the task to supervise the performance by the Directors of their duties can only be performed by the Non-Executive Directors. Regardless of an allocation of tasks, all Directors remain collectively responsible for the proper management and strategy of the Company (including supervision thereof in the case of Non-Executive Directors).

Details of the current composition of the Board of Directors, including the Non-Executive Directors, and its committees are set forth in the section "Board of Directors".

Supervision by the non-executive Directors

In their periodic meetings, the Non-Executive Directors discussed with the Executive Director, a number of subjects, including amongst others, the general state of affairs, Exor's long-term business plans, the implementation of such plans and the risks associated with such plans.

The Non-Executive Directors furthermore supervise the policies carried out by the Executive Directors and the general affairs of the Company. In so doing, the Non-Executive Directors have also focused on the effectiveness of the Company's internal risk management and control systems, the integrity and quality of the financial reporting and the Company's long-term business plans and strategy, the implementation of such plans and the associated risks.

The Non-Executive Directors also determine the remuneration of the Executive Directors and nominate Director candidates, via the Compensation and Nominating Committee, for appointments. Furthermore, the Board of Directors may allocate certain specific responsibilities to one or more individual Directors or to a committee comprised of eligible Directors of the Company. In this respect, the Board of Directors has allocated certain specific responsibilities to the Audit Committee and the Compensation and Nominating Committee.

Further details on the manner in which these Committees have carried out their duties, are set forth in the sections: "The Audit Committee" and "The Compensation and Nominating Committee".

In addition, the Non-Executive Directors supervised the adoption and implementation of the procedures, strategies and policies of the Company, reviewed this Annual Financial Report, including the Remuneration Report, the financial results and received updates on legal and compliance matters. The Non-Executive Directors have also reviewed the reports of the Board of Directors and its committees.

During the meetings held in 2020, for an overview of which reference is made to the section "Board of Directors", the key topics discussed were, amongst others: the strategy, performance and strategy of the operating subsidiaries, cash flow and debt management, values, purpose and objectives 2020, the financial results and reporting, investment opportunities and transactions, executive compensation, risk management & control, legal and compliance matters, sustainability, the Remuneration Report and evaluation of the Board.

Independence of the non-executive Directors

The Non-Executive Directors are required by Dutch law to act solely in the interest of the Company. The Non-Executive Directors have determined that five of the eight Non-Executive Directors qualify as independent in accordance with the Dutch Corporate Governance Code. For a more comprehensive overview, reference is made to the section "Determination of independence and related-party conflicts".

Whilst Exor acknowledges that it is not in compliance with best practice provision 2.1.7 (iii) of the Dutch Corporate Governance Code on the basis that more than one of its Non-Executive directors are affiliated with Exor's largest shareholder, Giovanni Agnelli B.V. and notwithstanding the foregoing regarding the non-independent directors, Exor is of the opinion that it otherwise meets the independence requirements set forth in best practice provision 2.1.10 of the Dutch Corporate Governance Code.

Evaluation by the non-executive Directors

The Non-Executive Directors are responsible for supervising the Board of Directors and its committees, as well as the individual Executive and Non-Executive Directors, and are assisted by the Compensation and Nominating Committee in this respect.

In 2020, the evaluation of Executive Directors consisted of a self-assessment facilitated by written questionnaires. The outcome of the questionnaire (the response rate was 100%) was assessed and discussed in the Compensation and Nominating Committee. The general impression emerged from this self-evaluation was positive. After carrying out these written questionnaires, interviews were held between the individual Non-Executive Directors and the chair of the Compensation and Nominating Committee and the Senior Non-Executive Director. The results thereof were subsequently discussed in a meeting and it was concluded that each of the Non-Executive Directors continued to demonstrate commitment to his or her respective role in the Company.

For a more comprehensive overview, reference is made to the section "Evaluation".

The Non-Executive Directors have been regularly informed by each committee as referred to in best practice provision 2.3.5 of the Dutch Corporate Governance Code, of the results and recommendations of these meetings and the conclusions of those committees were taken into account when drafting this report of the Non-Executive Directors.

The Non-Executive Directors were able to review and evaluate the performance of the Audit Committee and the Compensation and Nominating Committee.

Further details on the manner in which these committees have carried out their duties, are set forth in the sections “The Audit Committee”, “Compensation and Nominating Committee”, within “Board Practices and Committees” above.

IN CONTROL STATEMENT

Internal Control System

Based on the assessment performed, the Board of Directors believes that, as of 31 December 2020, the Group’s and the Company’s Internal Control over Financial Reporting is considered effective and that (i) the Board Report provides sufficient insights into any material weakness in the effectiveness of the internal risk management and control systems. This is discussed in the Internal Audit Function on page 90, (ii) the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies. This is discussed in Risk Management, Risks and Control System on page 70, (iii) based on the current state of affairs, it is justified that the Group’s and the Company’s financial reporting is prepared on a going concern basis. This is justified by the discussion in the Consolidated Financial Statements from page 149 and in the Company Financial Statement from page 267, and (iv) the Board Report states those material risks and uncertainties that are, in the Board of Director’s judgment, relevant to the expectation of the Company’s continuity for the period of twelve months after the preparation of the Board Report. You may refer to the Risk Factors section on page 75.

25 March 2021

John Elkann

Chairman and Chief Executive Officer

RESPONSIBILITIES IN RESPECT TO THE ANNUAL REPORT

The Board of Directors is responsible for preparing the Annual Report, inclusive of the Consolidated and Company Financial Statements and Board Report, in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of the Company and its subsidiaries and that the Board Report provides a true and a fair view of the performance of the business during the financial year and the position at balance sheet date of the Company and its subsidiaries, developments during the year, together with a description of the principal risks and uncertainties that the Company and the Group face.

25 March 2021

The Board of Directors

John Elkann

Alessandro Nasi

Andrea Agnelli

Ginevra Elkann

Marc Bolland

Joseph Bae

Melissa Bethell

Laurence Debroux

António Horta-Osório

SUSTAINABILITY REPORT

Exor's Sustainability Report is presented as part of the Annual Report and has been prepared in accordance with GRI (Global Reporting Initiative) Standards under the Core option.

I. REPORTING SCOPE AND BOUNDARIES

This section addresses the requirements of the Dutch Civil Code, and of the Dutch Decree on Non-Financial Information (Besluit bekendmaking niet-financiële informatie), which is a transposition of Directive 2014/95/EU “Disclosure of non-financial and diversity information” into Dutch law.

The reporting scope of non-financial information in this section is at Exor’s holding level (EXOR N.V. and the Holdings System subsidiaries). While Exor’s main listed operating companies (Ferrari, Stellantis – formerly FCA –, CNH Industrial and Juventus) publish their own Sustainability Reports, which are available on their official websites, a summary of their approach to sustainability is included at the end of this section.

II. EXOR BUSINESS MODEL

1. OVERVIEW

Exor is a diversified holding company with a culture that combines entrepreneurial spirit and financial discipline. Most of its portfolio is made up of companies in which Exor is the largest shareholder.

Exor’s purpose is to Build Great Companies, while providing opportunities for its people to grow, make a positive contribution to society and deliver superior returns to its investors.

Great companies are built by fostering a culture with a clarity of purpose and shared values, by appointing leaders who demonstrate this purpose and creating governance that aligns culture and actions.

Exor considers great companies as those that:

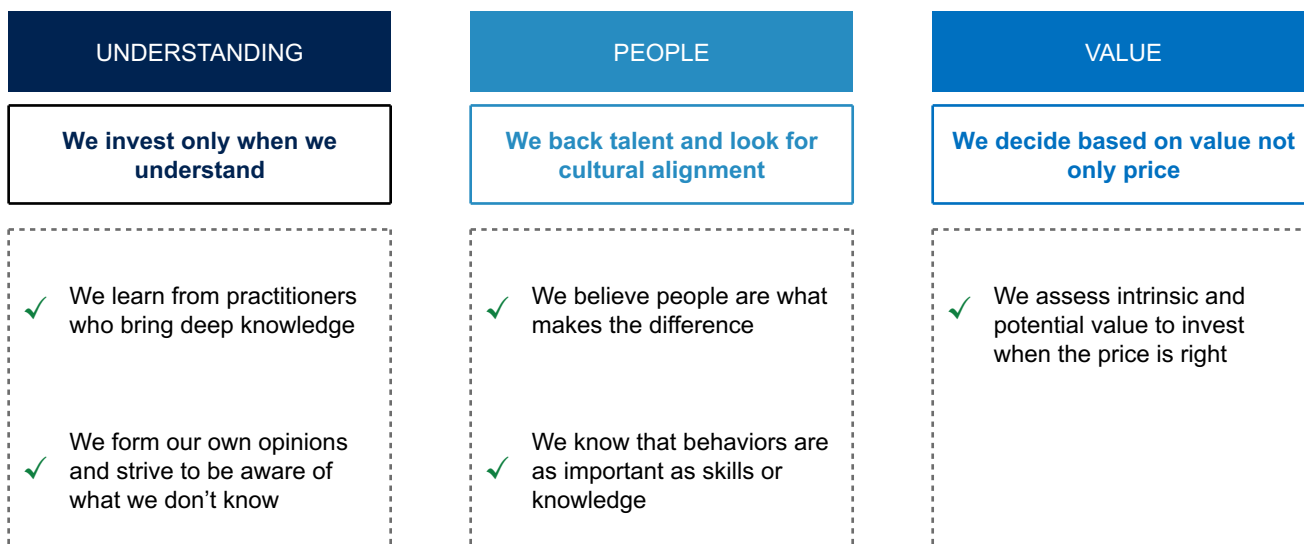
- Perform to the highest standards
- Seek out renewal and change
- Are distinctive in what they do
- Act in a responsible way

2. IMPLEMENTATION AND LONG-TERM VALUE CREATION

Through its role in their governance, Exor ensures that its companies derive the benefits of its ownership. Those include:

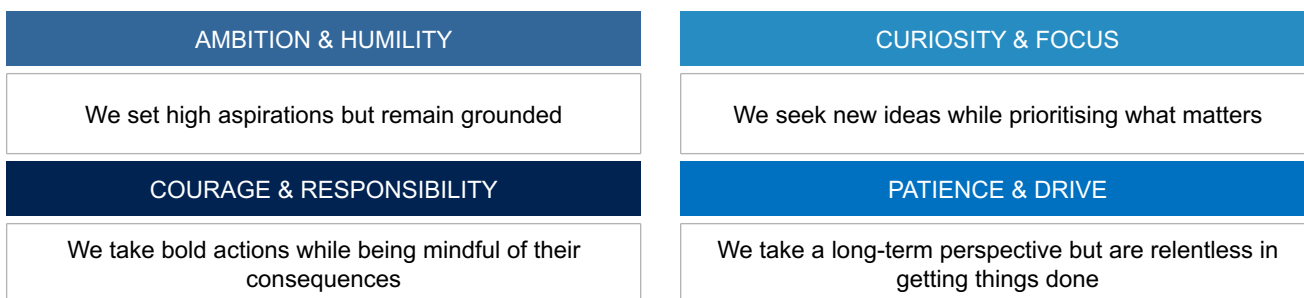
1 CREATING AN ENVIRONMENT WHERE COMPANIES CAN THRIVE	2 EMPOWERING LEADERS TO BUILD GREAT COMPANIES	3 USING GOVERNANCE TO STEER OUR COMPANIES
<ul style="list-style-type: none">✓ Long-term, stable ownership✓ Permanent capital✓ Strong network✓ Support and challenge companies’ plans	<ul style="list-style-type: none">✓ Use our network to find new leaders✓ Act as a “critical-friend” to our leaders✓ Strong culture across our companies✓ Promote diversity and inclusiveness	<ul style="list-style-type: none">✓ Build effective Boards✓ Support companies in their management successions✓ Play an active role in the Boards of all our companies

In assessing its investments both in companies and financial Exor considers the following criteria:



Exor aims to recruit the best talent, offers equal opportunities, promotes a diverse workforce and builds relationships based on collaboration, integrity and mutual respect. An important part of creating this environment is ensuring that its people respect its values.

Exor's values, together with its purpose, form the foundation of its culture:



Exor's goal is to outperform the MSCI World Index over the long term through the increase in its NAV per share. In addition, Exor's financial priorities are:

- To maintain financial strength and discipline while keeping its Loan-To-Value ratio below 20%
- To generate free cash flows above its dividend outflows over time.
- To keep cash holding costs as a percentage of its GAV below 10 bps.

3. RISK MANAGEMENT

Exor maintains an internal control and risk management system to identify, measure, manage and monitor its principal risks. This enables it to ensure the reliability, accuracy and timeliness of its financial information, the safeguarding of its assets, the efficiency and effectiveness of its business processes and its compliance with laws and regulations.

For more information regarding the key global focus risks identified by Exor and the control measures taken, refer to the section – Risk management, risks and control system in this report.

III. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RESPONSIBILITY

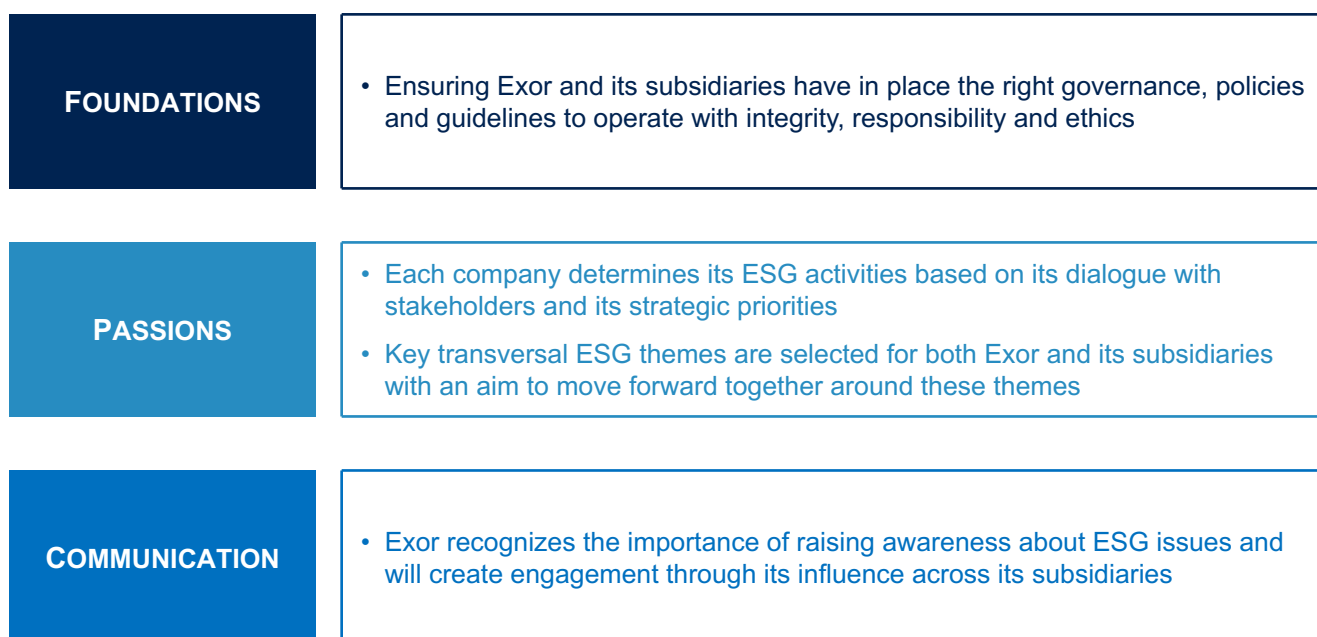
1. EXOR'S APPROACH

Exor's approach to Environmental, Social and Governance matters derives from its purpose of building great companies. Among other attributes, great companies are defined by Exor as those that “act in a responsible way”, with a clear focus on leading the way through their actions towards Environmental, Social and Governance matters.

Exor seeks to invest in companies that are great or that have the potential to become great. When assessing new investment opportunities, Exor's investment criteria are combined with an assessment of the greatness potential of a company – this assessment takes into account the different dimensions of greatness. ESG considerations are incorporated in such an assessment and are part of the broader evaluation process conducted by Exor.

Exor expects its companies to consider ESG issues and does so itself at holding company level, believing that stakeholder value creation needs to be both long-term and sustainable.

Exor's approach to ESG matters within itself and all its subsidiaries is based on three pillars: Foundations, Passions and Communication.



1.1. FOUNDATIONS

Exor has identified a set of common elements that it believes itself and its subsidiaries should have as a basis for their operations. This step is essential in the process of building great companies: enabling them to address material topics for stakeholders, drive improvement in the communities where they operate as well as assess and mitigate key risks.

Essential foundational elements that provide excellent starting conditions to create long-term sustainable value include but are not limited to:

- Signing and adhering to the relevant policies and guidelines in a company's industry and beyond;
- Adopting a Code of Conduct that promotes excellence in ethics and values across a company;
- Implementing a whistle-blower mechanism;
- Performing periodic compliance risk assessments so that a company can maintain and extend its high standards.

1.2. EDUCATION AS A PASSION IN EXOR AND ITS SUBSIDIARIES

Education is a core passion both at Exor as well as its subsidiaries and is at the heart of the social activities across all companies. As a result, numerous initiatives have been put in place at Exor and across the subsidiaries, including as relevant examples:

- Since 2008, the TechPro2 initiative by FCA and CNHI has provided students with theoretical and practical skills. The training course entails a 2-stage curriculum: theory is taught at training institutes and hands-on learning at partner company workshops. Over 13,000 students have benefited from nearly 400,000 hours of training at 63 worldwide locations since the inception of the project.



- Oltre le distanze (Beyond distances – ideas and actions for a more inclusive school) is a project promoted by Fondazione Agnelli, GEDI Visual and Google, in collaboration with University of Bolzano, University of Trento and LUMSA. Its goal is to promote strategies and actions for the inclusion of students with disabilities and special educational needs, at all school levels, even remotely. A completely free programme, including 9 Webinars and 45 Workshops – was all held online – for support learning and regular teachers working at all school levels.



- The Burnet News Club was established by The Economist Educational Foundation – an independent charity that was established in 2012 by employees. The Burnet News Club aims to give young people the skills not only to identify misinformation but also to explore different perspectives through the empowerment of teachers with expert resources and access to an online platform for children to discuss these issues beyond the classroom. In 2020, there was 44% increase in participation levels with more than 2,800 students taking part and over 70% of the UK's regions were reached.






1.3. COMMUNICATION AS A PILLAR OF EXOR'S ESG APPROACH

Non-financial disclosures allow Exor and its subsidiaries to understand their outward impacts: on the economy, environment, and society. This increases accountability and enhances transparency on their contribution to material topics based on stakeholder engagement. GRI is adopted by Exor and several of its subsidiaries as means to communicate non-financial disclosures.

1.4. GOVERNANCE: FRAMEWORK

A strong governance framework within Exor and across its operating companies is key to delivering its purpose. Exor aims to ensure that the best environment is created for its subsidiaries to thrive without complacency and acts as a critical friend to the companies where it is represented in the Board.

Exor is therefore in the process of implementing the best practices:

<p>BOARD STRUCTURE</p> 	<p><i>We create effective Board Structures</i></p> <ul style="list-style-type: none"> • Board size – we have reduced the size of our Boards to increase the quality of board debates • Committees – we have streamlined committees, focusing them on audit, governance and remuneration • Meetings – we create systematic board schedules and agendas
<p>PEOPLE</p> 	<p><i>We spend time choosing the right Directors</i></p> <ul style="list-style-type: none"> • Exor role – we play an active governance role on the boards of all our companies • Diversity – we ensure we have a range of perspectives on all our boards • Expertise – we appoint Directors with appropriate sector and functional expertise
<p>PROCESS</p> 	<p><i>We incentivize and improve Board performance</i></p> <ul style="list-style-type: none"> • Assessment – we conduct regular Chair, CEO and Board reviews • Remuneration – we expect Directors to become shareholders • Director terms – we appoint Directors for clear and overlapping terms

BOARD REPORT

2. SUMMARY OF ESG APPROACH AT EXOR HOLDING LEVEL

2.1. STAKEHOLDER ENGAGEMENT

Exor believes in the importance of maintaining a continuous dialogue with both internal and external stakeholders. A review of relevant stakeholder groups at the Exor holding company level has been performed to understand stakeholder priorities.

STAKEHOLDER	AREAS OF FOCUS	ENGAGEMENT METHODS
Exor employees	Motivation and Development, Equal opportunities and Diversity, Health and Safety, Ethical business conduct	Regular meetings and communications, Annual review of objectives, Internal initiatives and Compensation
Investors & Analysts, Rating agencies, Media	Market transparency, Communications, Financial Performance	Annual and half-year reporting, Investor events, Meetings with investors, Corporate website, Press releases
Operating companies	Governance, Boards of Directors	Active representation and participation in the Boards, Regular Communication and meetings
Authorities and regulators	Compliance with applicable laws and regulations, Risk management	Implementation of governance, risk management structures and corporate responsibility best practices

Exor is committed to:

- Keeping a regular dialogue with each of these stakeholder groups.
- Being clear about its purpose and its priorities both internal and externally.
- Providing relevant information to each stakeholder group, while being accessible and responsive.
- Promoting transparent capital markets, while aligning to best practices and disclosing information in an accurate, complete, balanced and reliable manner.

2.2. IDENTIFIED MATERIAL ESG TOPICS AND BOUNDARIES IN EXOR

Exor focuses on a number of ESG issues that have been identified relevant to its stakeholders, its activities and the fulfillment of its long-term objectives.

These are identified through an internal assessment, a review of market best practices and peer benchmarking.

FACTOR	IDENTIFICATION OF MATERIAL TOPICS
Environmental	Exor understands that its environmental footprint is minimal due to the nature of its activities at the group holding company level but it has put in place environmental policies for all its offices and is committed to show leadership on this issue.
Social	Exor aims to improve and strengthen its impact on the social systems within which it operates, in particular in relation to: <ul style="list-style-type: none"> • Stakeholder relationships • Employment related matters
Governance	Exor is implementing a governance structure and composition that ensures transparency, accountability and diversity with particular focus on: <ul style="list-style-type: none"> • Board of Directors diversity • Majority of independent Directors

Activities that are more relevant including, among others, human right, bribery and corruption and the identification of the material topics for the operating companies within the Exor Group are addressed separately in “Section 4. Summary of ESG performance of the operating subsidiaries” and on the operating companies’ websites.

Its focus areas at holding company level are defined below.

FOCUS AREA	ACTION
Exor to be an active and responsible owner focused on the long-term development and success of its companies	Engaging in continuous dialogue with the companies, through presence in the Boards. Promoting solid governance and business practices.
Exor to be an attractive employer committed to building a diverse and high-performing workforce	Attracting and retaining talent through engagement, competence development, reward and a strong company culture.
Exor to contribute to the cultural, social and economic development of communities	Engaging with local communities and supporting projects and initiatives, with a special focus on the field of education.

2.3. ENVIRONMENTAL RESPONSIBILITY

While its environmental impact as a standalone company is limited given its size, Exor nonetheless believes that it should lead by example. As a result, Exor encourages a responsible attitude towards the topics of recycling and waste reduction with its offices and employees as it promotes a more sustainable working space.

For several years, the main operating companies controlled by Exor (and thus consolidated, in accordance with IFRS) have decided to make specific and measurable environmental commitments. This has included adopting sustainable management processes throughout their organizations and regularly publishing sustainability reports and providing updates on their progress.

Exor fully supports its operating companies in developing and adopting their sustainable strategies and participates through its involvement in the boards of directors to the definition of environmental strategies and goals that believes most relevant to each specific case.

As a result, main Exor subsidiaries have adopted sustainable management processes that pervade throughout the entire organization and regularly publish sustainability reports with an update on their progress.

2.4. SOCIAL: EMPLOYMENT RELATED MATTERS

While social impact, with respect to employment related matters, as a standalone company is limited given its size, Exor fully supports its operating companies in developing and adopting their social impact strategies. Exor has a lean organization structure at holding company level, employing 23 people at 31 December 2020. Due to the size of Exor, no risk management system for social factors is in place. We refer to the disclosures of the operation companies for details, including risk management, on social factors at that level.

Exor puts considerable effort into its recruiting processes, training and competency development, and into building a strong company culture, because it believes in the importance of its people in its future success. As a result, the Exor workforce is characterized by its diverse, youthful and intellectually curious nature.

Moreover, Exor recognizes that its employees possess considerable expertise and talent that can be used for the betterment of communities in which it operates. Exor employees are actively encouraged to support educational endeavors whether it be as mentors, guest speakers, or experts in their respective field.

Exor values and promotes a multicultural environment within its offices and its employees come from diverse professional, national and cultural backgrounds. Key workforce metrics are reported below.

NUMBER OF EMPLOYEES

Employees	31 December 2020	31 December 2019
Total	23	23
<i>of which women</i>	47.8%	47.8%

BY EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY), BY GENDER

Type of employment contract	31 December 2020			31 December 2019		
	Male	Female	Total	Male	Female	Total
Permanent	10	8	18	9	11	20
Temporary	2	3	5	3	-	3
Total	12	11	23	12	11	23

BY GEOGRAPHICAL AREA

Geographical Area	31 December 2020			31 December 2019		
	Male	Female	Total	Male	Female	Total
The Netherlands	3	7	10	5	7	12
Luxembourg	-	1	1	-	1	1
United Kingdom	9	3	12	7	3	10
Total	12	11	23	12	11	23

PER EMPLOYEE CATEGORY BY GENDER

Employment category	31 December 2020			31 December 2019		
	Male	Female	Total	Male	Female	Total
Top Managers	2	2	4	2	2	4
Middle-managers	5	3	8	3	5	8
Professionals	5	6	11	7	4	11
Total	12	11	23	12	11	23

PER EMPLOYEE CATEGORY BY AGE GROUP

Employment category	31 December 2020				31 December 2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Top Managers	-	1	3	4	-	1	3	4
Middle-managers	-	7	1	8	-	7	1	8
Professionals	4	6	1	11	4	4	3	11
Total	4	14	5	23	4	12	7	23

EMPLOYEE TURNOVER

New hires		
	2020	2019
Number of employees	5	7
Turnover %	21.7%	30.4%
Leavers		
	2020	2019
Number of employees	5	6
Turnover %	21.7%	26.1%

2.4.1 HR POLICY

Safeguarding and ensuring the wellbeing of the people that work at and within Exor is of critical importance. Their creativity, drive, perseverance and loyalty have contributed to the successful development of the Company and will continue to shape its future. Exor makes high demands of its employees: expecting them to excel in their work, to collaborate in diverse teams and to improve and expand their own capabilities.

Exor is committed to a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of the Company.

In return, Exor offers a chance to operate in a dynamic and enjoyable work environment and to collaborate with highly skilled and ambitious colleagues from all over the world. Exor wants its employees to enjoy their work and to be proud to work for the Company.

Exor offers programs and tools to help its employees to balance their personal and professional lives. Depending on the employee needs, Exor provides the tools to address the expectations of an evolving labor market. Exor has arrangements in place to improve work-life balance including flextime, part-time or reduced hours, telecommuting, parental leave and other leaves.

2.4.2 WORKPLACE HEALTH AND SAFETY

Exor provides for working conditions which respect the dignity of the individual and it assures a healthy and safe workplace, in compliance with the applicable occupational accident prevention and health regulations. It also promotes a health and safety culture among all its employees.

2.4.3. DIVERSITY AND INCLUSION

Exor promotes diversity and believes that no individual should be subjected to discrimination based on their age, gender, sexual orientation, race, nationality, political opinion or religious faith (for example). The Company also undertakes to ensure that authority is exercised fairly and correctly, avoiding any abuse of power or activities that harm the dignity and autonomy of employees or collaborators.

Under no circumstances will the Company tolerate requests or threats aimed at inducing persons to act in breach of the law or of the Code of Conduct, or to behave in a manner, which conflicts with the moral convictions and personal preferences of the individual.

2.5. SOCIAL: SUPPORT OF INSTITUTIONS AND FOUNDATIONS

Exor conducts its activities responsibly and attaches great importance to the ties it has with its community. Exor supports various activities in the field of social research, education, cultural promotion and assistance.

Among the institutions supported by Exor, the foremost is *Fondazione Agnelli*, which is an independent institute of culture and research in the field of human and social sciences and which leads many projects and initiatives related to education. It was founded in 1966 by FIAT and IFI to celebrate the centenary of the birth of Senator Giovanni Agnelli, the founder of FIAT and it is headquartered in Turin, Italy. Since 2008, *Fondazione Agnelli* has chosen to concentrate its research activities on education (schools, universities and lifelong learning), convinced that education is among the main factors for economic development for social cohesion and for human fulfillment. The initiatives launched and supported by *Fondazione Agnelli* include:

- “*SEI - School of Entrepreneurship and Innovation*”, promoting the entrepreneurial inclination of university and high school students, through training sessions in the classroom, operational experience in the world of innovative companies/startups and mentoring support from entrepreneurs, investors and professionals;
- “*Arcipelago Educativo*”, a Turin-based project that aims to extend the Save the Children activities in recent years to fight the dropping out of students. The program works with 16 schools in the local area and the activities focus on promoting student participation and increasing the motivation to study in schools. The scheme also includes learning labs, teacher training and support for families.

- “*Combo, il laboratorio didattico*”, an educational experimentation project on robotics and coding designed for students and teachers of all schools in Turin and Piedmont, created together with several partners, such as Comau, the Italian Institute of Technology and Google;
- “*Eduscopio*”, the portal that, since 2014, helps students and families in the choice of the most suitable high school, by comparing the quality of institutions and providing a list of the top schools in a given area, which has become a true reference point for Italian families;

Fondazione Agnelli also carries out charitable activities, also supported by Exor, which include:

- *Fondazione Faro*, a foundation founded in Rome in 1997 to help young people coming from all over the world in overcoming difficult living conditions. It organizes free training courses and promotes professional integration by giving people the basic instruments. *Fondazione Faro* also gives hospitality to people in a state of need;
- “*Fondazione Piemontese per la Ricerca sul Cancro*”, an organization formed to set up an oncological institute in Piedmont that, through scientific research and clinical practice, offers an important contribution to conquering cancer, thus becoming a center of reference for oncology. It has undertaken to complete the construction and the technological equipment of a medical center in Candiolo (Turin) and promotes study projects relative to oncological research;
- institutions and foundations tackling various challenges, such as *Associazione Area* (assistance to disabled persons and special need children), *Fondazione Crescere Insieme* (scientific development, research and humanization of therapies in the field of neonatology), *Associazione Italiana Sindrome di Williams* (promoting knowledge and coordinating scientific research projects on the genetic disease), *Fondazione Asphi* (digital devices and applications for impaired and disabled people), *Opera Pia Cucina Malati Poveri* (hunger relief and poverty).

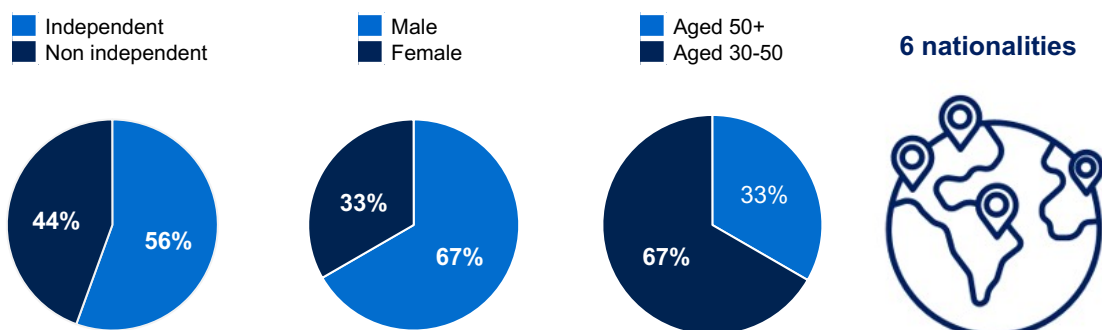
Exor supports also many cultural initiatives such as the *Pinacoteca Giovanni and Marella Agnelli*, an institution set up in 2002 in Turin to carry out activities of public interest in the area of culture, especially in the artistic field and the study of art.



2.6. GOVERNANCE: BOARD DIVERSITY

As governance is the tool that Exor uses to steer its companies on their path to greatness, the Company believes that its own governance must meet the highest standards. Therefore, Exor wants to ensure that the diversity of thought in its board continues to be a central factor in its governance.

To meet this objective, Exor ensures that its Board of Directors has the diversity of experience, expertise and backgrounds, and the appropriate independence and judgment needed to fulfill its responsibilities and execute its duties.



INDEPENDENT DIRECTORS



JOSEPH Y. BAE

Co-President and
Co-Chief Operating Officer at
KKR



MELISSA BETHELL

Partner at Atairos
and Managing Partner of
Atairos Europe



MARC BOLLAND

Senior Operating Partner and
Chairman Europe at the
Blackstone Group
International Partners LLP



LAURENCE DEBROUX

Executive Board member and
CFO at Heineken N.V.



ANTONIO HORTA-OSORIO

Group Chief Executive at
Lloyds Banking Group

For further information, please refer to the Directors' full biographies under the Governance section of the Exor website.

At 31 December 2020, the composition of the Board of Directors by gender and age groups is as follows:

Directors by gender and age group	30-50	>50	Total
Male	4	2	6
Female	2	1	3
Total	6	3	9

2.7. GOVERNANCE: INTEGRITY OF BUSINESS CONDUCT AND COMPLIANCE

2.7.1. CODE OF CONDUCT

By means of the resolution passed on 24 November 2016, the Board of Directors approved and adopted the Code of Ethics, which Code of Ethics was amended, renamed the Code of Conduct and approved by the Board of Directors in November 2017 (the "Code").

Exor conducts its business with integrity and with respect for all its stakeholders, while safeguarding its corporate image and reputation, by following and respecting the values, principles and guidelines as laid down in the Code. Its rigorous observance is required of all people in the Company and of all those who collaborate in the pursuit of its corporate mission.

Exor's governance model, regulating the decision-making process and approach of the Company and its employees in the interest of its stakeholders is firmly based on the Code. Together with all the other regulations, policies and dispositions issued by the Company, the Code constitutes the foundation necessary for the prevention and detection of any infringement of the law.

The Code includes specific guidelines relating to health and safety, business ethics and anti-corruption, principles for the management of investments, human resource management, respect of human rights, conflicts of interest and abuse of inside information, data privacy, safeguarding of Company's assets and relationships with public institutions.

Explicit reference is made to the respect of human rights in all of its activities by endorsing the principles of the United Nations "Declaration on Human Rights".

Exor is committed to the following integrity principles:

- **Observance of the law:** the behavior of people associated with Exor (including executives, managers, directors, employees and external consultants or advisors), in the activities undertaken in the interests of the Company is founded on the rigorous observation of national, community and international laws and regulations.
- **Equality and Impartiality:** people associated with Exor are required to act in the best interest of the Company while taking decisions with professional rigor and impartiality and applying to the decisions criteria, which are objective and neutral.
- **Transparency:** people associated with Exor must be founded on the maximum transparency and reliability, ensuring that transparent, truthful, complete and accurate information is communicated to all stakeholders without favoring any interest group or single individual. Exor undertakes to provide all the information necessary for the market to make informed investment decisions, ensuring the correctness and clarity of the aforesaid information and the equality of access to it.
- **Honesty and correctness in the presence of potential conflict of interest:** each transaction should take place in the interest of the Company and should be conducted through a correct and balanced management. Situations where the people involved in transactions are or could be in conflict of interests must be avoided. In the presence of a potential conflict of interests, people associated with Exor are required to inform their Company referent. The Directors undertake to inform the Board of Directors of any financial advantage which they may derive from transactions submitted to the Board's review.
- **Confidentiality:** the Company ensures the confidentiality of the information in its possession and does not use confidential information unless in possession of express and explicit authorization and, anyhow, always in observance of the applicable legislation concerning the protection of personal data. Disclosure of information is permitted solely for business or professional purposes; the third party is expressly notified of the confidential nature of the information and requested to observe the confidentiality obligation. No employee or collaborator may derive advantage of any kind from the use of confidential information, nor may disclose such information to others without an authorization.

The Company is committed to assuring the maximum diffusion of the Code through appropriate communication methods, including training and measures to increase awareness of its contents. Exor also takes steps to ensure that the companies, in which it has an investment, adopt Codes of Conduct whose principles are based on those of its Code of Conduct (available on Exor's corporate website at www.exor.com).

2.7.1.1. WHISTLEBLOWING MECHANISM

Exor's Code of Conduct outlines how any employee or collaborator, on becoming aware of presumed violations of the Code or of general conduct, which is not compliant with the rules of conduct adopted by the Company, is expected to report the matter immediately, and without fear of retaliation. The person should report to the appointed trusted person (legal / general counsel). In case the report concerns the trusted person itself or a non-executive member of the Board, reports should be made directly to the Chairman of the Board. If the report concerns an executive member of the Board, reports should be made to the Chairman of the Audit Committee.

This observance of the values of the Code of Conduct is considered an essential part of an Exor employee's contractual obligations.

2.7.2. ANTI-CORRUPTION AND BRIBERY

Exor's Code of Conduct includes, among others, rules related to anti-bribery, anti-corruption, competitive behavior and conflicts of interest. Exor is committed to the highest standards of integrity, honesty, correctness, fairness and legality in all internal and external affairs and will not tolerate any kind of bribery or corruption.

In particular, the Company asks all recipient of the Code of Conduct to participate actively in the fight against every form of corruption and to avoid any activity or behavior, which is incompatible with the obligations arising from the relationship with the Company on behalf of which they are acting.

It is also forbidden to offer, promise, give, pay or authorize the giving or payment, directly or indirectly, of an economic advantage or other utility to a third party (private or public) with the object of:

- Inducing a third party to perform any function or act in a manner, which is improper or contrary to the duties of his or her position (or to reward the performance of the same).
- Improperly obtaining or maintaining an unfair business advantage, in violation of the applicable laws.

A violation of anti-bribery and anti-corruption laws is a serious offense for both companies and individuals, which can result in significant fines, reputational damage and imprisonment of individuals.

2.7.3. INSIDER TRADING POLICY

The Exor Insider Trading Policy describes the guidelines, recommendations and prohibitions for all members of the Board of Directors and employees of Exor regarding the legal and regulatory duties and sanctions applicable to insider trading and unlawful disclosure of inside information. In addition, the Insider Trading Policy states the notification obligations that must be fulfilled under Dutch and Italian law by members of the board of directors when dealing in securities of Exor and its group companies. The Insider Trading Policy is also applicable to persons closely associated (immediate family members or members of the same household) with the members of the Board of Directors or employees.

With the Insider Trading Policy Exor makes sure that the requirements of article 18(2) and 19(5) of the Market Abuse Regulation (Regulation 596/2014) will be fulfilled. The amended and restated Exor Insider Trading Policy was adopted by the Board of Directors on 13 November 2019.

2.7.4. TAX APPROACH

Responsible tax behavior is an essential element and an integral part of Exor's sustainability strategy. Thereby Exor takes the social and corporate responsibility into consideration and the interests of all its stakeholders. As part of Exor's aim to create sustainable growth for all its stakeholders and recognizing the role that tax plays in this regard, Exor commits to the following global tax approach.

Profile

Exor aims for a low tax risk profile. The tax regulations are subject to change, among others due to recent developments in the international tax arena (e.g. BEPS). The tax regulations are often complex and subject to interpretation. In that regard, tax certainty is aimed on the adopted tax positions. Where no certainty can be obtained in advance, Exor ensures that the position is settled in line with its tax approach.

Structuring

Exor uses structures that meet the intentions and the spirit of the law and does not compromise business motives for tax gains. Exor does not use tax havens (as defined by the European Commission's "blacklist") for tax avoidance purposes and does not engage in artificial tax arrangements. Exor aims for a tax neutral investment structure, not resulting in economic double taxation for its investors.

Tax planning is considered part of the overall business strategy but Exor ensures that it is based on sound commercial business activity. This means that aside from factors such as financial impact, complexity and reputation, solid business and/or commercial reasons have to exist.

Compliance

Exor strives to be compliant with all applicable laws at all times. Exor's tax approach is based on a well-defined set of principles and internationally accepted standards. We support and adhere to the principles promoting tax transparency and responsible tax management as set out in the OECD Action Plan on Base Erosion and Profit Shifting (BEPS), and the EU Anti-Tax Avoidance Directives (ATAD I and II).

Exor aims to comply with the spirit as well as the letter of the law. Exor complies with any legitimate disclosure requirement at first demand. Exor files its tax returns timely and accurately in compliance with reasonable and responsible interpretations of local tax laws and regulations. Moreover, the way of working conforms to Exor's Code of Conduct.

Transfer pricing

Exor aims to pay an appropriate amount of tax according to where value is created within the normal course of business activity. Any transfer pricing is always calculated using the "arm's-length" principle.

Transparency

Exor integrates transparency in its approach to tax. Disclosures are made in accordance with the relevant domestic regulations, as well as applicable reporting requirements and standards.

Relationships with tax authorities

Exor seeks to develop strong, honest and mutually respectful relationships with national tax authorities based on transparency and mutual trust. All dealings with them are undertaken in a professional, courteous and timely manner. Exor provides the tax authorities with all relevant information they require within a reasonable timeframe.

3. EXOR AND ITS SUBSIDIARIES SUPPORT COMMUNITIES DURING THE COVID-19 PANDEMIC

Ensuring the health of every employee within Exor and its companies was and still is the most critical factor in response to the COVID-19 pandemic. In addition to addressing the consequences of the crisis across Exor and its companies, immediate actions to support the healthcare response in the communities where they operate have also been taken, through the volition and autonomy of each company, and Exor and its subsidiaries will continue to look for ways of providing this support. Some of these actions in the health care sector have included:

- Purchasing and donating ventilators and Personal Protective Equipment (PPE) for frontline healthcare providers such as the 500,000 surgical masks donated on 1 April 2020 to first responders and hospitals throughout Michigan.
- Applying pro-bono technical and engineering skills to significantly increase production at Siare, Italy's only producer of ventilators. Similar projects are under way with GE Healthcare and Hillrom in the US and with the latter we are also working to help increase their production of hospital beds.

- Repurposing 3D printers in different European plants to produce face shields for local health authorities and converting a plant in China to produce and donate face masks.
- Providing five fully-equipped bio-ambulances and 500 others vehicles to be used in the medical relief efforts in Italy and in Brazil helping to create a field hospital and fund initiatives to provide basic hospital care to low income families.

In addition, Exor has supported its companies in undertaking wider community initiatives, including FCA's provision of a million meals in the US for children who rely on school meals, Ferrari support for children and their families in Maranello and Juventus' fundraising initiative "#DistantiMaUniti". La Stampa, through the Specchio dei Tempi Foundation, has also gathered over 10,000 donations, including from Agnelli family, that have been used to provide food and medicine to vulnerable people in Torino and Piedmont including to the elderly and to single mothers.

4. SUMMARY OF ESG PERFORMANCE OF THE OPERATING SUBSIDIARIES

Exor, through its operating subsidiaries, is present in a diversified range of sectors, specifically Luxury goods (Ferrari), Reinsurance (PartnerRe), Automotive (Stellantis – formerly FCA –), Agricultural Equipment, Construction Equipment and Commercial Vehicles (CNH Industrial) and professional football (Juventus Football Club).

The performance of the main operating subsidiaries in which Exor is the largest shareholder is monitored regularly both through use of corporate governance rights (e.g. board representation) and through constant dialogue with the management of the subsidiaries and affiliates without affecting their independence as the managers of the companies.

Once again, in 2020, their commitment to sustainability has been recognized by the main indexes, ratings and certifications:

- In July 2020, Ferrari was awarded the Equal Salary Certificate for providing equal pay to men and women with the same qualifications and positions. This accreditation attests to Ferrari's commitment to creating an inclusive and diverse working environment while fostering career development for all. Ferrari is the first Italian company to receive this special certification.



- In November 2020, CNH Industrial was reconfirmed as Industry Leader in the Dow Jones Sustainability Indices (DJSI) World and Europe for the tenth consecutive year. CNH Industrial also scored A in the CDP Climate Change program, in recognition of its actions to optimize energy consumption, reduce CO2 emissions, and mitigate the business risks of climate change.



4.1 Ferrari

Ferrari is committed to creating a culture of sustainability. Ferrari recognizes that creating such a culture requires effective risk management, responsible and proactive decision-making and innovation.

Sustainability is a core element of Ferrari's governance model and executive management plays a direct and active role in developing and achieving its sustainability objectives under the oversight of its Board of Directors.



4.1.1 Stakeholder engagement

In 2020, Ferrari carried out various activities in order to enhance the voice of its stakeholders and further strengthen its materiality analysis. Ferrari engaged with its employees by explaining what sustainability stands for within Ferrari while taking into consideration their priorities and suggestions. Ferrari also engaged with its top investors to better understand what they consider to be the main ESG drivers for Ferrari.

Considering the rising environmental and social changes, these engagement activities are an important part of the sustainability approach to help Ferrari identify its sustainability risks and opportunities, as well as supporting management in achieving its objectives.

In 2020, Ferrari ranked among the global leaders in environmental performance and transparency in the annual report published by CDP, the independent non-profit organization specializing in environmental reporting and in the evaluation of corporate sustainability strategies. Ferrari was awarded an A- rating, ranking significantly above both the European regional average and the sector's average, for actions implemented to combat climate change.

4.1.2. Materiality analysis

In 2020, Ferrari updated the analysis of the most relevant sustainability topics to better reflect sustainability context developments, changes in its drivers and goals, as well as its 2019-2022 plan, based on its 5 sustainability strategic pillars: exceeding expectations; reducing environmental footprint; being the employer of choice; creating and sharing value with the community and; proactively fostering best practice governance.

The most relevant topics identified by Ferrari, representing its strategic sustainability priorities, are related to product responsibility: *image and brand reputation, innovation: technology and design, quality and safety of products and customers, customer satisfaction and supply chain responsible management*. Special attention is also paid to *ethical business conduct and risk management and compliance*. The analysis also confirmed the importance of the development of *human capital* and the commitment to employees' health and safety. With a particular focus on reducing emissions, environmental responsibility is also a key aspect that is continuing to grow in relevance.

4.1.3 Sustainability governance

The Governance and Sustainability Committee is responsible for, among other things, assisting and advising the Board of Directors with monitoring and evaluating reports on the Group's sustainable development policies.

The foundation of Ferrari’s governance model is the Code of Conduct that reflects its commitment to a culture dedicated to integrity, responsibility and ethical behavior. The Code of Conduct aims to ensure that all members of the Ferrari Group workforce act with the highest level of integrity, comply with applicable laws and build a better future for the Company and the communities in which it operates. Ferrari’s Code of Conduct includes, among others, rules related to anti-bribery, anti-corruption, competitive behavior and conflicts of interest.

4.1.4. Social Responsibility

Ferrari has always put people and their passion at the center of all its processes and involvement in motorsport, starting with its employees and their families then extending outward to clients and the community as a whole.

The high attention and care for its products is the foundation upon which Ferrari’s success is built and this is feasible thanks to the efforts of the people working in Ferrari. One of the many strengths is the ability to attract, retain and develop talents. Since 1997, Ferrari has developed the “Formula Uomo” initiative, with the intention of developing a high quality working life for its employees.

Over the years, the project has become a pillar of its culture, based on redesigning the working environment, enforcing a safety-first culture, enabling individual development, enhancing teamwork and building a community comprising 57 different nationalities.

NUMBER OF EMPLOYEES

Employees	31 December 2020	31 December 2019
Total	4,556	4,285
<i>of which women</i>	14.8%	14.0%

Ferrari is aware of its responsibility towards the community and its efforts are directed to support the development of the local community, mainly through collaborations with local universities and thanks to the industry network in the Emilia-Romagna region. Ferrari believes that promoting the education of young talents is an essential step to reinforce the connection with local communities. Shaping brilliant engineers with a specific academic background that focuses on new technologies within the automotive industry, and in particular innovative solutions for state-of-the-art performance in luxury cars, is also a prerequisite for Ferrari to seize future opportunities.

Ferrari is partner of the Motorvehicle University of Emilia-Romagna (MUNER) and has established long-term relationships with technical schools in Maranello and other towns nearby. Education is also the focus of a series of different initiatives that provide scholarships to talented junior high, high school and university students.

4.1.5 Environmental Responsibility

Ferrari’s most significant environmental efforts are deployed through efficiencies in the manufacturing processes and a program for the reduction of polluting emissions.

The monitoring and management of the environmental performance of its productive plants is assigned to a team that reports to the Chief Manufacturing Officer. Their effort is aimed at minimizing the impact of its activities on the environment, particularly in relation to the energy consumption of production facilities. A different team is in charge of overseeing regulatory developments while monitoring the emissions of Ferrari cars.

Part of the environmental impact of Ferrari’s activities is also related to the product lifecycle.

Ferrari has invested heavily to minimize its environmental impact since 2001. Ferrari is determining its carbon footprint in order to set ambitious targets to become ultimately carbon neutral over the longer term.

FERRARI: ENVIRONMENTAL IMPACT KPIS

	31 December 2020	31 December 2019
Total energy consumption (thousands GJ)	1,619	1,734
Total CO2eq emissions (Scope 1 and 2 market-based method) (tons of CO2eq)	88,380	94,615
NOX (tons)	59.29	43.99
SOX (tons)	1.09	1.07
Volatile Organic Compounds (VOCs) (tons)	46.44	43.39
Dust (tons)	3.09	2.16
Total water withdrawal (thousands of m ³)	701.4	626.2

In 2020, Ferrari achieved a 35% reduction in CO2 emissions compared to 2007 for its European fleet through improvements in energy efficiency.

In addition to its focus on the energy consumption in its facilities, Ferrari is deploying considerable resources for the development of hybrid and electric powertrains, which will be mounted on an increasingly larger proportion of its car models; this is intended to improve performance and driving experience while also satisfying customer preferences and regulatory requirements regarding emissions.

4.1.6. Responsible Supply Chain

Ferrari's focus on excellence, in terms of luxury, quality, aesthetics and performance, requires it to implement a responsible and efficient supply chain management in order to select suppliers and partners that are able to meet its high standards. Ferrari encourages the adoption and sharing of sustainable practices among its business partners, suppliers and dealers. All suppliers must respect the Ferrari Code of Conduct, which includes the set of values recognized, adhered to and promoted by Ferrari.

For more information, refer to the Ferrari 2020 Sustainability Report and corporate website.

4.2. PartnerRe



4.2.1. Business Model

PartnerRe is a leading global reinsurer that helps insurance companies reduce their earnings volatility, strengthen their capital and grow their businesses through reinsurance solutions. PartnerRe brings a more personal approach to the marketplace with a distinctive balance of technical skills and client focus, expertise and partnership.

PartnerRe has the scale and expertise to meet clients' needs across virtually all markets, risks, business lines and products, while remaining small enough to be adaptive and responsive.

Being a pure-play reinsurer gives PartnerRe the ability to truly serve brokers and clients, rather than compete with them. PartnerRe builds long-term relationships to understand the client's challenges and be a resourceful, problem-solving partner.

Technical expertise, committed personal relationships and strong capitalization enable PartnerRe to provide the solutions their clients are looking for, such as innovating for growth, reducing volatility, protecting reputation and optimizing capital.

PartnerRe has a clear value proposition based on a strategy and financial foundation to achieve strong growth and profitability:

1. *Leading, Privately Held composite pure-play reinsurer*
2. *Global footprint and Broad Underwriting diversification*
3. *Attractive Business mix with low exposure to property cat risk*
4. *Robust Financial Strength*
5. *Dynamic approach to risk management*
6. *Strong underwriting and financial performance*
7. *World class management team*

4.2.2. Risk Management

A disciplined approach to risk management, backed by a strong balance sheet, ensures PartnerRe's ability to pay claims and endure over the long term.

Managing risk effectively is paramount to PartnerRe's success. PartnerRe is built around intelligent risk assumptions and careful risk management, as evidenced by its development of the PartnerRe risk management framework, which provides an integrated approach to risk across the entire organization. Among the potential risks, Natural catastrophe risk is managed by catastrophe modeling and a combination of quantitative and qualitative analysis.

In order to achieve an appropriate growth in book value over the reinsurance cycle, PartnerRe believes it must be able to generate an appropriate return on average common shareholder's equity over the reinsurance cycle. Its ability to do that over a reinsurance cycle is dependent on its individual performance, but also on industry factors that impact the level of competition and the price of risk.

PartnerRe manages large loss events through evaluation processes designed to enable proper pricing of these risks over time, and, as a result, short-term earnings volatility may be experienced. Earnings volatility is dampened through diversification, by building a portfolio of uncorrelated risks and through the purchase of retrocessional coverage to optimize a portfolio.

PartnerRe has identified what it believes reflects key significant risks to the organization, and, in turn, to the common and preferred shareholders, debt holders, and its policyholders. Reference should be made to the section *Risk factors IFRS Footnotes – PartnerRe and to PartnerRe’s 20-F Report filed with the SEC for more information regarding its specific Risk factors.*

4.2.3 Environmental, Social and Governance (ESG) Responsibility

PartnerRe is committed to achieve long-term economic growth by managing its business and relationships in a responsible way, taking into account ESG aspects that are relevant to all its stakeholders.

PartnerRe has an ESG Taskforce which has established an ESG framework and Mission Statement:

“ESG is a long-term commitment of our culture and values to fulfill our ambition of being agile, diversified, impactful, relevant and responsible corporate citizens while creating sustainable long-term value for our owners.”

ESG initiatives are currently being developed for implementation in 2021.

PartnerRe provides benefits and maintains a continuous and open dialogue with all its stakeholders:

- For its clients, PartnerRe exists to make risk manageable, combining technical expertise and strong personal relationships to help fuel their success and their peace of mind.
- For its shareholders, PartnerRe aims to deliver long-term returns.
- For its employees, it provides rewarding employment and development opportunities.
- For the communities in which it operates, PartnerRe believes in investing in their economic sustainability through social, environmental or charitable programs.

PartnerRe has identified the following material aspects, considered to be relevant for its business and its own activities:

IDENTIFICATION OF MATERIAL ASPECTS			
	Social	Governance	Environmental
Stakeholder dialogue	x	x	
Responsible management	x	x	x
Sustainable solutions	x		x
Board diversity	x	x	
Employee development	x		
Employee diversity	x		
Compliance	x	x	x
Community involvement	x		x

4.2.3.1. SOCIAL: Employee-related matters

At PartnerRe there are common values that apply to the entire organization and that underpin the business activities and behaviors. PartnerRe is committed to a culture of trust, responsibility and openness; therefore, the highest level of ethical conduct should be reflected in all of its business activities.

PartnerRe is an international, dynamic, challenging and rewarding place to work, always striving to develop proactive people with expert knowledge, skills and integrity. PartnerRe aims to provide each employee with a healthy and safe work environment, by putting in place a set of environmental, health and safety rules and practices.

NUMBER OF EMPLOYEES

Employees	31 December 2020	31 December 2019
Total	1,079	1,008
<i>of which women</i>	46.4%	46.3%

NUMBER OF EMPLOYEES BY CATEGORY AND GENDER

Employment category	31 December 2020			31 December 2019		
	Male	Female	Total	Male	Female	Total
Top Managers	157	34	191	156	35	191
Middle-managers	177	120	297	162	105	267
Professionals	244	347	591	224	327	550
Total	578	501	1,079	541	467	1,008

NUMBER OF EMPLOYEES BY CATEGORY AND AGE GROUP

Employment category	31 December 2020				31 December 2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Top Managers	-	90	101	191		92	99	191
Middle-managers	1	192	104	297	2	162	103	267
Professionals	115	310	166	591	96	305	149	550
Total	116	592	371	1,079	98	559	351	1,008

NUMBER OF EMPLOYEES BY GEOGRAPHICAL AREA

	31 December 2020	31 December 2019
Europe	581	551
Americas	421	395
Asia Pacific	77	62
Total	1,079	1,008

NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE

	31 December 2020	31 December 2019
Full Time	1,008	928
Part Time	71	80
Total	1,079	1,008

EMPLOYEE TURNOVER BY GENDER

New hires	2020		2019	
	Number	% Turnover *	Number	% Turnover *
Male	82	14.2%	87	16.1%
Female	74	14.8%	71	15.2%
Total	156	14.5%	158	15.7%

* % turnover by category is calculated as the number of new hires/leavers divided by total FTE for that category

Leavers	2020		2019	
	Number	% Turnover *	Number	% Turnover *
Male	48	8.3%	59	10.9%
Female	34	6.8%	47	10.1%
Total	82	7.6%	106	10.5%

* % turnover by category is calculated as the number of new hires/leavers divided by total FTE for that category

EMPLOYEE TURNOVER BY AGE GROUP

New hires	2020		2019	
	Number	% Turnover *	Number	% Turnover *
<30	42	36.2%	41	41.8%
30-50	94	15.9%	106	19.0%
>50	20	5.4%	11	3.1%
Total	156	14.5%	158	15.7%

Leavers	2020		2019	
	Number	% Turnover *	Number	% Turnover *
<30	10	8.6%	8	8.2%
30-50	42	7.1%	65	11.6%
>50	30	8.1%	33	9.4%
Total	82	7.6%	106	10.5%

* % turnover by category is calculated as the number of new hires/leavers divided by total FTE for that category

In addition, PartnerRe expects its work environment to be free from all forms of discrimination, harassment or intimidation and does therefore not tolerate any prejudice, whether based on race, color, age, religion, gender, sexual orientation, national origin or otherwise.

4.2.3.2. SOCIAL: Involvement with communities

PartnerRe takes its responsibility to give back to its local communities seriously, as well as supporting employees engaged in providing personal support to local causes. As a result, it has decided to align its corporate giving with employee participation. This way, all employees have a meaningful opportunity to participate in how PartnerRe gives back to its communities. During 2020, PartnerRe and its employees have donated more than US \$550,000 to COVID-19 relief efforts worldwide as part of its commitment to being responsible corporate citizens.

Giving Approach

- PartnerRe will direct its corporate donations to organizations/initiatives that are actively supported by employees.
- PartnerRe encourages employees to donate their time and expertise by allocating one day a year for volunteering.
- PartnerRe will contribute its expertise in the form of professional advice, employee engagement and global connections.

4.2.3.3. GOVERNANCE: Board of Directors diversity

PartnerRe is guided and governed by a world-class board whose members derive from leading global businesses. The Board comprises 5 directors all over 50 years of age with 20% female representation.

4.2.3.4. GOVERNANCE: Integrity and Business Ethics

The Board of PartnerRe has adopted the Code of Business Conduct and Ethics (the “Code of Conduct”), which apply to all directors, officers and employees.

The Code of Conduct is designed to provide a high-level overview of PartnerRe’s core values in practice. It is supplemented by additional policies and guidelines that fully explain the application of these values. In particular:

- **Code of Business Conduct and Ethics** – PartnerRe’s Code of Conduct makes clear to employees the actions and behavior expected of them when representing the organization. The organization strives to maintain the highest standards of employee conduct and ethical behavior in all its business activities including when managing relationships with contractors. The Code of Conduct is approved by the Audit Committee of PartnerRe Ltd.
- **Whistleblowing Procedure** – PartnerRe has an established Whistleblowing Procedure to provide employees with guidelines for reporting potential, actual or suspected violations of any laws, rules, regulations or PartnerRe policies and guidelines. Employees are encouraged to disclose violations which they may be aware of, including improper business conduct or unethical business behavior. Retaliation of any type against an employee who reports a violation or potential violation in good faith is not tolerated and is prohibited by the principles outlined in the Code of Conduct.
- **Conflict of Interest** - PartnerRe is committed to an environment free from conflicts of interest. All decisions regarding PartnerRe’s interests must be based solely on what is best for PartnerRe and must not be improperly influenced by personal interests. Accordingly, PartnerRe has implemented a Policy Statement on Conflicts of Interest whereby PartnerRe employees are required to disclose circumstances that create a real or potential conflict of interest.
- **Sanctions and Anti-Money Laundering Guidelines** – PartnerRe requires employees to conduct Sanctions and Anti-Money Laundering checks in order to detect and prevent money laundering and related activities, terrorism financing or transactions with prohibited countries, people and organizations.
- **Anti-Bribery and Corruption Guidelines** – PartnerRe is committed to fighting corruption in compliance with applicable laws and regulations of the country in which business is conducted. Employees must not accept or offer any benefit to any person during the course of their duties to induce the person to do or not do something within the scope of their position.
- **Recruitment and Selection Procedures** – PartnerRe recruits from reputable sources and is committed to compliance with applicable employment laws and regulations.
- **Confidentiality** – PartnerRe requires its employees to maintain the confidentiality of all information entrusted to them and personal data must be held in strict compliance with the applicable regulations concerning the protection of personal data.

Employees are required to read, understand, accept and apply the values contained in the Code of Conduct and in all other policies and guidelines applicable to them, in their everyday work and behavior.

4.2.3.5. ENVIRONMENTAL: Support of institutions and partnerships

As a company invested in the future, environmental sustainability is important to PartnerRe.

PartnerRe’s sustainability partners, Native Energy and the Swiss Climate Foundation, help it in its efforts. PartnerRe looks to Native Energy to offset carbon emissions related to some of its business operations, while Swiss Climate Foundation helps PartnerRe to support small and medium enterprises on the forefront of energy efficiency and climate protection.

For more information, please refer to the 2020 PartnerRe 20-F Report, filed with the SEC and its corporate website.

4.3. Fiat Chrysler Automobiles (FCA)

The legacy companies of the FCA group continue to follow their policies outlined below, which reflect the policies applied during the year ended 31 December 2020. Generally, such policies are carried over until the adoption of revised, integrated Stellantis sustainability policies.

FCA historically recognized that its environmental and social activities affect not only its aspiration to grow the business but also its commitment to the environment and the communities where it operates. Due to the complexity of the automotive industry's value chain and product offering, FCA impacted a large number and wide variety of stakeholders. FCA aimed to create value through its relationships and connections with customers, employees, dealers, suppliers and communities, among others.



4.3.1 Stakeholder engagement

As a global enterprise with a complex, intricately connected value chain, FCA engaged with a wide range of stakeholders to conduct ongoing analyses and discussions on sustainability-related topics which may be considered material to FCA.

FCA conducted stakeholder engagement activities focused on sustainability topics and targets to innovate the sustainability dialogue with stakeholders, in the belief that these activities are an essential part of a robust sustainability program. They helped to better identify risks and opportunities, as well as to align its objectives to social, technological and regulatory changes around the globe. In each of the regions where FCA operated, stakeholder initiatives were adapted to locally relevant topics and needs.

4.3.2 Materiality Analysis

Material aspects include the most important factors that have an impact on FCA's ability to create long-term value for its stakeholders. The evaluation of material aspects involves consideration of factors such as stakeholder input, business plan targets, corporate values, industry trends, information of interest for investors, societal standards and expectations.

In addition, key global risks that were identified through FCA's risk management framework were also examined for their relevance to its sustainability profile and impact.

This materiality assessment was used to help prioritize issues in sustainability reporting, as well as to incorporate material aspects into FCA's activities.

4.3.3. Sustainability governance

The Board of Directors' Governance and Sustainability Committee evaluated proposals related to strategic sustainability initiatives, advised the full Board as necessary, and reviewed the sustainability achievements and objectives.

The foundation of FCA's governance model was the Code of Conduct and a collection of supporting statements that reflected its commitment to a culture dedicated to integrity, responsibility and ethical behavior. Included in FCA's Code of Conduct were, among others, rules related to anti-bribery, human rights, anti-corruption, anti-competitive behavior and conflicts of interest.

4.3.4. Social Responsibility

FCA endeavors to create a work environment that enables employees to collaborate in ways that transform differences into strengths, breaking down geographic and cultural barriers, and developing each person's potential. FCA regards the diversity of its workforce as a key asset and does not tolerate any form of discrimination, as stated in the Human Rights Guidelines.

FCA's approach to employee management and development was embodied in the commitment to its leadership principles: FCA defines leadership as leading change and leading people; embracing and cherishing competition; aiming to achieve best in class performance; collaborating and simplifying decision making, striving for speed, rigor and discipline in all that is done; and it values diversity and inclusion.

These foundational elements were expected to influence every decision, including the appointment of leaders, as FCA continued to strive to be an organization of best-in-class talent in today's automotive industry.

NUMBER OF EMPLOYEES

Employees	2020	2019
Total	189,512	191,752
<i>of which women</i>	20.6%	20.4%

FCA's community-related targets were aligned with the United Nations Sustainable Development Goals, and address employee volunteering, enhancing the socio-economic development of local communities, and advancing youth education and training, with particular emphasis on science, technology, engineering and math programs.

FCA's workforce donated their time and skills to help build strong, self-reliant communities and create a vital connection with the communities where they live and work. During 2020, FCA Group employees around the world volunteered thousands of hours in support of a wide range of social projects.

4.3.5. Environmental responsibility

FCA's Environmental Guidelines specified its commitment to address environmental and climate change issues. FCA implemented an Environmental Management System ("EMS") worldwide, a system of methodologies and processes designed to prevent or reduce the environmental impact of the Group's manufacturing activities through, for example, reductions in emissions, water consumption and waste generation, and conservation of energy and raw materials.

A key contributor to FCA's environmental stewardship is the adoption of the World Class Manufacturing ("WCM") program. WCM was first adopted almost 15 years ago and was implemented in nearly all FCA plants worldwide to promote sustainable and systematic improvements that evaluate and address the reduction or elimination of all types of wastes and losses at its manufacturing operations and facilities.

FCA: ENVIRONMENTAL IMPACT KPIS

	2020	2019
Total energy consumption <i>(million GJ)</i>	35.6	41.9
Total manufacturing CO2 emissions <i>(million tons of CO2)</i>	2.9	3.5
NOX <i>(thousands of tons)</i>	1.0	1.2
SOX <i>(thousands of tons)</i>	0.1	0.1
Dust <i>(thousands of tons)</i>	0.1	0.1
Total water withdrawal <i>(million m³)</i>	15.8	18.8

FCA's approach to responsible vehicle development included dedication to efficient powertrains, improved aerodynamics, weight reduction, safety, quality, increased use of renewable materials, and innovative mobility options that include autonomous technology and connectivity solutions.

Economically viable results can be achieved by combining, where technologically possible, conventional and alternative technologies, while recognizing and accommodating the different regulatory requirements of each market. FCA acknowledged the challenges posed by climate change and established targets to contribute to the goal of transitioning to a low-carbon future.

4.3.6. Supply chain

FCA has worked to prevent or mitigate adverse environmental or social impacts that may be directly linked to its own business activities or to products and services from its suppliers.

FCA collaborates with peers, suppliers and other stakeholders on issues related to human rights and working conditions throughout the supply chain.

Because its environmental footprint extends beyond the boundaries of its own manufacturing locations, FCA supported its suppliers in addressing climate change issues, which includes reducing greenhouse gas emissions.

Strong supplier relationships built on cooperation and mutual understanding are vital to the effective sourcing of goods and services. Working as an integrated team with its supply chain helps develop responsible and sustainable practices that limit exposure to unexpected events and supply disruption. During 2020, FCA moved to a new sustainability-focused assessment in order to strengthen the former process, which evaluates the sustainability profile of suppliers.

FCA's General Terms and Conditions required any new purchase order with suppliers to align with the principles set forth by its policies, including the Code of Conduct and the Sustainability Guidelines for Suppliers.

For more information, refer to the FCA 2020 Sustainability Report and corporate website.

4.4 CNH Industrial

CNH Industrial is committed to a better future, integrating sustainability in its day-to-day activities and involving all employees. The full integration of environmental and social considerations with economic objectives enables CNH Industrial to identify potential risks and seize additional development opportunities, resulting in a process of continuous, and sustainable, improvement that creates value over the long-term.



4.4.1. Stakeholder engagement

In the past five years, CNH Industrial has evaluated its material topics through stakeholder engagement to assess:

- their relevance to CNH Industrial, based on feedback from the Sustainability Steering Committee members;
- their relevance to stakeholders, based on feedback from a sample of 2,013 stakeholders (79 in 2020) including employees, customers, dealers, opinion leaders, public institutions, non-governmental organizations, investors, and journalists.

CNH Industrial managers and stakeholders were engaged through an online survey or direct interviews. They were asked to evaluate the 14 material topics identified, ranking the five most significant based on their impact on the economy, the environment, and society.

4.4.2. Materiality analysis

The materiality analysis is a tool that CNH Industrial uses to ensure close alignment between the material topics identified and its business decisions, increasingly integrating sustainability principles into CNH Industrial's daily activities.

The materiality analysis by CNH Industrial confirms the greater significance of business-related aspects, in line with the sustainability priorities defined within CNH Industrial's Strategic Business Plan. Specifically, from a circular economy perspective, the material topic Circular product life cycle was considered, both within and outside CNH Industrial, as one of the most relevant to CNH Industrial, highlighting the importance of adopting alternative solutions that minimize the impact of a product's life cycle.

CO₂ and other air emissions was also one of the most relevant topics, considering not only the impact of manufacturing processes but also of the entire value chain (logistics, supply chain, and product use). Even the topic Occupational health and safety ranked among the most relevant to both CNH Industrial and its stakeholders, highlighting the importance of an approach based on effective preventive and protective measures that involves all employees.

4.4.3. Sustainability governance

In 2016, the Sustainability Steering Committee was established to identify sustainability strategies, integrate them with business needs, adopt a medium-to-long term vision, and provide a forum for communication and benchmarking among the geographic areas.

CNH Industrial's sustainability management system consists of several tools, including, among others:

- the Code of Conduct, approved by the Board of Directors, and related policies that set out CNH Industrial's approach to key topics;
- a set of approximately 200 sustainability-related Key Performance Indicators (KPIs), designed to provide maximum coverage of all the key environmental, social, and governance aspects, in line with the GRI Standards and the SASB Standards and those of the major sustainability rating agencies;
- the Sustainability Plan, also including the strategic sustainability targets, which identifies action priorities and tracks commitments undertaken; and
- the annual Sustainability Report, which discloses CNH Industrial's sustainability performance.

NUMBER OF EMPLOYEES

Employees	31 December 2020	31 December 2019
Total	64,016	63,499

4.4.4. Environmental responsibility

CNH Industrial is committed to climate change mitigation and aims at full transparency in its management of climate related risks and opportunities, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

The identification of climate-related risks and opportunities led to the definition of a decarbonization strategy, which in turn has been incorporated within, and regularly influences, CNH Industrial's Strategic Business Plan. To further address the potential impacts of climate change, CNH Industrial has integrated relevant projects and a number of other specific climate-related topics within its Sustainability Plan and has defined long-term strategic targets that will further drive key business strategies.

Climate-related risks and opportunities are embedded within CNH Industrial's strategy to ensure resiliency of its business model in light of shifting global challenges. The shift in consumer preferences and demand toward sustainable transport solutions, driven by both an increase in climate-related awareness and strong stimulus coming from regulators, may result in potential risks for manufacturers that must adapt to the evolving market. To counter this, CNH Industrial applies these evolutions in the development of its product portfolio to steer the focus of research and development toward sustainable technologies (e.g. "green" fuels, electric and hydrogen propulsion technologies, digitalization and related intelligent capabilities that include precision farming and smart water management, etc.). CNH Industrial also takes advantage of collaboration with strategic business partners, startups, and external expertise in the emerging technology sector.

CNH INDUSTRIAL: ENVIRONMENTAL IMPACT KPIS

	2020	2019
Total direct energy consumption <i>(GJ/000)</i>	2,728	3,109
Total indirect energy consumption <i>(GJ/000)</i>	2,862	3,244
Total CO2 emissions (Scope 1 and Scope 2 – market-based) <i>(Mtons/000)</i>	284	328

For more information, refer to the CNH Industrial 2020 Sustainability Report and corporate website.

4.5. Juventus

Juventus aims at using football as a tool of promoting and conveying values such as respect, sharing, and social inclusion. Juventus' commitment is to keep improving as a club and as a company by attempting to identify and meet the demands of its stakeholders, not only in the short term.



Juventus commits to supporting activities in three areas in which a football company may have the greatest influence: playtime, education and social inclusion.

Every year, Juventus promotes a wide range of interaction and engagement activities among its stakeholders including athletes, fans, suppliers, educational institutions and universities, sports institutions, media, sponsors and trade partners, staff, management and employees among others.

Juventus aspires to establish and consolidate a relationship of trust with its stakeholders. The Code of Ethics fixed the values of Juventus. Adherence to the Code is required of corporate bodies and employees, as well as all those who work for the achievement of business objectives, each within their own functions and responsibilities.

The Juventus Corporate Governance System is founded on: the values defined in the Code of Ethics, the central role of Management and Control bodies, the central role of the Board of Directors, management transparency, careful distribution of management responsibilities, the monitoring and evaluation of the internal control and risk management system, a risk management system in line with best practices.

Juventus invests in recruiting the best talents who will represent Juventus with professionalism and competence. Juventus is at the forefront of participation in job fairs in the sector and in all the events that represent a point of contact with candidates and allow them to learn more about it as a leading Entertainment Company on the world sports scene.

NUMBER OF EMPLOYEES

Employees	Season 2019/2020	Season 2018/2019
Total	261	258
<i>of which women</i>	43.3%	48.1%

For more information, refer to the Juventus 2019/2020 Annual Report, 2019/2020 Sustainability Report and corporate website.

5. Exor GRI CONTENT INDEX

General disclosures		Page	Comment
102-1	Name of the organization		Exor N.V.
102-2	Activities, brands, products and services	5-8	
102-3	Location of headquarters	4	
102-4	Location of operations	29	
102-5	Ownership and legal form	62,66	
102-6	Markets served		Mainly Europe and United States
102-7	Scale of the organization	3, 19-26, 106-107	
102-8	Information on employees and other workers	106-107	
102-9	Supply chain		As a diversified holding company with a lean organization of 23 employees at 31 December 2020, Exor's supply chain is limited to office supplies and consulting or service companies in its main offices in Amsterdam and London. There has been no major change of suppliers in 2020 compared to 2019.
102-10	Significant changes to the organization and its supply chain		There have been no significant changes to the organization or supply chain.
102-11	Precautionary Principle or approach	69-80	No direct reference is made to the precautionary principle or approach at the Exor holding level. Reference is made to the risk management framework, risk and control systems in place.
102-12	External initiatives	108-109, 113-114	
102-13	Membership of associations	108-109	
102-14	Statement from senior decision-maker	I-XII	See Letter to shareholders
102-16	Values, principles, standards, and norms of behavior	100-101, 110-113	
102-18	Governance structure	82-98	
102-22	Composition of the highest governance body and its committees	83-90, 110	
102-25	Conflicts of interest	87-88	
102-35	Remuneration policies	133-141	
102-40	List of stakeholder groups	104-105	
102-41	Collective bargaining agreements		No employees at the Exor holding level are covered by such agreements. Reference is made to the Code of Conduct (available on the Exor's website), where Exor recognizes the freedom of association and the right to collective bargaining.
102-42	Identifying and selecting stakeholders	104-105	
102-43	Approach to stakeholder engagement	104-105	
102-44	Key topics and concerns raised	104-106	
102-45	Entities included in the consolidated financial statements	169	
102-46	Defining report content and topic Boundaries	100	
102-47	List of material topics	105-106	
102-48	Restatements of information		No changes compared to Year 2019
102-49	Changes in reporting		No significant changes compared to Year 2019
102-50	Reporting period		Year 2020
102-51	Date of most recent report		31 December 2019
102-52	Reporting cycle		Annually

General disclosures	Page	Comment
102-53	Contact point for questions regarding the report	See Index page
102-54	Claims of reporting in accordance with the GRI Standards	99
102-55	GRI content index	130-131
102-56	External assurance	Not verified by an external third party
103-1	Explanation of the material topic and its Boundary	105-106
103-2 - 103-3	Management approach components and evaluation	An evaluation mechanism has not been defined and implemented
201-1	Direct economic value generated and distributed	3, 100-101
203-2	Significant indirect economic impacts	108-109, 113-129
205-2	Communication and training about anti-corruption policies and procedures	110-112
207-1	Approach to tax	112-113
401-1	New employee hires and employee turnover	106-107
405-1	Diversity of governance bodies and employees	106-107, 110

REMUNERATION REPORT

REMUNERATION REPORT

Foreword

This section on the remuneration of the Executive and Non-Executive directors is divided into two sections.

Section I of the Report provides general information regarding the current remuneration policy (the "Remuneration Policy") – as approved and adopted by the general meeting of shareholders on 20 May 2020 – and describes the policies, structures and principles applicable to the remuneration of executive directors (the "Executive Directors") and non-executive directors ("Non-Executive Directors") of EXOR N.V. ("Exor" or the "Company").

A proposal for a new Remuneration Policy, including a new long-term incentive plan will likely be presented to the Exor's shareholders for approval at the Annual General Meeting of Shareholders ("AGM") in May 2022.

Section II – the Remuneration Report provides information on the application of the Remuneration Policy during the year and the compensation paid to the Executive and Non-Executive Directors (together, the "Directors" and each of them individually, a "Director") with reference to the period from 1 January 2020 until the end of the financial year (i.e. 31 December 2020). The Chief Executive Officer, Mr John Elkann, is the sole Executive Director of the Company (the "Executive Director").

Within the scope of EXOR's Remuneration Policy, the remuneration of the Executive Directors is determined by the board of directors (the "Board") at the recommendation of the Compensation and Nominating Committee of the Company (the "CNC").

The Remuneration Report contains disclosures as required under the Shareholder Rights Directive II and its implementation into the Dutch Civil Code, and in line with this regulation, will be subject to an advisory vote for approval during the AGM in May 2021.

SECTION I

Objectives and principles of the Remuneration Policy

Objectives and principles

The objective of the Remuneration Policy is to provide a compensation structure that allows the Company to attract and retain the most highly qualified executives and to motivate them to achieve business and financial goals that create long-term value for shareholders in a manner consistent with the Company's core business and leadership values.

For these objectives to be achieved, the Remuneration Policy is determined considering (i) best practices in compensation policy (in accordance, inter alia, with the Dutch Corporate Governance Code); and (ii) the need for sustainable compensation and the alignment with the medium-to-long-term interests of all stakeholders.

The Remuneration Policy further aims to provide a total compensation opportunity that is competitive compared to the compensation paid by comparable companies and to reinforce the Company's performance-driven culture and meritocracy. It furthermore assures that the interests of the Executive and Non-Executive Directors are closely aligned to those of the Company, its business and stakeholders, encouraging them to perform at the best of their ability with a view to the Company's sustainable success.

All the above is in the context of the specific characteristics of the Company, in particular of the ownership structure and the simple organizational structure. The Remuneration Policy is determined to be coherent with the Company's risk management policy and internal control system.

In its committee meeting of 25 March 2020, the CNC established that the subsisting remuneration structure performed well in enhancing the short and long-term value of Exor and decided not to implement a new long-term incentive scheme yet and therefore only adjusted the Remuneration Policy in light of the new disclosure requirements under the new Shareholders Rights Directive.

The Remuneration Policy was last amended by the general meeting of shareholders in May 2020 and was well received by the shareholders and was approved by over 97% of the votes. The 2019 remuneration report was also approved by the vast majority of the shareholders. In particular the fact that the Company had decided not to introduce a new long-term incentive scheme during the 2020 financial year in light of the prevailing economic situation was valued.

During the last 12 months, the CNC has spent time reviewing and assessing the effectiveness of the Remuneration Policy as a whole and how it contributes to Exor's long-term business strategy, the view of the Executive Director on his own remuneration package and his view on long-term value creation has also been taken into account.

In light of the still uncertain landscape, further analysis will be undertaken and it is envisaged to submit a new remuneration policy, including a new long-term incentive scheme, for approval in the 2022 AGM.

Scenario analysis

In the CNC, the Non-Executive Directors examined, by taking into account different scenario assumptions, the relationship between the performance criteria chosen and the possible results of the variable remuneration components and the manner in which this effects the remuneration of Exor's Executive Directors (scenario analysis).

As such, the Non-Executive Directors have also assessed the functioning of the Remuneration Policy taking into account the relationship between the Company's objectives, the chosen performance criteria and the long-term interest/value creation. We believe that linking our remuneration primarily to financial performance criteria is in line with Exor's purpose to build great companies and sustainable long-term perspective.

2020 Internal pay ratios

In line with the Dutch Corporate Governance Code and in order to make sure that the remuneration to be awarded is proportional to those set for employees within Exor, the internal pay ratio is taken into consideration when determining the Remuneration Policy for the Executive and Non-Executive Directors. Analyzing the difference in remuneration levels of the Executive Directors, Non-Executive Directors and other employees helped the CNC in developing a balanced view of the remuneration levels. The ratio between the annual total remuneration of the Executive Director and the average total remuneration for all employees within the Holdings System (as defined in chapter Alternative performance Measures of this Annual Financial Report) was 13:1 for the 2020 financial year and down compare 2019 (16:1).

The development of this ratio will be monitored and disclosed going forward. The CNC also monitors the ratio on a total compensation basis, incorporating the value of variable compensation delivered to the Executive Director and all employees within the Holdings System.

Framework for Executive Directors Remuneration

The Board determines the compensation for Executive Directors based on recommendations from the CNC and in accordance with the Remuneration Policy.

The compensation structure for Executive Directors includes a fixed component and a variable component based on short and long-term performance. A balanced combination hereof, that also takes into account suitably ambitious performance parameters, provides the Executive Directors with an incentive to implement the corporate strategy and to ensure Exor's sustained success. We believe this reconciles the interests of all stakeholders, in particular those of the shareholders of the Company and those of the employees.

In determining the level and structure of the compensation of Executive Directors, the Non-Executive Directors will take into account, among other things, the Company's financial and operational results and other business objectives. The components of Executive Directors' variable remuneration are subsequently linked to predetermined, assessable targets. The Company establishes target compensation levels using a market-based approach and periodically benchmarks the compensation program of the Executive Directors against peer companies and monitors compensation levels and trends in the market, whilst also taking into account the broader public opinion.

Fixed components

The base salary is the fixed part of the annual cash compensation for Executive Directors. The primary objective is to attract and retain highly qualified senior executives. The base salary is set at a market-competitive level taking into account the individual responsibilities, experience and required competences of the Executive Directors. The Company's policy is to periodically benchmark comparable salaries paid to executives with similar experience by comparable companies.

Variable components

Executive Directors are also eligible to receive variable compensation subject to the achievement of pre-established financial performance criteria, aligning to the Dutch Corporate Governance Code. The variable components consist of Short- and Long-Term Incentives which will only be payable if at the end of the year the average change in Net Asset Value (the “NAV”) per EXOR share in US\$ in the three preceding years exceeds the average change in the MSCI World Index in the three preceding years.

We believe that linking the variable component of the remuneration primarily to financial performance criteria is in line with Exor's purpose to build great companies and a sustainable long-term perspective. Exor focuses on economic growth and wants its Executive Directors to do the same with a view to achieving long-term value creation for all stakeholders.

Short-Term Incentives

The primary performance objective of short-term variable cash incentives is to incentivize Executive Directors to focus on the Company's priorities for the current or next year. Executive Directors' variable remuneration is linked to the achievement of pre-determined short-term (i.e. annual) financial and other identified objectives proposed by the CNC and approved by the Non-Executive Directors each year and which are ultimately to be considered to be in the best interest of all stakeholders.

In addition, upon proposal of the CNC, the Non-Executive Directors have authority to grant periodic bonuses for specific transactions that are deemed exceptional in terms of strategic importance and effect on the Company's results. The form of any such bonus (cash, Exor ordinary shares or options to purchase ordinary shares) is determined by the Non-Executive Directors from time to time.

During the 2020 financial year no such bonuses were awarded.

Long Term Incentives

The primary performance objective of long-term variable incentives is to (i) align the interests of the Executive Directors with the interest of our shareholders and other stakeholders; (ii) motivate the attainment of the Company's financial and other performance goals and reward sustained long-term value creation; and (iii) serve as an important attraction and long-term retention tool that is being used to strengthen loyalty to the Company.

Other Benefits

Executive Directors may also be entitled to customary fringe benefits such as company car and driver, personal/home security, (medical) insurances, tax preparation and financial counseling. The CNC may grant other benefits to the Executive Directors in particular circumstances. In 2020 no such particular circumstances occurred.

SECTION II

2020 Application of the Executive Remuneration Framework

The applicability of the remuneration framework for the sole Executive Director, Mr John Elkann, is described hereafter.

Fixed components

The annual fixed compensation of the Executive Director is US\$1,000,000. No increase was made during 2020 and no increase is envisaged for 2021.

In light of the unprecedented Covid-19 pandemic and its serious health, social and economic implications, whilst taking into account the interests of the Company, the Executive Director decided to waive the fixed part of his 2020 remuneration as of 1 April 2020 for the remainder of the year 2020.

Variable components

The Executive Director is eligible for a variable component of US\$1,000,000, the so-called “cash performance”. The cash performance will only be paid if at the end of the year the average change in Net Asset Value (the “NAV”) per EXOR share in US\$ in the three preceding years exceeds the average change in the MSCI World Index in the three preceding years.

For the year ending 31 December 2020, performance of the three preceding financial years 2018 – 2020 was:

- The average performance of the MSCI World Index was: 9.63%
- The average change in EXOR's NAV per share in US\$ was: 11.33%

On the basis that the predetermined performance objective was achieved, the Executive Director's variable component will be paid in full. The CNC is comfortable that this outcome reflects the overall performance of the individual and the Company.

Long Term Incentives

According to the 2016 Long Term Stock Option, the Executive Director has been granted an amount of options corresponding to a value of US\$ 4,000,000 per year for the duration of the aforesaid plan.

The total annual compensation is equal to US\$ 6,000,000 per year; the variable remuneration is equal to 5x the fixed amount.

Framework for Non-Executive Directors Remuneration

The remuneration of Non-Executive Directors is a cash remuneration only which is fixed and is not dependent on the Company's financial results. Non-Executive Directors are not eligible for variable compensation and do not participate in any incentive plans. The committee membership and committee chair fee payments will be made all in cash. Based on the Remuneration Policy, the annual compensation for Non-Executive Directors is as follows:

- €50,000 for each Non-Executive Director;
- an additional €15,000 for each member of the Audit Committee and €20,000 for the Audit Committee Chairman;
- an additional €7,500 for each member of the Compensation and Nominating Committee and €10,000 for the Compensation and Nominating Committee Chairman.

As in previous years, also in 2020, the non-independent Non-Executive Directors have waived their remuneration of €50,000. In light of the unprecedented Covid-19 pandemic and its serious health, social and economic implications, whilst taking into account the interests of the Company, the independent Non-Executive Directors also waived their remuneration of €50,000 as of 1 April 2020 for the remainder of the year 2020 and therefore has not been paid.

Incentive Plans for Executive Directors and management

By means of the resolution adopted by the general meeting of shareholders, the Company resolved to maintain effective all the stock option plans already established by EXOR S.p.A. (now EXOR N.V.) in order to attract, retain and motivate directors as well as employees and other individuals having business relationships with Exor to reward such persons for their loyalty and their commitment to the long-term value creation of Exor (the "Stock Option Plans").

The Remuneration Policy has proven to be effective in terms of establishing a correlation between Exor's strategic goals and the chosen performance instrument (Stock Option Plans), as the main key performance instrument of our Executive Director's long-term incentive, which represents a significant part of their compensation package and supports both Exor's business strategy and the long-term value creation for our shareholders, being stock appreciation.

The Long-term incentive compensation is an important component of the Executive Directors' compensation structure and, in addition, a tool to motivate and reward employees of the Company. This compensation component is designed to:

- align the interest of our Executive Directors and other key contributors with the interests of our shareholders;
- motivate the attainment of Company performance goals and reward sustained shareholder value creation; and
- serve as an important attraction and long-term retention tool that management and the Compensation and Nominating Committee use to strengthen loyalty to the Company.

The Long term incentive compensation is a retention plan and for this reason not a performance linked remuneration, however the recipient has to be an employee of Exor and can only exercise the stock option 3 years after the vesting date, hence in line with the Dutch Corporate Governance Code the Stock Options cannot be exercised during the first three years after they have been granted.

The 2012 Incentive Plan

The 2012 Incentive Plan is in two parts, the first has the form of a stock grant and the second that of a stock option.

Under the stock grant part of the plan, which was denominated as the “Long Term Stock Grant”, recipients were granted a maximum of 400,000 shares, conditional on the professional relationship with the Company and with companies in the so called “Holdings System”. At the end of May 2018, the Long Term Stock Grant vested and 124,612 shares were delivered to the beneficiaries.

Under the second part, denominated as the “Company Performance Stock Option”, a maximum of 3,000,000 options are granted, allowing recipients to purchase a corresponding number of shares, conditional on the achievement of a pre-established performance objective and on the continuation of the professional relationship with the Company and with the companies in the Holdings System.

The performance objective was determined as the change in Exor’s NAV being greater than the change in the MSCI World Index expressed in Euro in the year preceding the year in which the options vest.

At the end of May 2018, under the Company Performance Stock Options vested 1,019,200 options of which 450,000 to the Executive Director and 569,200 to other beneficiaries; this allows them to purchase a corresponding number of EXOR ordinary shares at a price per share of €16.59 and €16.62, respectively. The options are exercisable until 2021. At the end of 2020 the options outstanding, vested and not exercised, are 450,000 granted to the sole Executive Director of the Company and 252,000 to other beneficiaries. During 2020, the Executive Director did not exercise any of his options, while 24,000 options were exercised by other beneficiaries.

The 2016 Long Term Stock Option Plan

The general meeting of shareholders held on 25 May 2016 approved a stock option plan (the “2016 Long Term Stock Option Plan”).

This plan is in line with the most evolved international practice and constitutes a share-based compensation instrument. The plan provides for the granting of a maximum 3,500,000 options which will enable recipients (i.e. the Executive Director and employees of the Company from time to time identified by the Executive Director as beneficiaries of the plan) to purchase a corresponding number of the Company’s shares conditional on the continuation of the professional relationship with the Company or companies Exor controls in the period between the grant date and the vesting date.

The options are granted once at the date of joining the plan (after being identified by the Executive Director as beneficiary) and vest on 30 May each year as follows:

- in five equal annual quotas, beginning in 2017, for options granted prior to 31 December 2016;
- in four equal annual quotas, beginning in 2018, for options granted between 1 January and 31 December 2017;
- in three equal annual quotas, beginning in 2019, for options granted between 1 January and 31 December 2018;
- in two equal annual quotas, beginning in 2020, for options granted between 1 January and 31 December 2019; and
- in a single quota, on 30 May 2021, for options granted between 1 January and 31 December 2020.

The vesting of the options as herein described will be definitive. In line with the Dutch Corporate Governance Code, each option may not be exercised until after 3 years from the vesting of the options and until 31 December 2026 and recipients who do not exercise their options by that date will cease to have any rights.

The plans will be serviced exclusively through treasury shares of the Company, without recourse to the issue of shares and, therefore, will not have a dilutive effect. If so required, the Company will purchase, in compliance with the applicable regulations, a quantity of own shares sufficient to cover the entire plan approved by the shareholders. In connection with the servicing of the plan no other financial instrument will be issued by the Company or by its subsidiary or by third parties.

At the end of 2020 the options outstanding are 1,611,160 granted to the Executive Director of the Company (of which 402,790 exercisable) and 738,156 to other beneficiaries (of which 184,049 exercisable) at the exercise price of €32.38.

No awards were made under the 2016 Long Term Stock Option Plan during 2020.

Director and Officer Overlaps

There is an overlap between the composition of the Board of Directors of Giovanni Agnelli B.V. and that of the Board of Directors of the Company.

More specifically, John Elkann, Alessandro Nasi and Andrea Agnelli are also Directors of Giovanni Agnelli B.V. of which John Elkann is also the Chairman.

Non-monetary benefits and supplementary insurance coverage

In line with best practice in the field of compensation and in consideration of the specific responsibilities assigned, the compensation plans of Directors include non-monetary benefits (such as, reimbursement of expenses for travel outside the municipality of residence). For all Directors there is also insurance cover for directors' civil liability relating to claims for compensation for non-fraudulent acts performed in the performance of the director's duties. All the aforesaid being in addition to the reimbursement of out-of-pocket expenses incurred in the performance of the activities associated with the responsibilities assigned.

There are no pension arrangements in place for the Directors.

Treatment on cessation of office and non-competition agreements

There are no severance agreements or arrangements between the Company and its Directors which provide for indemnities in the event of early termination of the relationship or for the granting or maintaining of non-monetary benefits for Directors who have left the Company or for consulting arrangements covering periods after termination of the relationship or for compensation for non-competition agreements.

Derogations and deviations from the Remuneration Policy

As mentioned above in the report, in 2020 the Executive Director waived his fixed part of his remuneration as of 1 April 2020 for the remainder of 2020. Furthermore, all the Independent Non-Executive Directors waived their 2020 board remuneration for the same period and the Non-dependent Non-Executive Directors for the whole year 2020.

Board of Directors

Hereafter follows an illustration, on an individual basis, of the compensation paid in whatever form to the Executive and Non-Executive Directors in the financial year 2020. The data in the tables relates to Board positions held in the Company and in the listed and non-listed (operating) subsidiaries.

In addition, the share ownership table sets out the number of common shares of Exor and the (operating) subsidiaries, owned by the members of the Board at the end of December 2020.

Directors' Compensation

The following table summarizes the remuneration paid to the members of the Board for the year ended 31 December 2020.

Amount in €			EXOR N.V.				OTHER ⁽¹⁾		TOTAL
Directors of Exor N.V.	Office held	Year	Salary/Annual fee (cash)	Compensation / Annual fee (equity)	Bonus and other (non-equity)	Committee	Total Exor N.V.	Total Other	Total Compensation
ELKANN John	Chairman and CEO	2020	230,080 ⁽²⁾	3,595,769	814,930		4,640,779	3,867,579 ⁽²⁾	8,508,358
		2019	899,290	3,585,945	890,155		5,375,390	5,138,059	10,513,449
NASI Alessandro	Vice Chairman	2020	0 ⁽³⁾			7,500	7,500	727,653	735,153
		2019	0 ⁽³⁾			7,500	7,500	1,003,751	1,011,251
AGNELLI Andrea	Director	2020	0 ⁽³⁾				0	506,820	506,820
		2019	0 ⁽³⁾				0	687,182	687,182
ELKANN Ginevra	Director	2020	0 ⁽³⁾			0 ⁽⁴⁾	0		0
		2019	0 ⁽³⁾			0 ⁽⁴⁾	0		0
BOLLAND Marc	Director	2020	12,500 ⁽²⁾				12,500		12,500
		2019	50,000				50,000		50,000
BAE Joseph	Director	2020	0 ⁽⁵⁾			0 ⁽⁵⁾	0		0
		2019	0 ⁽⁵⁾			0 ⁽⁵⁾	0		0
BETHELL Melissa	Director	2020	12,500 ⁽²⁾			20,000	32,500		32,500
		2019	50,000			20,000	70,000		70,000
DEBROUX Laurence	Director	2020	12,500 ⁽²⁾			15,000	27,500		27,500
		2019	50,000			15,000	65,000		65,000
HORTA-OSORIO Antonio	Director	2020	12,500 ⁽²⁾			10,000	22,500		22,500
		2019	50,000			10,000	60,000		60,000
Total 2020			280,080	3,595,769	814,930	52,500	4,743,279	5,102,052	9,845,331

- (1) Related to the remuneration received from the managing positions held respectively at FCA, CNH Industrial, Ferrari, PartnerRe, Juventus and GEDI.
(2) In response to the healthcare crisis caused by the COVID-19 pandemic, the Board of Directors waived their full cash compensation from April to the end of the year to help fund Company initiatives to support the communities in which Exor operates.
(3) Directors have waived their right to the emolument of €50,000 as determined by the Exor Shareholders' Meeting.
(4) Director has waived her right to the emolument of €15,000 as determined by the Exor Shareholders' Meeting.
(5) Director has waived his right to the emolument of €57,500 as determined by the Exor Shareholders' Meeting (€50,000 for Salary/Annual Fee and €7,500 for Committee).

With regard to the remuneration received from the (operating) subsidiaries Stellantis N.V. (formerly Fiat Chrysler Automobiles N.V.), CNH Industrial, Ferrari, PartnerRe and Juventus, reference is made to the information published in their respective annual report.

Directors' Remuneration and Company Performance

In line with the Dutch Civil Code, the performance of the Company, the annual change of remuneration of each Director, and of the average employee remuneration other than directors from 2017 to 2020 financial years is disclosed in the following table.

The requirement in the Dutch Civil Code is to disclose this information over five financial years. However, as EXOR N.V. was incorporated in its current structure in December 2016, this information is only available and relevant from 2017 onwards.

€	2020 (Change to 2019)	2019 (Change to 2018)	2018 (Change to 2017)	2017
Company performance				
Net profit attributable to owner of the parent	(30,000,000) (-101%)	3,053,000,000 (+126.7%)	1,347,000,000 (-3.23%)	1,392,000,000
Net Asset Value per share	102.08 (+ 3.5%)	98.6 (+37.2%)	71.89 (-9.6%)	79.48
Earnings per share - diluted	(0.13) (-101%)	13.12 (+131.4%)	5.67 (-3.4%)	5.87
Executive Director				
John Elkann	4,640,779 (-13.67%)	5,375,390 (-0.85%)	5,421,511 (-2.2%)	5,543,052
Non-Executive Directors				
Alessandro Nasi	7,500 (0%)	7,500 (0%)	7,500 (0%)	7,500
Andrea Agnelli	0 (0%)	0 (0%)	0 (0%)	0
Joseph Bae	0 (0%)	0 (0%)	0	n/a
Melissa Bethell	32,500 (-53.57%)	70,000 (+13.51%)	61,667 (+23%)	50,000
Marc Bolland	12,500 (-75%)	50,000 (-14.29%)	58,333 (-17%)	70,000
Laurence Debroux	27,500 (-57.69%)	65,000 (+10.64%)	58,750 (+18%)	50,000
Ginevra Elkann	0 (0%)	0 (0%)	0 (0%)	0
Antonio Horta-Osório	22,500 (-62.5%)	60,000 (+7.46%)	55,833 (+12%)	50,000
Employees				
Average employee remuneration ⁽¹⁾	354,494 (3.2%)	343,415 (-9.3%)	378,649 (-18.1%)	462,566

(1) Calculated as total employee cost divided by the average number of FTEs.

Stock options granted in previous years

The following table summarizes outstanding stock options held by the Executive Director of Exor as of 31 December 2020:

Name/Plan	Grant Date	Exercise price	at 1 January 2020				at 31 December 2020
			Granted and not vested	Granted	Vested	Expired	Granted and not vested
Elkann John / Exor 2016 Plan	7/1/2016	€32.38	805,580	—	402,790	—	402,790

Share plans granted to Directors

The following table gives an overview of the share plans held by Directors of EXOR as of 31 December 2020:

Name Plan	Grant Date	Vesting Date	Number of shares under award at 1 January 2020	Shares Granted	Shares Vested	Shares subject to a Performance condition	Shares Forfeited	Number of shares under award at 31 December 2020
ELKANN John Ferrari Equity incentive Plan 2019-2021 PSUs and RSUs	April 2019	March 2022	20,703	—	—	13,802	—	20,703
ELKANN John Ferrari Equity incentive Plan 2020-2023 PSUs and RSUs	April 2020	March 2023		4,829	—	3,219	—	4,829
ELKANN John FCA 2019 LTI RSU ⁽¹⁾	15/05/2019	1/05/2020, 1/05/2021, 1/05/2022	154,660	—	51,552	—	—	103,108
ELKANN John FCA 2019 LTI PSU ⁽¹⁾	15/05/2019	1/05/2020, 1/05/2021, 1/05/2022	463,981	—	113,883	350,098	—	350,098
ELKANN JOHN /FCA 2020 LTI RSU ⁽¹⁾	01/05/2020	01/05/2023	—	95,640				95,640
ELKANN JOHN /FCA 2020 LTI PSU ⁽¹⁾	01/05/2020	01/05/2023	—	286,920		286,920		286,920
NASI Alessandro 2017 CNH RSU	22/12/2017	30/06/2020	30,667	—	30,667	—	—	—

(1) Includes the dilution adjustment reported in 2019 Remuneration report resulting from the payment of the extraordinary cash distribution to holders of FCA common shares on 30 May 2019.

The total cost recognized in 2020 in the consolidated financial statements in connection with the stock options plans and the share plans referenced above, also granted by FCA, Ferrari and CNH Industrial, was approximately €6.6 million, of which €6.4 million related to the Executive Director of EXOR N.V. and €0.2 million to the other board members.

Share Ownership

The following table summarizes the number of common shares of EXOR N.V. and its subsidiaries owned by EXOR directors owned at 31 December 2020:

	EXOR N.V. common shares	FCA N.V. common shares	CNH Industrial N.V. common shares	Ferrari N.V. common shares	JUVENTUS S.p.A. ordinary shares
ELKANN John		298,435		15,375	
NASI Alessandro		3,750	348,994	375	
AGNELLI Andrea		36,102		1,122	50,901
HORTA-OSORIO Antonio	3,818				



**Consolidated Financial Statements
at 31 December 2020**

CONSOLIDATED INCOME STATEMENT

(€ million)	Note	December	
		2020	2019
Net revenues	5	119,519	143,755
Cost of revenues	6	(103,337)	(121,017)
Selling, general and administrative expenses		(8,211)	(9,414)
Research and development costs	7	(4,678)	(5,287)
Other income (expenses), net	8	(671)	(14)
Result from investments	15	174	239
Net financial expenses	9	(1,459)	(1,442)
Profit before taxes		1,337	6,820
Tax expense	10	(1,336)	(1,835)
Profit from continuing operations		1	4,985
Profit from discontinued operations, net of tax	3	—	3,930
Profit for the year		1	8,915
Profit (loss) attributable to:			
<i>Owners of the parent</i>		(30)	3,053
<i>Non-controlling interests</i>		31	5,862
Profit (loss) from continuing operations attributable to:			
<i>Owners of the parent</i>		(30)	1,927
<i>Non-controlling interests</i>		31	3,058
Earnings per share (in €)			
	12		
Basic earnings per share		(0.13)	13.16
Diluted earnings per share		(0.13)	13.12
Earnings per share from continuing operations (in €)			
	12		
Basic earnings per share		(0.13)	8.31
Diluted earnings per share		(0.13)	8.27

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Note	Years ended 31 December	
		2020	2019
Profit for the year (A)	22	1	8,915
<i>Items that will not be reclassified to the Consolidated Income Statement in subsequent periods:</i>			
Gains (losses) on remeasurement of defined benefit plans		(143)	(215)
Share of gains (losses) on remeasurement of defined benefit plans for equity method investees		—	(5)
Gains (losses) on financial assets at fair value through other comprehensive income		102	(9)
Related tax effect		39	18
Items relating to discontinued operations, net of tax		—	(9)
Total items that will not be reclassified to the Consolidated Income Statement in subsequent periods, net of tax (B1)		(2)	(220)
<i>Items that may be reclassified to the Consolidated Income Statement in subsequent periods:</i>			
Gains (losses) on cash flow hedging instruments		45	(235)
Foreign exchange gains (losses)		(4,296)	439
Share of other comprehensive income (loss) of equity method investees		(171)	(5)
Related tax effect		(13)	60
Items relating to discontinued operations, net of tax		—	9
Total items that may be reclassified to the Consolidated Income Statement in subsequent periods, net of tax (B2)		(4,435)	268
Total Other Comprehensive Income (Loss), net of tax (B)=(B1)+(B2)		(4,437)	48
Total Comprehensive Income (A)+(B)		(4,436)	8,963
Total Comprehensive Income (Loss) attributable to:			
Owners of the parent		(1,727)	3,202
Non-controlling interests		(2,709)	5,761
Total Comprehensive Income (Loss) attributable to owners of the parent:			
Continuing operations		(1,727)	2,076
Discontinued operations		—	1,126

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ million)	Note	At 31 December	
		2020	2019
Assets			
Intangible assets	13	33,318	35,067
Property, plant and equipment	14	35,169	36,710
Investments and other financial assets	15	6,169	5,400
Deferred tax assets	10	2,192	2,584
Inventories	16	14,322	18,057
Trade and other receivables	17	24,108	27,889
Investments of reinsurance companies	18	14,422	14,664
Other assets	19	7,356	8,923
Assets held for sale		328	381
Cash and cash equivalents	21	35,561	22,935
Total Assets		172,945	172,610
Equity and Liabilities			
Equity attributable to owners of the parent	22	13,090	15,025
Non-controlling interests	22	24,570	27,534
Total Equity		37,660	42,559
Liabilities			
Provisions for employee benefits	24	10,671	10,806
Other provisions	25	15,176	16,927
Technical reserves reinsurance companies	26	13,336	13,547
Deferred tax liabilities	10	2,256	2,062
Financial debt and other financial liabilities	27	52,932	43,499
Trade payables	29	26,796	27,611
Tax payables		707	604
Other liabilities	30	13,212	14,761
Liabilities held for sale		199	234
Total Liabilities		135,285	130,051
Total Equity and Liabilities		172,945	172,610

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS

(<i>€ million</i>)	Note	Years ended 31 December	
		2020	2019
Cash flows from operating activities:	34		
Profit (loss) from continuing operations		1	4,985
Amortisation and depreciation		6,871	7,119
Gains on disposal of non-current assets		(134)	(379)
Other non-cash items ⁽¹⁾		1,852	(1,121)
Dividends received		102	181
Change in provisions		(286)	(1,962)
Change in deferred taxes		557	1,028
Change in inventories, trade and other receivables and payables		5,098	2,195
Cash flows from operating activities – discontinued operations		—	(308)
Total		14,061	11,738
Cash flows used in investing activities:			
Investments in property, plant and equipment and intangible assets		(10,253)	(10,290)
Investments in joint ventures, associates, unconsolidated subsidiaries and financial assets		(412)	(285)
Consideration paid for the acquisition of GEDI net of cash and cash equivalents acquired		(175)	—
Consideration paid for the acquisition of Full More Group net of cash and cash equivalents acquired		(76)	—
Net change in Investments of Reinsurance companies (PartnerRe Group)		(602)	2,116
Proceeds from disposal of investments, tangible, intangible and financial assets		415	252
Net change in financial receivables		886	(222)
Net change in securities		103	(303)
Net cash proceeds from disposal of discontinued operations		—	5,348
Other changes		12	91
Cash flows used in investing activities – discontinued operations		—	(155)
Total		(10,102)	(3,448)
Cash flows used in financing activities:			
Issuance of notes		7,018	2,480
Repayment of notes		(2,101)	(3,491)
Proceeds of other long-term debt		17,388	1,762
Repayment of other long-term debt		(10,073)	(3,049)
Net change in short-term debt and other financial assets/liabilities		(1,131)	(316)
Capital increases by subsidiaries		32	104
Exercise of stock options		—	(419)
Buyback of treasury shares		(28)	(207)
Dividends paid		(268)	(2,615)
Other changes		(211)	(9)
Cash flows used in financing activities – discontinued operations		—	325
Total		10,626	(5,435)
Translation exchange differences		(1,949)	242
Total Change in Cash and Cash Equivalents		12,636	3,097
Cash and cash equivalents at beginning of the period		22,935	19,136
Cash and cash equivalents at the beginning of the period included in Assets held for sale		17	719
Cash and cash equivalents at the end of the period included in Assets held for sale		(27)	(17)
Cash and cash equivalents at the end of the period		35,561	22,935

(1) In 2020 mainly referred to the impairment losses recognized in the income statement on Goodwill, development expenditure previously capitalized, property, plant and equipment and inventories.

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ million)	Share Capital	Treasury Stock Reserve	Other reserves	Cash flow hedge reserve	Currency translation differences	Financial assets measured at FVTOCI	Remeasurement of defined benefit plans	Cumulative share of OCI of equity method investments	Total Owners of the parent	Non-controlling interests	Total
At 31 December 2018	2	(62)	12,738	61	27	(34)	(230)	(292)	12,210	24,235	36,445
Impact from the adoption of IFRS 16	—	—	—	—	—	—	—	—	—	—	—
At 1 January 2019	2	(62)	12,738	61	27	(34)	(230)	(292)	12,210	24,235	36,445
Share-based compensation	—	—	63	—	—	—	—	—	63	114	177
Buyback of treasury shares	—	(207)	—	—	—	—	—	—	(207)	—	(207)
Capital increase by subsidiaries	—	—	—	—	—	—	—	—	—	105	105
Dividends declared	—	—	(100)	—	—	—	—	—	(100)	(2,543)	(2,643)
Total comprehensive income	—	—	3,053	(52)	260	(9)	(61)	11	3,202	5,761	8,963
Sale of Magneti Marelli	—	—	(31)	(2)	28	—	31	—	26	18	44
Effect of the change in the percentage ownership of companies (1)	—	—	(170)	—	(2)	—	2	1	(169)	(249)	(418)
Other changes	—	—	—	—	—	—	—	—	—	93	93
At 31 December 2019	2	(269)	15,553	7	313	(43)	(258)	(280)	15,025	27,534	42,559

(1) Of which €5 million relates to the consolidation of Exor Seeds, -€8 million relates to the CNH Industrial Group, -€89 million relates to the Ferrari Group and -€77 million relates to the FCA Group.

(€ million)	Share Capital	Treasury Stock Reserve	Other reserves	Cash flow hedge reserve	Currency translation differences	Financial assets measured at FVTOCI	Remeasurement of defined benefit plans	Cumulative share of OCI of equity method investments	Total Owners of the parent	Non-controlling interests	Total
At 1 January 2019	2	(269)	15,553	7	313	(43)	(258)	(280)	15,025	27,534	42,559
Share-based compensation	—	—	36	—	—	—	—	—	36	79	115
Buyback of treasury shares	—	(29)	—	—	—	—	—	—	(29)	—	(29)
Capital increase by subsidiaries	—	—	—	—	—	—	—	—	—	5	5
Dividends declared	—	—	(100)	—	—	—	—	—	(100)	(168)	(268)
Total comprehensive income	—	—	(30)	4	(1,569)	18	(39)	(111)	(1,727)	(2,709)	(4,436)
Effect of the change in the percentage ownership of companies (2)	—	—	(39)	—	(3)	1	(1)	—	(42)	42	—
Other changes	—	—	(73)	—	—	—	—	—	(73)	(213)	(286)
At 31 December 2020	2	(298)	15,347	11	(1,259)	(24)	(298)	(391)	13,090	24,570	37,660

(2) Of which -€5 million relates to the CNH Industrial Group, -€37 million relates to the FCA Group and +€1 million relates to the Ferrari Group, -€5 million relates to GEDI Group and +€4 million relates to Exor Seeds.

(The accompanying notes are an integral part of these consolidated financial statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information on the activities of the Group

EXOR N.V. (“Exor” or the “Company” and together with its subsidiaries the “Exor Group” or the “Group”), was incorporated as a public limited company (*naamloze vennootschap*) under the laws of the Netherlands on 30 September 2015 and in 2016 became the holding company for the Exor Group following the cross-border merger with EXOR S.p.A. (the “Merger”).

Exor is one of Europe’s largest diversified holding companies and is controlled by Giovanni Agnelli B.V. which holds 52.99% of its share capital.

Exor’s and its subsidiaries operate through Fiat Chrysler Automobiles N.V. and its subsidiaries (“FCA” or the “FCA Group”) in the automotive industry, CNH Industrial N.V. and its subsidiaries (“CNH Industrial” or the “CNH Industrial Group”) in agricultural equipment, construction equipment and commercial vehicles, PartnerRe Ltd and its subsidiaries (“PartnerRe” or the “PartnerRe Group”) in the reinsurance sector, Ferrari N.V. and its subsidiaries (“Ferrari” or the “Ferrari Group”) in luxury performance sports car, GEDI Gruppo Editoriale S.p.A. and its subsidiaries (“GEDI” or the “GEDI Group”) in the media sector and Juventus Football Club S.p.A. (“Juventus”) in the professional football sector.

Exor has filed a list of subsidiaries and associated companies, prepared in accordance with Sections 379 and 414, Book 2, Dutch Civil Code, at the Dutch trade register of Amsterdam.

2. Basis of preparation and significant accounting policies

Authorization of consolidated financial statements and compliance with International Financial Reporting Standards

These consolidated financial statements, together with the notes thereto, at and for the year ended 31 December 2020 (the “Consolidated Financial Statements”) were authorised for issuance on 25 March 2021 and have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and as adopted by European Union (“EU-IFRS”) and Part 9 of Book 2 of the Dutch Civil Code. The designation “IFRS” also includes International Accounting Standards (“IAS”) as well as all interpretations of the IFRS Interpretations Committee (“IFRIC”).

Basis of preparation

The Consolidated Financial Statements are prepared under the historical cost convention, except where the use of fair value is required for the measurement of certain financial assets and derivatives, as well as on the going concern assumption. In this respect the Group’s assessment is that no material uncertainties (as defined in IAS 1 – Presentation of Financial Statements) exist about its ability to continue as a going concern.

The Group’s presentation currency is the Euro, which is also the functional currency of the Company and, unless otherwise stated, information is presented in millions of Euro.

The Group presents the income statement using a classification based on the function of expenses, rather than a presentation based on the nature of expenses, as it is more representative of the format used for internal reporting and management purposes and consistent with international practice.

The statement of financial position is presented in decreasing order of liquidity as permitted by IAS 1 paragraph 60. More specifically, the consolidated financial statements include both industrial companies and financial services companies. While a separate classification of current and non-current in the statement of financial position provides useful information for industrial business, for the entities that have diverse operations and for which financial services activities are significant, a presentation of assets and liabilities in increasing or decreasing order of liquidity provides information that is reliable and more relevant.

COVID-19 Impacts

During the first half of 2020, the COVID-19 virus spread worldwide and was declared a pandemic by the World Health Organization on 11 March 2020. In response, many governments in affected jurisdictions imposed travel bans, quarantines and other emergency public safety measures. For example, governments imposed restrictions on travel and the movement and gathering of people, as well as restrictions on economic activity. At 25 March 2021, many of these measures are still in place as certain regions have experienced secondary waves of the pandemic, with increased cases in recent months.

As the severity of the COVID-19 pandemic became apparent, Exor companies took actions to protect their employees and communities, as well as strengthen their financial position and limit the impact on their financial performance.

FCA, CNH Industrial and Ferrari temporarily suspended productions (as of today partially restarted) across the majority of their manufacturing plants and certain other activities and implemented remote working arrangements, where feasible across all regions. In addition, all sport events and activities in which Juventus is involved were temporarily suspended and then restarted in the second half of 2020.

These measures, although temporary in nature and only partially lifted as a function of the decisions adopted by the countries where such companies operate, may either continue, be reintroduced or increase depending on future developments with regard to the virus' outbreak which are currently unknown.

The contraction of global demand, temporary suspensions of productions and increase of general uncertainty about the future due to the Covid-19 pandemic, significantly contributed to reduced consolidated revenues, expected future cash flow and therefore had significant negative impact on the Group's results for the year ended 31 December 2020. Therefore, the Consolidated Financial Statements reflect the condition at the time of preparation, including the uncertainty and the impact of significant accounting policies disclosed in the notes and in particular in notes 10 Tax expense, 13 Intangible assets and 14 Property, plant and equipment and 27 Financial debts and other financial liabilities.

New standards and amendments effective from 1 January 2020

The following amendments and interpretations, which were effective from 1 January 2020, were adopted by the Group. The adoption of these amendments had no material impact on the Half-Year Condensed Consolidated Financial Statements.

Amendment to IFRS 3 – Business Combinations

In October 2018 the IASB issued narrow scope amendments to IFRS 3 – Business Combinations to improve the definition of a business. The amendments aim to help companies determine whether an acquisition made is of a business or of a group of assets. The amended definition emphasizes that the output of a business is a provision of goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the definition of a business, supplementary guidance is provided.

Amendments to IAS 1 and IAS 8 – Definition of Material

In October 2018 the IASB issued amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors to clarify the definition of 'material' as well as how materiality should be applied by including in the definition guidance that is included elsewhere in IFRS standards. In addition, the explanations accompanying the definition have been improved and the amendments ensure that the definition of material is consistent across all IFRS standards.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7), which modifies some specific hedge accounting requirements to provide relief from the potential effects of uncertainty caused by IBOR reform. In addition, the amendments require companies to provide additional information to investors about hedging relationships directly affected by these uncertainties.

New standards and amendments effective from 1 June 2020

In May 2020, the IASB issued an amendment to IFRS 16 – Leases to make it easier for lessees to account for Covid-19 related rent concessions such as rent holidays and temporary rent reductions. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment does not affect lessors. The amendment is effective 1 June 2020 but can be applied immediately to any financial statements (interim or annual) not yet authorized for issue. The amendment, voluntary and not yet endorsed by the EU, was not adopted by Exor.

New standards and amendments not yet effective and not early adopted

The standards, amendments and interpretations issued by the International Accounting Standards Board (“IASB”) not yet endorsed by the EU that will have mandatory application in 2020 or subsequent years are listed below. Effective dates refer to those as issued by the IASB and may differ from those of the EU when the relevant standard is endorsed.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1), which affects the requirements in IAS 1 for the presentation of liabilities, including clarifying one of the criteria for classifying a liability as non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier adoption permitted. In July 2020, the IASB deferred the effective date of this amendment to 1 January 2023. The Group does not expect any impact from the adoption of these amendments.

Annual Improvements to IFRSs 2018-2020

In May 2020, the IASB issued Annual Improvements to IFRSs 2018-2020, which includes amendments to the following standards: updating a reference in IFRS 3 – Business Combinations to the Conceptual Framework for Financial Reporting and minor amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards, IFRS 9 – Financial Instruments, IAS 41 – Agriculture and the Illustrative Examples accompanying IFRS 16 – Leases. The amendments are effective 1 January 2022. The Group is analyzing the impact of the adoption of these amendments.

IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 – Insurance Contracts (“IFRS 17”), which replaces IFRS 4 – Insurance Contracts, establishing principles for the recognition, measurement, presentation and disclosure of insurance contracts issued as well as guidance relating to reinsurance contracts held and investment contracts with discretionary participation features issued. IFRS 17 requires all insurance contracts to be accounted for in a consistent manner and insurance obligations to be accounted for using current values, instead of historical cost. The new standard requires current measurement of the future cash flows and the recognition of profit over the period that services are provided under the contract. IFRS 17 also requires entities to present insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses and requires an entity to make an accounting policy choice of whether to recognize all insurance finance income or expenses in profit or loss or to recognize some of those income or expenses in other comprehensive income. IFRS 17 is effective for annual periods beginning on or after 1 January 2021 with earlier adoption permitted. However, in June 2020 the IASB issued amendments to IFRS 17 aimed at helping companies implement the standard and making it easier for them to explain their financial performance. The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from stakeholders, are designed to: reduce costs by simplifying some requirements in the Standard; make financial performance easier to explain; and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. The Group is analyzing the impact of the adoption of this standard.

IAS 16 – Property, Plant and Equipment

In May 2020 the IASB issued amendments to IAS 16 – Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.

Instead, a company should recognize such sales proceeds and the related cost in the income statement. These amendments are effective on or after 1 January 2022. The Group does not expect any material impact from the adoption of these amendments.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

In May 2020 the IASB issued amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, which specify which costs a company includes when assessing whether a contract will be loss-making. These amendments are effective on or after 1 January 2022. The Group does not expect any material impact from the adoption of these amendments.

Interest Rate Benchmark Reform – Phase 2

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), which is complementary to Interest Rate Benchmark Reform, as issued in September 2019. The amendments address issues that arise as a result of implementation of the reforms, including the effects of changes in the contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark. The amendments are effective 1 January 2021. The Group does not expect a material impact on the Consolidated Financial Statements or disclosures upon adoption of the amendments.

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Change in Accounting Estimates and Errors

In February 2021, the IASB issued amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Change in Accounting Estimates and Errors. The amendments to IAS 1 require companies to disclose their material accounting policies rather than their significant accounting policies, including providing guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to IAS 8 clarify how companies should distinguish change in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The Group is analyzing the impact of the adoption of this standard.

Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has control. Control is achieved when the Group has power over the investee, when it is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

The Group considers all the facts and circumstances in determining whether it controls an entity when it owns less than the majority of the voting rights or similar rights of the entity.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control, as indicated in paragraph 7 of IFRS 10.

Subsidiaries are consolidated on a line-by-line basis from the date on which control is achieved by the Group until the date that control ceases.

Equity attributable to non-controlling interests and non-controlling interests in the profit (loss) of consolidated subsidiaries are presented separately from the interests of the owners of the parent in the statement of financial position and income statement respectively. Losses applicable to non-controlling interests that exceed the minority's interests in the subsidiary's equity are allocated against the non-controlling interests.

Changes in the Group's ownership interests in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as an equity transaction. The carrying amounts of the equity attributable to owners of the parent and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Any difference between the carrying amount of the non-controlling interests and the fair value of the consideration paid or received in the transaction is recognized directly in the equity attributable to the owners of the parent.

Subsidiaries are deconsolidated from the date that control ceases. When the Group ceases to have control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts, derecognizes the carrying amount of non-controlling interests in the former subsidiary and recognizes the fair value of any consideration received for the transaction.

Any retained interest in the former subsidiary is recognized at fair value. Any gains or losses recognized in other comprehensive income in respect of the measurement of the assets of the subsidiary are accounted for as if the subsidiary had been sold (i.e., reclassified to the income statement or transferred directly to retained earnings as required by other IFRS).

Joint ventures and Associates

Joint ventures are entities in which the Group has contractually agreed sharing of control of an arrangement or where a contractual arrangement exists where two or more parties undertake an economic activity that is subject to joint control.

Associates are entities over which the Group has significant influence, as defined in IAS 28 – Investments in Associates and Joint Ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies.

Investments in joint ventures and associates are accounted for using the equity method from the date that joint control or significant influence commences until the date it ceases. When the Group's share of losses of a joint venture or associate exceeds the Group's interest in that joint venture or associate, the Group discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

The Group discontinues the use of the equity method from the date that the investment ceases to be an associate or a joint venture, or when it is classified as available for sale.

Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, it recognizes its related interest in the joint operation including: (i) its assets, including its share of any assets held jointly, (ii) its liabilities, including its share of any liabilities incurred jointly, (iii) its revenue from the sale of its share of the output arising from the joint operation, (iv) its share of the revenue from the sale of the output by the joint operation and (v) its expenses, including its share of any expenses incurred jointly.

Transactions eliminated in consolidation

All significant intragroup balances and transactions and any unrealized gains and losses arising from intragroup transactions are eliminated. Unrealized gains and losses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of the statement of financial position. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded, are recognized in the income statement.

Consolidation of foreign entities

All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the closing exchange rates at the date of the statement of financial position. Income and expenses are translated into Euro at the average exchange rate for the year. Translation differences resulting from the application of this method are classified within Other comprehensive income/(loss) until the disposal of the subsidiary. Average exchange rates for the period are used to translate the cash flows of foreign subsidiaries in preparing the statement of cash flows.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

The principal exchange rates used to translate other currencies into Euro are as follows:

	2020		2019	
	Average	At 31 December	Average	At 31 December
U.S. dollar	1.142	1.227	1.119	1.123
Brazilian real	5.894	6.374	4.413	4.516
Chinese renminbi	7.875	8.023	7.735	7.821
Polish zloty	4.443	4.560	4.298	4.257
Argentinian peso	103.043	103.043	67.258	67.258
British pound	0.890	0.899	0.878	0.851
Swiss franc	1.071	1.080	1.112	1.085
Mexican peso	24.519	24.416	21.557	21.220
Canadian dollar	1.530	1.563	1.485	1.460

Date of reference

The investments are consolidated using the financial statements at 31 December, Exor's year-end closing date, which cover a 12-month period, or accounting data prepared at the same date (whenever the closing date is different from Exor's), adjusted, where necessary, to conform with the accounting principles of the Group.

The Economist Group, whose financial year closes on 31 March of each year, has been consolidated using the equity method on the basis of the most recent data available (30 September 2020). At 31 December 2020 there were no significant variations to The Economist Group data used for the purposes of these consolidated financial statements.

Assets Held for Sale and Discontinued Operations

Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and the sale is highly probable, with the sale expected to be completed within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are presented separately in the consolidated statement of financial position. Non-current assets and disposal groups are not classified as held for sale within the consolidated statement of financial position for the comparative period.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale and (i) represents either a separate major line of business or a geographical area of operations, (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) is a subsidiary acquired exclusively with a view to resell and the disposal involves loss of control.

Classification as a discontinued operation occurs upon disposal or when the asset or disposal group meets the criteria to be classified as held for sale, if earlier. When the asset or disposal group is classified as a discontinued operation, the comparative information is reclassified within the consolidated income statement as if the asset or disposal group had been discontinued from the start of the earliest comparative period presented.

Business combinations

Business combinations are accounted for by applying the acquisition method of accounting in accordance with IFRS 3 – Business Combinations.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognized in the income statement under Result from investments. Changes in the equity interest in the acquiree that have been recognized in other comprehensive income in prior reporting periods are reclassified to the income statement as if the equity interest had been disposed of.

Intangible assets

Goodwill

Goodwill represents the excess of the fair value of consideration paid over the fair value of net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives consist principally of brands which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually or more frequently if events or circumstances indicate that the asset may be impaired.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognized at purchase or production cost less amortization and cumulative impairment losses. Amortization is calculated on a systematic basis over the asset's useful life and begins when the asset is available for use.

The main intangible assets with a finite useful life are as follows:

Development costs

Development costs are recognized as an asset if both of the following conditions within IAS 38 – Intangible Assets are met: (i) that development expenditure can be measured reliably and (ii) that the technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits. Capitalized development expenditures include all direct and indirect costs that may be directly attributed to the development process.

Capitalized development costs are amortized on a straight-line basis from the start of production over the expected life cycle of the product, and on average are as follows:

	Automobiles	Trucks and buses	Agricultural and Construction Equipment	Powertrain
Number of years	5-6	4-8	5	10-12

Research and all other development costs which do not meet the above criteria are expensed as incurred.

Players' registration rights

Players' registration rights are recognized at cost, including auxiliary expenses, and discounted to present value. They are amortized on a straight-line basis over the duration of the contracts the company has signed with the individual football players.

Other intangible assets

Other intangible assets with a finite useful life are recognized in accordance with IAS 38 – Intangible Assets when it is probable that the use of the asset will generate future economic benefits for the Group and the cost of the asset can be measured reliably. Other intangible assets are recorded at purchase or production cost and amortized on a straight-line basis over their estimated useful lives. Other intangible assets recognized subsequent to the acquisition of a company are recorded separately from goodwill if their fair value can be measured reliably.

Property, plant and equipment

Cost

Property, plant and equipment is initially recognized at cost which comprises the purchase price, any costs directly attributable to bringing the assets to the location and condition necessary to be capable of operating in the manner intended by management and any initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Self-constructed assets are initially recognized at production cost. Subsequent expenditures and the cost of replacing parts of an asset are capitalized only if they increase the future economic benefits embodied in that asset. All other expenditures are expensed as incurred. When such replacement costs are capitalized, the carrying amount of the parts that are replaced is recognized in the income statement.

Borrowing costs that are directly attributable to the acquisition, construction or production of property, plant or equipment or an intangible asset that is deemed to be a qualifying asset are capitalized. All other borrowing costs are expensed when incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Buildings	Plant, machinery and equipment	Other assets
Depreciation rate	2.5% - 10%	3% - 33%	3% - 33%

Impairment of assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or more frequently, if there is an indication that an asset may be impaired. Assets with definitive useful life are tested for impairment only if impairment indicators are present. At the end of each reporting period the Group assesses whether there is any indication that its finite-lived intangible assets (including capitalized development expenditures) and its property, plant and equipment may be impaired.

If indications of impairment are present, the carrying amount of the asset is reduced to its recoverable amount, that is, the higher of fair value less costs of disposal and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In assessing the value in use of an asset, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the recoverable amount is lower than the carrying amount.

Where an impairment loss for assets, other than goodwill, subsequently no longer exists or has decreased, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognized. The reversal of an impairment loss is recognized in the income statement immediately.

Financial assets and liabilities

Financial assets primarily include trade receivables, receivables from financing activities, investments in other companies, derivative financial instruments, cash and cash equivalents, and debt securities that represent temporary investments of available funds and do not satisfy the requirements for being classified as cash equivalents.

Financial liabilities primarily consist of debt, derivative financial instruments, trade payables and other liabilities.

Receivables from dealer financing activities are typically generated by sales of vehicles and are generally managed under dealer network financing programs. These receivables are interest-bearing with the exception of an initial, limited, non-interest-bearing period. The contractual terms governing the relationships with the dealer networks vary according to market and payment terms, which range from two to twelve months.

Classification and measurement

The classification of a financial asset is dependent on the Group's business model for managing such financial assets and their contractual cash flows. The Group considers whether the contractual cash flows represent solely payments of principal and interest that are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit or loss ("FVTPL").

Financial asset cash flow business model	Initial measurement ⁽¹⁾	Measurement category ⁽³⁾
Solely to collect the contractual cash flows represented by principal and interest (Held to Collect)	Fair Value including transaction costs	Amortized Cost ⁽²⁾
Collect both the contractual cash flows and generate cash flows arising from the sale of assets (Held to Collect and Sell)	Fair Value including transaction costs	Fair value through other comprehensive income ("FVTOCI")
Generate cash flows primarily from the sale of assets (Held to Sell)	Fair Value	Fair value through profit and loss ("FVTPL")

(1) A trade receivable without a significant financing component, as defined by IFRS 15, is initially measured at the transaction price.

(2) Receivables with maturities of over one year, which bear no interest or have an interest rate significantly lower than market rates are discounted using market rates.

(3) On initial recognition, the Group may irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortized cost or at FVTOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Factors considered by the Group in determining the business model for a group of financial assets include:

- past experience on how the cash flows for these assets were collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and future sales activity expectations;
- how the asset's performance is evaluated and reported to key management personnel; and
- how risks are assessed and managed and how management is compensated.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Cash and cash equivalents include cash at banks, units in money market funds and other money market securities, commercial paper and Certificates of deposits that are readily convertible into cash, with original maturities of three months or less at the date of purchase. Cash and cash equivalents are subject to an insignificant risk of changes in value and consist of balances across various primary national and international money market instruments. Money market funds consist of investments in high quality, short-term, diversified financial instruments that can generally be liquidated on demand and are measured at FVTPL. Cash at banks and other cash equivalents are measured at amortized cost.

Investments in other companies are measured at fair value. Equity investments for which there is no quoted market price in an active market and there is insufficient financial information in order to determine fair value may be measured at cost as an estimate of fair value, as permitted by IFRS 9. The Group may irrevocably elect to present subsequent changes in the investment's fair value in Other comprehensive income ("OCI") upon the initial recognition of an equity investment that is not held to sell. This election is made on an investment-by-investment basis. Generally, any dividends from these investments are recognized in Other income from investments within Result from investments when the Group's right to receive payment is established. Other net gains and losses are recognized in OCI and will not be reclassified to the consolidated income statement in subsequent periods. Impairment losses (and the reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value in OCI.

Impairment of financial assets

The IFRS 9 impairment requirements are based on a forward-looking expected credit loss (“ECL”) model. ECL is a probability-weighted estimate of the present value of cash shortfalls.

These estimates were assessed on an individual basis, taking into account the aging of customers’ balances, specific credit circumstances and historical experience, and on a collective basis, using loss forecast models that considered a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency.

In accordance with IFRS 9, the simplified approach, which requires expected lifetime losses, was applied to trade receivables. For receivables from financing activities the Group applied the general approach recording the credit losses either on a 12-month or lifetime basis.

The simplified approach for determining the lifetime ECL allowance is performed in two steps:

- All trade receivables that are in default, as defined below, are individually assessed for impairment; and
- A general reserve is recognized for all other trade receivables (including those not past due) based on historical loss rates.

The Group considers a financial asset to be in default when: (i) the borrower is unlikely to pay its obligations in full and without consideration of compensating guarantees or collateral (if any exist); or (ii) the financial asset is more than 90 days past due.

The Group applies the general approach as determined by IFRS 9 by assessing at each reporting date whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The Group considers receivables to have experienced a significant increase in credit risk when certain quantitative or qualitative indicators have been met or the borrower is more than 30 days past due on its contractual payments. The “three-stages” for determining and measuring the impairment based on changes in credit quality since initial recognition are summarized below:

Stage	Description	Time period for measurement of ECL
Stage 1	A financial instrument that is not credit impaired on initial recognition	12-month ECL
Stage 2	A financial instrument with a significant increase in credit risk since initial recognition	Lifetime ECL
Stage 3	A financial instrument that is credit-impaired or has defaulted	Lifetime ECL

Considering forward-looking economic information, ECL is determined by projecting the probability of default, exposure at default and loss given default for each future contractual period and for each individual exposure or collective portfolio. The discount rate used in the ECL calculation is the stated effective interest rate or an approximation thereof. Each reporting period, the assumptions underlying the ECL calculation are reviewed and updated as necessary. Since adoption, there have been no significant changes in estimation techniques or in significant assumptions that led to material changes in the ECL allowance.

The gross carrying amount of a financial asset is written-off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities.

Hedge accounting

Derivative financial instruments are used for economic hedging purposes, in order to reduce currency, interest rate and market price risks (primarily related to commodities and securities).

The fair value of other financial assets and liabilities, which mainly include derivative financial instruments, is measured by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial environment.

In particular:

- the fair value of forward contracts and currency swaps is determined by taking the prevailing exchange rates and interest rates at the balance sheet date;
- the fair value of interest rate swaps and forward rate agreements is determined by taking the prevailing interest rates at the balance sheet date and using the discounted expected cash flow method;
- the fair value of combined interest rate and currency swaps is determined using the exchange rates and interest rates prevailing at the balance sheet date and the discounted expected cash flow method;
- the fair value of swaps and options hedging commodity price risk is determined by using suitable valuation techniques and taking market parameters at the balance sheet date (in particular, underlying prices, interest rates and volatility rates).

IFRS 9 aims to simplify hedge accounting and to reflect the effect of an entity's risk management activities in the financial statements, allowing more hedging instruments and hedged items to qualify for hedge accounting.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability attributable to a particular risk that could affect the Consolidated Income Statement, the gain or loss from premeasuring the hedging instrument at fair value is recognized in the Consolidated Income Statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the Consolidated Income Statement.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecasted transaction and could affect the Consolidated Income Statement, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in Other comprehensive income/(loss). When the hedged forecasted transaction results in the recognition of a non-financial asset, the gains and losses previously deferred in Other comprehensive income/(loss) are reclassified and included in the initial measurement of the cost of the non-financial asset. The effective portion of any gain or loss is recognized in the Consolidated Income Statement at the same time as the economic effect arising from the hedged item that affects the Consolidated Income Statement. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the Consolidated Income Statement immediately.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains and is recognized in the Consolidated Income Statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in Other comprehensive income/(loss) is recognized in the Consolidated Income Statement immediately.

Hedges of a net investment

If a derivative financial instrument is designated as a hedging instrument for a net investment in a foreign operation, the effective portion of the gain or loss on the derivative financial instrument is recognized in Other comprehensive income/(loss). The cumulative gain or loss is reclassified from Other comprehensive income/(loss) to the Consolidated Income Statement upon disposal of the foreign operation.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match closely or exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match closely or perfectly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Ineffectiveness is measured by comparing the cumulative changes in fair value of the hedging instrument and cumulative change in fair value of the hedged item arising from the designated risk. The primary potential sources of hedge ineffectiveness are mismatches in timing or the critical terms of the hedged item and the hedging instrument.

The hedge ratio is the relationship between the quantity of the derivative and the hedged item. The Group's derivatives have the same underlying quantity as the hedged items, therefore the hedge ratio is expected to be one for one.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the Consolidated Income Statement.

Transfers of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows arising from the asset are no longer held or if it transfers substantially all the risks and rewards of ownership of the financial asset. On derecognition of financial assets, the difference between the carrying amount of the asset and the consideration received or receivable for the transfer of the asset is recognized in the Consolidated Income Statement.

The Group transfers certain of its financial, trade and tax receivables, mainly through factoring transactions. Factoring transactions may be either with recourse or without recourse. Certain transfers include deferred payment clauses requiring first loss cover (for example, when the payment by the factor of a minor part of the purchase price is dependent on the total amount collected from the receivables), whereby the transferor has priority participation in the losses, or requires a significant exposure to the variability of cash flows arising from the transferred receivables to be retained. These types of transactions do not meet the requirements of IFRS 9 for the derecognition of the assets since the risks and rewards connected with ownership of the financial asset are not substantially transferred, and accordingly the Group continues to recognize these receivables within the Consolidated Statement of Financial Position and recognizes a financial liability for the same amount under Asset-backed financing, which is included within Financial Debt. These types of receivables are classified as held-to-collect, since the business model is consistent with the Group's continuing recognition of the receivables.

The fair value of financial instruments is measured in accordance with a fair value hierarchy that prioritizes the information used to measure fair value into three broad levels. Transfers between the hierarchy levels are recognized at the beginning of the period.

Investments at fair value of Reinsurance companies

Investments at fair value of reinsurance companies represent investments held by PartnerRe and include fixed income securities, short term investments, equities, accrued interest, non-foreign exchange derivatives, other invested assets and funds held by reinsurance companies. PartnerRe classifies the majority of its reinsurance investments as financial assets at fair value through profit or loss (FVTPL). Upon initial recognition these investments are designated as FVTPL because they are managed and their performance is evaluated on a fair value basis. Derivative assets and liabilities are classified as held for trading.

Certain investments are classified as available-for-sale financial assets and are measured at fair value. When market prices are not available, the fair value of available-for-sale financial assets is measured using appropriate valuation techniques (e.g., discounted cash flow analysis based on market information available at the balance sheet date). Gains and losses on available-for-sale financial assets are recognized directly in other comprehensive income until the financial asset is disposed of or impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognized in other comprehensive income, are reclassified to the income statement for the period in financial income and expenses; when the asset is impaired, accumulated losses are recognized in the income statement. Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, any impairment loss is included in the income statement for the period. Certain other funds held by reinsurance companies are classified as loans and receivables and are measured at amortized cost.

Gains and losses arising from the changes in the fair value of reinsurance investments classified as FVTPL or held for trading are included in the Consolidated Income Statement in the period in which they arise. Net investment income for the reinsurance investments includes interest and dividend income, amortization of premiums and discounts on fixed maturities and short-term investments and investment income on funds held by reinsurance companies, and is net of investment expenses and withholding taxes. Investment income is recognized when earned. Realized gains and losses on the disposal of investments are determined on a first-in, first-out basis. Investment purchases and sales are recorded on a trade-date basis.

Inventories

Inventories of raw materials, semi-finished products and finished goods (including assets sold with a buy-back commitment) are stated at the lower of cost and net realizable value, cost being determined on a first-in-first-out (FIFO) basis. The measurement of inventories includes the direct costs of materials, labor and indirect costs (variable and fixed). A provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs for sale and distribution.

The measurement of production systems construction contracts is based on the stage of completion determined as the proportion of cost incurred at the balance sheet date to the estimated total contract cost. These items are presented net of progress billings received from customers. Any losses on such contracts are fully recorded in the Consolidated Income Statement when they are known.

Employee benefits

Defined contribution plans

Costs arising from defined contribution plans are expensed as incurred.

Defined benefit plans

The Group's net obligations are determined separately for each plan by estimating the present value of future benefits that employees have earned in the current and prior periods and deducting the fair value of any plan assets. The present value of the defined benefit obligation is measured using actuarial techniques and actuarial assumptions that are unbiased and mutually compatible and attribute benefits to periods in which the obligation to provide post-employment benefits arise by using the Projected Unit Credit Method. Plan assets are recognized and measured at fair value.

When the net obligation is a potential asset, the recognized amount is limited to the present value of any economic benefits available in the form of future refunds or reductions in future contributions to the plan (asset ceiling).

The components of the defined benefit cost are recognized as follows:

- the service costs are recognized in the income statement by function and presented in the relevant line items (cost of sales, selling, general and administrative costs, research and development costs, etc.);
- the net interest on the defined benefit liability or asset is recognized in the income statement as financial income (expenses), and is determined by multiplying the net liability (asset) by the discount rate used to discount obligations taking into account the effect of contributions and benefit payments made during the year;
- the remeasurement components of the net obligations, which comprise actuarial gains and losses, the return on plan assets (excluding interest income recognized in the income statement) and any change in the effect of the asset ceiling are recognized immediately in Other comprehensive income. These remeasurement components are not reclassified in the Consolidated Income Statement in a subsequent period.

Past service costs arising from plan amendments and curtailments are recognized immediately in the income statement.

Other long-term employee benefits

The Group's obligations represent the present value of future benefits that employees have earned in return for their service during the current and prior periods. Remeasurement components on other long-term employee benefits are recognized in the Consolidated Income Statement in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of i) when the Group can no longer withdraw the offer of those benefits and ii) when the Group recognizes costs for a restructuring.

Post-employment plans other than pensions

The Group provides certain post-employment defined benefits, mainly healthcare plans. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension plans.

Share-based compensation

Share-based compensation plans that are to be settled by the delivery of shares are measured at fair value at the grant date. This fair value is expensed over the vesting period of the plan with a corresponding increase in equity.

Share-based compensation plans that are to be settled in cash or by the delivery of other financial assets are recognized as a liability and measured at fair value at the end of each reporting period and when settled. Any subsequent changes in fair value are recognized in the income statement.

Provisions

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Changes in estimates of provisions are reflected in the Consolidated Income Statement in the period in which the change occurs.

Technical reinsurance reserves

Non-life and health technical reinsurance reserves include amounts determined from loss reports on individual treaties (case reserves), additional case reserves when PartnerRe's loss estimate is higher than reported by the cedants (ACRs) and amounts for losses incurred but not yet reported to PartnerRe (IBNR). Such reserves are estimated by Management based upon reports received from ceding companies, supplemented by PartnerRe's own actuarial estimates of reserves for which ceding company reports have not been received, and based on PartnerRe's own historical experience. To the extent that PartnerRe's own historical experience is inadequate for estimating reserves, such estimates may be determined based upon industry experience and Management's judgment. The estimates are continually reviewed and the ultimate liability may be in excess of, or less than, the amounts provided. Any adjustments are reflected in the periods in which they are determined, which may affect PartnerRe's operating results in future periods.

Technical reinsurance reserves for life policies have been established based upon information reported by ceding companies, supplemented by PartnerRe's actuarial estimates of mortality, critical illness, persistency and future investment income, with appropriate provision to reflect uncertainty.

PartnerRe purchases retrocessional contracts to reduce its exposure to risk of losses on reinsurance assumed. Reinsurance recoverable on paid and unpaid losses involves actuarial estimates consistent with those used to establish the associated technical reinsurance reserves.

Reinsurance acquisition costs

Reinsurance acquisition costs for non-life and health contracts comprised of incremental brokerage fees, commissions and excise taxes which vary directly with, and are related to, the acquisition of reinsurance contracts, are capitalized and charged to expense as the related premium is earned. All other acquisition related costs, including all indirect costs, are expensed as incurred.

Acquisition costs related to life contracts are deferred and amortized over the premium-paying periods in proportion to anticipated premium income, allowing for lapses, terminations and anticipated investment income.

Actual and anticipated losses and loss expenses, other costs and investment income related to underlying premiums are considered in determining the recoverability of deferred acquisition costs related to PartnerRe's Non-life business. Actual and anticipated loss experience, together with the present value of future gross premiums, the present value of future benefits, settlement and maintenance costs are considered in determining the recoverability of deferred acquisition costs related to PartnerRe's Life business.

Treasury stock

The cost of any treasury stock purchased and/or held, also through subsidiaries, as a result of specific shareholder resolutions, is recognized as a deduction from equity. The proceeds from any subsequent sale are recognized in equity.

Revenue recognition

Revenue is recognized when control of the vehicles, equipment, services or parts has been transferred and the Group's performance obligations to its customers have been satisfied. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring goods or providing services. The timing of when the Group transfers the goods or services to the customer may differ from the timing of the customer's payment. The Group recognizes a contract liability when it invoices an amount to a customer prior to the transfer of the goods or services provided. When the Group gives its customers the right to return eligible goods, the Group estimates the expected returns based on an analysis of historical experiences. Sales, value added and other taxes that the Group collects on behalf of others concurrently with revenue generating activities are excluded from revenue and are recognized within the Other liabilities and the Tax payables line items in the Consolidated Statement of Financial Position. Incidental items that are immaterial in the context of the contract are recognized as an expense.

The Group also enters into contracts with multiple performance obligations. For these contracts, the Group allocates revenue from the transaction price to the distinct goods and services in the contract on a relative standalone selling price basis. To the extent that the Group sells the good or service separately in the same market, the standalone selling price is the observable price at which the Group sells the good or service separately. For all other goods or services, the Group estimates the standalone selling price using a cost-plus-margin approach.

Sales of goods

The Group has determined that the customers from the sale of vehicles, equipment and service parts are generally dealers, distributors and retail or fleet customers. Transfer of control, and therefore revenue recognition, generally corresponds to the date when the vehicles or service parts are made available to the customer, or when the vehicles or service parts are released to the carrier responsible for transporting them to the customer. This is also the point at which invoices are issued, with payment for vehicles typically due immediately and payment for service parts typically due in the following month. For component part sales, revenue recognition is consistent with that of service parts. The Group also sells tooling, with control transferring at the point in time when the customer accepts the tooling.

The cost of incentives, if any, is estimated at the inception of a contract at the expected amount that will ultimately be paid and is recognized as a reduction to revenue at the time of the sale. If a vehicle or equipment contract transaction has multiple performance obligations, the cost of incentives is allocated entirely to the vehicle or equipment as the intent of the incentives is to encourage sales of vehicles or equipment. If the estimate of the incentive changes following the sale to the customer, the change in estimate is recognized as an adjustment to revenue in the period of the change.

New vehicle sales through the Guaranteed Depreciation Program ("GDP") are recognized as revenue when control of the vehicle transfers to the fleet customer, except in situations where the Group issues a put for which there is a significant economic incentive to exercise. Upon recognition of the vehicle revenue, the Group establishes a liability equal to the estimated amount of any residual value guarantee.

With reference to the sales to dealers accompanied by "floor plan" agreements under which the Group offers wholesale financing including "interest-free" financing for a specified period of time (which also varies by geographic market and product line), two separate performance obligations exist. The first performance obligation consists of the sale of the equipment/vehicle to the dealer. The interest-free financing represents a cash sale incentive recognized as a reduction of net sales. The second performance obligation consists of a credit facility extended to the dealer. The remuneration of this performance obligation is represented by the interest charged to the dealer. This remuneration is recognized over the period of the outstanding exposure.

For parts sales, when the Group provides its customers with a right to return a transferred product, revenue and corresponding cost of sales are recognized for parts that are not expected to be returned. The expected returns are estimated based on an analysis of historical experience. The portion of revenue (and corresponding cost of sales) related to the parts that are expected to be returned is recognized at the end of the return period. The amount received or receivable that is expected to be returned is recognized as a refund liability, representing the obligation to return the customer's consideration.

Furthermore, at the time of the initial sale, the Group recognizes a return asset for the right to recover the goods returned by the customer. This asset is initially measured at the former carrying amount of the inventory. At each reporting date, both the refund liability and the return asset are re-measured to record for any revisions to the expected level of returns, as well as any decreases in the value of the returned products.

The Group also sells vehicles to fleet customers where, in addition to guaranteeing the residual value, the contract includes a put option whereby the customer can require the Group to repurchase the vehicles. For these types of arrangements, the Group assesses whether a significant economic incentive exists for the customer to exercise its put option. If the Group determines that a significant economic incentive does not exist for the customer to exercise its put option, then revenue is recognized when control of the vehicle transfers to the fleet customer and a liability is recognized equal to the estimated amount of the residual value guarantee. If the Group determines that a significant economic incentive exists, then the arrangement is accounted for similarly to a repurchase obligation, as described in *Lease installments from assets sold with buy-back commitments* below.

Sales of industrial automation systems

Revenue from the sale of industrial automation systems, is recognized over the contract period in proportion to the costs expected to be incurred based on the Group's historical experience. A loss is recognized if the sum of the expected costs for services under the contract exceeds the transaction price.

Services provided

When control of a good transfers to the customer prior to the completion of shipping activities for which the Group is responsible, this represents a separate performance obligation for which the shipping revenue is recognized when the shipping service is completed. Revenues from services provided are primarily comprised of maintenance plans, extended warranties and repair services and are recognized over the contract period in proportion to the costs expected to be incurred based on the Group's historical experience. These services are either included in the selling price of the vehicle or separately priced. Revenue for services is allocated based on the estimated standalone selling price. Costs associated with the sale of contracts are deferred and are subsequently amortized to expense consistently with how the related revenue is recognized.

Lease installments from assets sold with buy-back commitments

Vehicle sales to fleet customers can include a repurchase obligation, whereby the Group is required to repurchase the vehicles at a given point in time. The Group accounts for such sales as an operating lease. Upon the transfer of vehicles to the fleet customer, the Group records a liability equal to the proceeds received within Other liabilities in the Consolidated Statement of Financial Position. The difference between the proceeds received and the guaranteed repurchase amount is recognized as revenue over the contractual term on a straight-line basis. The cost of the vehicle is recorded within assets sold with a buy-back commitment (Inventories) in the Consolidated Statement of Financial Position and the difference between the cost of the vehicle and the estimated residual value is recognized within Cost of revenues in the Consolidated Income Statement over the contractual term.

Interest income of financial services activities

Interest income, which is primarily generated from the Group's provision of dealer and retail financing, is recognized using the effective interest method.

Reinsurance Premiums

Non-life and health net premiums written and earned are based upon reports received from ceding companies, supplemented by PartnerRe's own estimates of premiums for which ceding company reports have not been received. The determination of premium estimates requires a review of PartnerRe's experience with cedants, familiarity with each market, an understanding of the characteristics of each line of business and Management's assessment of the impact of various other factors on the volume of business written and ceded to PartnerRe.

Premium estimates are updated as new information is received from cedants and differences between such estimates and actual amounts are recorded in the period in which the estimates are changed or the actual amounts are determined. Net premiums written and earned are presented net of ceded premiums, which represent the cost of retrocessional protection purchased by PartnerRe.

Premiums are earned on a basis that is consistent with the risks covered under the terms of the reinsurance contracts, which is generally one to two years. For U.S. and European wind and certain other risks, premiums are earned commensurate with the seasonality of the underlying exposure.

Reinstatement premiums are recognized as written and earned at the time a loss event occurs, where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms. The accrual of reinstatement premiums is based on Management's estimate of losses and loss expenses associated with the loss event. Unearned premiums represent the portion of premiums written which is applicable to the unexpired risks under contracts in force.

Premiums related to life business are earned over the premium-paying period on the underlying policies.

Cost of revenues

Cost of revenues comprises expenses incurred in the manufacturing and distribution of the Group's products, expenses directly attributable to the financial services, sports activities and reinsurance acquisition costs as follows:

Manufacturing and Distribution - all directly attributable material and production costs, all overheads directly related to production and/or the performance of services, depreciation of property, plant and equipment and the amortization of intangible assets relating to production and write-downs of inventories, freight and insurance costs relating to deliveries to dealers and agency fees in the case of direct sales and provisions made to cover the estimated cost of product warranties.

Financial services - interest expenses related to financial services financing as a whole and provisions for risks and write-downs of assets.

Sports activities - includes costs for players' wages and technical staff, amortization and impairment losses on players' registration rights, operating and maintenance costs of sports facilities as well as all the costs incurred for sports events.

Reinsurance acquisition costs for non-life and health contracts comprised of incremental brokerage fees, commissions and excise taxes which vary directly with, and are related to, the acquisition of reinsurance contracts which are capitalized and charged to expense as the related premium is earned. All other acquisition related costs, including all indirect costs, are expensed as incurred. Acquisition costs related to life contracts are deferred and amortized over the premium-paying periods in proportion to anticipated premium income, allowing for lapses, terminations and anticipated investment income. Actual and anticipated losses and loss expenses, other costs and investment income related to underlying premiums are considered in determining the recoverability of deferred acquisition costs related to PartnerRe's Non-life business. Actual and anticipated loss experience, together with the present value of future gross premiums, the present value of future benefits, settlement and maintenance costs are considered in determining the recoverability of deferred acquisition costs related to PartnerRe's Life business.

Government grants

Government grants are recognized when there is reasonable assurance that the Group is compliant with the conditions for receiving such grants and that the grants will be received. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to offset.

The benefit of a government loan at a below-market rate of interest is treated for accounting purposes as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying amount of the loan (fair value plus transaction costs) and the proceeds received, and it is accounted for in accordance with the policies used for the recognition of government grants.

Taxes

Income taxes include all taxes based upon the taxable profits of the Group. Income taxes are provided by each consolidated company on the basis of a reasonable estimate of the definition of taxable income for tax purposes, in accordance with existing laws in the individual countries in which the Group operates and takes into account tax credit entitlement.

Current and deferred taxes are recognized as income or expense and included in the Consolidated Income Statement for the period, except tax arising from a business combination or a transaction or event which is recognized, in the same or a different period, either in Other comprehensive income or directly in Equity.

Deferred taxes are accounted for under the full liability method.

Deferred tax liabilities are recognized for all taxable temporary differences between the carrying amounts of assets or liabilities and their tax base, except to the extent that the deferred tax liabilities arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit, or for differences related to investments in subsidiaries where reversal will not take place in the foreseeable future.

Deferred tax assets and liabilities are measured at the substantively enacted tax rates in the respective jurisdictions in which the Group operates that are expected to apply to the period when the asset is realized or liability is settled.

Deferred tax assets relating to the carry-forward of unused tax losses and tax credits, as well as those arising from temporary differences, are recognized to the extent that it is probable that future profits will be available against which they can be utilized.

The Group recognizes deferred tax assets associated with the deductible temporary differences on investments in subsidiaries only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The Group recognizes deferred tax liabilities associated with the existence of a subsidiary's undistributed profits, except when it is able to control the timing of the reversal of the temporary difference and it is probable that this temporary difference will not reverse in the foreseeable future.

The Group reassesses unrecognized deferred tax assets at the end of each year and recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current income taxes and deferred taxes are offset when they relate to the same taxation authority and there is a legally enforceable right of offset.

Other taxes not based on income, such as property taxes and capital taxes, are included in other income (expenses).

Dividends

Dividends payable by the Group are reported as a movement in equity in the year in which they are approved by the shareholders' meeting.

Earnings per share

Basic earnings per share are calculated by dividing the profit (loss) attributable to owners of the parent entity by the weighted average number of shares outstanding during the year. For diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming conversion of all shares having a potential dilutive effect.

Use of estimates

The Consolidated Financial Statements are prepared in accordance with IFRS which require the use of estimates, judgments and assumptions that affect the carrying amount of assets and liabilities, the disclosures relating to contingent assets and liabilities and the amounts of income and expense reported for the period. The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience of the Group and on any other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed periodically and if the items subject to estimates do not perform as assumed then the actual results could differ from the estimates, which would require adjustment accordingly.

The effects of any changes in estimate are recognized in the Consolidated Income Statement in the period in which the adjustment is made, or also in future periods if the revision affects both current and future periods.

The following are the critical measurement processes and key assumptions and estimates which may have significant effects on the amounts recognized in the consolidated financial statements or for which there is a risk that a significant difference may arise in respect to the carrying amounts of assets and liabilities in the future.

Recoverability of Goodwill and Intangible assets with indefinite useful lives

In accordance with IAS 36 – *Impairment of Assets*, goodwill and intangible assets with indefinite lives are not amortized and are tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired.

Goodwill and intangible assets with indefinite useful lives are allocated to operating segments or cash generating units (“CGUs”) within the operating segments. The impairment test is performed by comparing the carrying amount and the recoverable amount of each CGU to which goodwill has been allocated.

If indicators of impairment are present, the carrying amount of the assets is reduced to its recoverable amount that is the higher of its fair value less disposal costs and its value in use. In assessing its value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized when the recoverable amount is lower than the carrying amount.

The assumptions used in the impairment test represent management’s best estimate for the period under consideration including in relation to expected cash flows, growth rates, discount rates and future developments in the market where the Group operates.

During the year ended 31 December 2020 impairment losses totaling €505 million were recognized (no impairment for the year ended 31 December 2019). Additional information about the impairment test on goodwill and Intangible assets with indefinite useful lives is presented in the Note 13 Intangible assets.

Recoverability of non-current assets with definite useful lives

Non-current assets with definite useful lives include property, plant and equipment, intangible assets and assets held for sale. Intangible assets with definite useful lives mainly consist of capitalized development expenditures of the FCA Group, CNH Industrial Group and Ferrari Group. The Group’s subsidiaries periodically review the carrying amount of non-current assets with definite useful lives when events or circumstances indicate that an asset may be impaired. The recoverability of non-current assets with definite useful lives is based on the estimated future cash flows, using the Group’s subsidiaries current business plans, of the cash generating units to which the assets relate.

The estimation of future cash flows is based on assumptions which are inherently uncertain in nature and therefore require management judgement. The global automotive industry is experiencing significant change as a result of evolving regulatory requirements for fuel efficiency, greenhouse gas emissions and other tailpipe emissions and emerging technology changes, such as electrification and autonomous driving.

The business plans of the Group’s subsidiaries could change in response to these evolving requirements and emerging technologies or in relation to any future business plans or strategies developed as part of partnership and collaborations, which may result in changes to estimated future cash flows and could affect the recoverability of non-current assets with definite useful lives. Any change in recoverability would be accounted for at the time such change to the business plan occurs.

For example, FCA’s product development strategies may be affected by regulatory changes as well as changes in the expected costs of implementing electrification, including the cost of batteries. As relevant circumstances change, FCA expects to adjust its product plans which may result in changes to the expected use of certain of the FCA Group’s vehicle platforms. In addition, recoverability of certain vehicle platforms, particularly in EMEA, depends on the development and launch of additional vehicles with forecasted volumes and margins largely in line with the Group’s business plan. These uncertainties could result in either impairments of, or reductions to the expected useful lives of, these platforms, or both.

For the years ended 31 December 2020 and 2019, the impairment tests performed compared the carrying amount of the assets included in the respective CGUs to their value in use. The value in use of the CGUs was determined using a discounted cash flow methodology based primarily on unobservable inputs, including estimated pre-tax future cash flows attributable to the CGUs and a pre-tax discount rate reflecting a current market assessment of the time value of money and the risks specific to the CGU.

During the year ended 31 December 2020 impairment losses to intangible assets with definite useful lives totaling €692 million and impairment losses to property, plant and equipment totaling €683 million were recognized. The most significant components of these impairment losses were in FCA Group (€914 million).

During the year ended 31 December 2019 impairment losses to intangible assets totaling €984 million and impairment losses to property, plant and equipment totaling €717 million were recognized. The most significant components of these impairment losses were in the FCA Group for a total of €1,586 million.

Additional information about the impairment test on non-current assets with definite useful lives is presented in Note 14 Property, plant and equipment.

Recoverability of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. The recoverability of deferred tax assets depends on the Group's ability to generate sufficient future taxable income in the period in which it is assumed that the deductible temporary differences reverse and tax losses carried forward can be utilized. In making this assessment the Group considers future taxable income based on the most recent budgets and plans prepared using the same criteria as those for the impairment of assets and goodwill. These estimates and assumptions are subject to a high degree of uncertainty, in particular with regard to the future performance of FCA Group in its segments EMEA and LATAM. Therefore, changes in current estimates due to unanticipated events could have a significant impact on the Group's consolidated financial statements.

Additional information about the recoverability of deferred tax assets is presented in Note 10 Tax expense.

Litigation

The Group's subsidiaries are subject to various proceedings, claims and governmental investigations on a wide range of topics. Some of these proceedings allege defects in specific products or general design defects. Such proceedings seek recovery for damage to property, personal injuries or wrongful death and in some cases include a claim for exemplary or punitive damages. Adverse decisions could require the relevant subsidiary to pay substantial damages or undertake service actions, recall campaigns or other costly actions.

Litigation is subject to many uncertainties and the outcome of the individual matters is not predictable. An accrual is recorded if it is probable that there will be an outflow of funds and when the amount can be reasonably estimated. Since such accruals represent estimates, the final resolution could require the Group to make payments in excess of the amounts accrued or in an amount or range that could not previously be estimated. The subsidiaries of the Group monitor the status of pending legal proceedings and consult with experts on legal and tax matters on a regular basis.

Share-based compensation

The Group accounts for its equity incentive plans in accordance with IFRS 2 – Share-based Payment, which requires the recognition of share-based compensation expense based on the fair value of the awards granted. Share-based compensation for equity-settled awards containing market performance conditions is measured at the grant date of the awards using the Monte Carlo simulation model, which requires the input of subjective assumptions, including the expected volatility of the common stock, the dividend yield, interest rates and the correlation coefficient between the common stock and the relevant market index.

As a result, at the grant date management is required to make key assumptions and estimates regarding conditions that will occur in the future, which inherently involves uncertainty. Therefore, the amount of share-based compensation recognized has been affected by the significant assumptions and estimates used.

Technical Insurance Reserves and Net Insurance Premiums

Technical reinsurance reserves require estimates involving actuarial and statistical projections at a given time to reflect PartnerRe management's expectations of the costs of the ultimate settlement and administration of claims. Estimates of ultimate liabilities are contingent on many future events and the eventual outcome of these events may be different from the assumptions underlying the reserve estimates. In the event that the business environment and social trends diverge from historical trends, PartnerRe may have to adjust its loss reserves to amounts falling significantly outside its current estimate. The estimates are regularly reviewed and the ultimate liability may be in excess of, or less than, the amounts provided, for which any adjustments will be reflected in the period in which the need for an adjustment is determined. For reserves relating to the life reinsurance business, PartnerRe makes a number of critical accounting estimates regarding mortality, longevity, morbidity, lapses, surrenders and future investment income and expenses.

Net reinsurance premiums written and earned and acquisition costs involve significant estimation as in most cases cedants seek protection for business that they have not yet written at the time they enter into reinsurance agreements and have to estimate the volume of premiums they will cede to PartnerRe. Reporting delays are inherent in the reinsurance industry and vary in length by reinsurance market (country of cedant) and type of treaty. As reporting delays can vary from a few weeks to a year or sometimes longer, PartnerRe produces accounting estimates to report premiums and acquisition costs until it receives the cedants' actual results. Estimates for premiums and acquisition costs are updated continuously as new information is received from cedants. The recovery of deferred policy acquisition costs is dependent upon the future profitability of the related business. Deferred policy acquisition costs recoverability testing is performed periodically together with the reserve adequacy test, based on the latest best estimate assumptions by line of business.

Employee Benefits

The Group provides post-employment benefits for certain of its active employees and retirees, which vary according to legal, fiscal and economic conditions of each country in which the Group operates and may change periodically. The plans are classified by the Group on the basis of the type of benefit provided as follows: pension benefits, healthcare and life insurance plans and other post-employment benefits.

Group companies provide certain post-employment benefits, such as pension or healthcare benefits, to their employees under defined contribution plans, whereby the Group pays contributions to public or private plans on a legal mandatory, contractual or voluntary basis. The group recognizes the cost for defined contribution plans as incurred and classifies them by function in the Consolidated Income Statement.

Pension plans – The Group sponsors both non-contributory and contributory defined benefit pension plans, primarily in the U.S. and Canada, the majority of which are funded. The Group's defined benefit plans are accounted for on an actuarial basis, which requires the use of estimates and assumptions to determine the net liability or net asset. The Group estimates the present value of the projected future payments to all participants by taking into consideration parameters of a financial nature such as discount rates, the rate of salary increases and the likelihood of potential future events estimated by using demographic assumptions, which may have an effect on the amount and timing of future payments, such as mortality, dismissal and retirement rates, which are developed to reflect actual and projected plan experience.

The expected amount and timing of contributions is based on an assessment of minimum funding requirements. From time to time, contributions are made beyond those that are legally required.

Plan obligations are based on existing retirement plan provisions. Assumptions regarding any potential future changes to benefit provisions beyond those to which the Group is presently committed are not made.

Significant differences in actual experience or significant changes in the discount rate may affect the pension obligations and pension expense. For details of discount rates and other assumptions used, see Note 24 "Provisions for employee benefits". The effects of actual results differing from assumptions and of amended assumptions are included in Other comprehensive income/(loss).

Other post-employment benefits – The Group provides certain post-employment defined benefits, mainly healthcare plans. The method of accounting is similar to that used for defined benefit pension plans.

Warranties and Recall Campaigns

The Group establishes reserves for product warranties at the time the related sale is recognized. The Group issues various types of product warranties under which the performance of products delivered is generally guaranteed for a certain period or term.

The reserve for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for policy coverage, recall actions and buyback commitments. The estimated future costs of these actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for the Group's vehicles. In addition, the number and magnitude of additional service actions expected to be approved and policies related to additional service actions are taken into consideration. Due to the uncertainty and potential volatility of these estimated factors, changes in assumptions used could materially affect the results of operations.

In addition, the Group makes provisions for estimated product liability costs arising from property damage and personal injuries including wrongful death, and potential exemplary or punitive damages alleged to be the result of product defects. By nature, these costs can be infrequent, difficult to predict and have the potential to vary significantly in amount.

The valuation of the reserve is actuarially determined on an annual basis, based on, among other factors, the number of vehicles sold and product liability claims incurred. Costs associated with these provisions are recorded in the Consolidated Income Statement and any subsequent adjustments are recorded in the period in which the adjustment is determined.

3. Scope of consolidation

The consolidated financial statements include the companies over which Exor exercises control, and from which, directly or indirectly, Exor is able to derive benefit by virtue of its power to govern their corporate financial and operating policies. The companies/groups included in the scope of consolidation at 31 December 2020 are the following:

Company/Group	Country	Ownership	
		Group	Non-controlling interest
Operating subsidiaries / Segment entities			
FCA	the Netherlands	28.54 %	71.46 %
CNH Industrial	the Netherlands	27.10 %	72.90 %
Ferrari	the Netherlands	24.05 %	75.95 %
PartnerRe	Bermuda	100 %	— %
Juventus Football Club	Italy	63.77 %	36.23 %
GEDI Gruppo Editoriale	Italy	89.62 %	10.38 %
Shang Xia Trading LTD ^(a)	People's Rep.of China	77.30 %	22.70 %
Other Exor entities			
Exor Nederland N.V.	the Netherlands	100 %	— %
Exor S.A.	Luxembourg	100 %	— %
Exor Investments Limited	United Kingdom	100 %	— %
Exor Investments (UK) LLP	United Kingdom	99.67 %	0.33 %
Exor SN LLC	USA	100 %	— %
Exor Seeds	USA	76.34 %	23.66 %
Ancom USA Inc.	USA	100 %	— %

(a) Owned through the holding Company Full More Group (Hong Kong).

At 31 December 2020 the Exor Group includes more than 400 subsidiaries consolidated line-by-line by the FCA, CNH Industrial, Ferrari, PartnerRe, GEDI and Juventus groups.

Changes in the Scope of Consolidation

Acquisition of GEDI

The acquisition of the control of GEDI Gruppo Editoriale S.p.A. ("GEDI") was completed on 30 April 2020 (the "Closing" or the "Acquisition Date"). Following receipt of the approval from the competent authorities, Exor, through its fully owned subsidiary Giano Holding S.p.A ("Giano"), finalized the acquisition of the stake in GEDI owned by CIR (43.78% of the issued share capital) for a consideration of €102 million (222,705,235 shares at the price of €0.46 per share). Immediately after this first transaction, Giano also acquired from Mercurio S.p.A., Sia Blu S.p.A. and Giacaranda Caracciolo di Melito Falck 11.13% of the share capital of GEDI (56,592,318 shares at the price of €0.46 per share) for a total consideration of €26 million.

After acquiring control over GEDI, Giano launched a mandatory tender offer (the "Offer"), in accordance with Italian law, to acquire all of the ordinary shares of GEDI at the price of €0.46 per share. During the first phase of the Offer, successfully concluded on 30 June 2020, reaching the requirement for the delisting of GEDI in accordance with Italian law, Giano acquired on the market 43,877,727 shares at the price of €0.46 per share and 126,330,295 GEDI shares through the Offer, including the 30,481,490 shares held by EXOR prior to the Acquisition date. At 30 June 2020 Giano held 449,505,575 GEDI's shares (91.73% of outstanding shares) for a total consideration of €207 million (€14 million already owned).

On the basis of the final results of the mandatory tender offer, the conditions for the exercise of the acquisition obligation provided under article 108, paragraph 2, of the Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented, were fulfilled and therefore Giano was required to purchase the remaining ordinary shares of GEDI in circulation (Sell Out phase). The period for the submission of the requests for sale took place from 7 July 2020 to 30 July 2020 (included) and the consideration paid was €8 million.

On 13 July 2020, in accordance with the agreements signed among the entities, CIR and Mercurio each acquired from Exor, at the same price as in the mandatory tender offer equal to €0.46 per share, a stake in Giano corresponding to the 5% in transparency of the issued share capital of GEDI. The total consideration was €23 million.

On 29 July 2020 Giano held in excess of 95% of the share capital of GEDI (taking into account the treasury shares), allowing the joint procedure with Consob and Borsa Italiana (Squeeze Out phase) to take place in order to reach the 100% of the share capital of GEDI and the delisting of the shares.

On 10 August 2020, Giano completed the Squeeze Out phase acquiring the residual ordinary shares of GEDI (4.26% of the issued share capital) for a total consideration of €10 million. On the same date, Borsa Italiana ordered the delisting of the ordinary shares of GEDI from the Italian Mercato Telematico Azionario (MTA).

As envisaged in the tender offer documentation, on 23 December 2020, Giano was merged with and into GEDI and consequently, Giano ceased to exist. At 31 December 2020 Exor held 439,339,893 GEDI shares (89.62% of issued share capital) for a total consideration of €202 million.

The transaction that led to the acquisition of control starting from 30 April 2020 was accounted for in accordance with IFRS 3, considering the Offer as linked to the acquisition of the 43.78% of GEDI's shares, by applying the acquisition method on the basis of the interim financial statements prepared in accordance with IFRS at that date. The interest previously held by Exor in GEDI (5.99% of the issued share capital) was measured at fair value at the Acquisition Date (€14 million) and the cumulative positive fair value has been recognized in the fair value reserve.

Exor finalized the process of measuring the fair values assigned to GEDI's assets and liabilities at the acquisition date and identified a badwill of €18 million, which represents the excess of the net assets of GEDI as of the acquisition date over the consideration paid. Such amount was booked as a gain in the income statement.

The accounting of the first consolidation of GEDI is the following:

Number of shares purchased	
GEDI common shares held by EXOR immediately prior the Acquisition Date	30,481,490
GEDI common shares held by other parties	279,297,553
GEDI common shares mandatory tender offer	139,726,532
Total common shares equivalents outstanding of GEDI (number)	449,505,575
Purchase consideration (€ million)	
Purchase price of common shares held by EXOR immediately prior the Acquisition Date	14
Purchase price of common shares	129
Purchase price of common shares of mandatory tender offer	64
Total purchase price (€ million)	207
Non-controlling interest (€ million) ^(a)	20
Consideration transferred (€ million) [A]	227
Net assets acquired (€ million) [B]	261
Difference between Net assets acquired and Consideration transferred (€ million) [B] - [A]	18

^(a) The fair value of non-controlling interests was determined based on the closing market price of GEDI's ordinary shares as of the same date.

The consolidated financial statements of the EXOR Group include the result of GEDI for the period 30 April to 31 December 2020. As from the acquisition date GEDI contributed €82 million to consolidated revenues and €11 million to losses attributable to owners of the parent.

Acquisition of Shang Xia

At the end of December 2020, following an agreement with Hermès International announced on 9 December 2020, Exor acquired a 77.30% stake in Shang Xia. Exor invested via a reserved capital increase in the holding company Full More Group.

The transaction was accounted for in accordance with IFRS 3, by applying the acquisition method on the basis of the financial statements prepared in accordance with IFRS at 31 December 2020 (the acquisition date) and therefore did not have any effect on the income statement.

The Consolidated financial statements include a difference of €76 million corresponding to the excess of the consideration paid over the book value of Shang Xia's equity as of the acquisition date. Since the initial accounting is still provisional and the purchase price allocation process has not been completed, the difference of €76 million which has been recorded as goodwill may be subject to future adjustments.

2019

Magneti Marelli discontinued operations and disposal

In 2019, FCA completed the sale of Magneti Marelli for a consideration of €5,772 million and a gain attributable to FCA of €3,770 million.

4. Segment reporting

Reportable segments reflect the operating segments of the Group that are regularly reviewed by the Chief Executive Officer, who is the "chief operating decision maker", as defined under IFRS 8 – Operating Segments, for making strategic decisions and allocating resources and assessing performance, and that exceed the quantitative threshold provided in IFRS 8, or whose information is considered useful for the users of the financial statements.

The Exor Group reportable segments coincide with the consolidated data of its principal investments, each of which represents an investment in a major business segment: FCA, CNH Industrial, Ferrari, PartnerRe, Juventus and GEDI. The column "Minor, eliminations and adjustments" includes unallocated income and expenses, share of profit in equity investments of EXOR N.V., expenses related to corporate activities and finance income and expense of EXOR N.V. and other Exor entities which are not included within the reportable segments as well as assets and liabilities of the Holdings System entities.

The following tables summarize selected financial information by reporting segment for the years ended 31 December 2020 and 2019. Data presented are prepared by each subsidiary for the Exor consolidation process and may differ from data published by each subsidiary in its financial report.

	FCA	CNH Industrial	Ferrari	PartnerRe	Juventus	GEDI	Minor, eliminations and adjustments	Consolidated
<i>(€ million)</i>								
2020								
Segment revenues	86,676	22,749	3,460	6,459	509	367	(701)	119,519
Revenues from transactions with other operating segments	(286)	(272)	(101)	—	(43)	(3)	705	—
Revenues from external customers ¹	86,390	22,477	3,359	6,459	466	364	4	119,519
Profit (loss) for the year	24	(608)	609	208	(153)	(13)	(66)	1
<i>Of which discontinued operations</i>	—	—	—	—	—	—	—	—
Profit (loss) attributable to owners of the parent ²	9	(178)	146	177	(98)	(11)	(75)	(30)
Total assets	100,053	41,199	6,262	22,537	967	660	1,267	172,945
Gross debt ³	21,750	21,805	2,727	1,915	396	143	4,196	52,932
Cash and cash equivalents	23,846	7,847	1,363	1,916	38	36	515	35,561
Total equity	25,861	5,489	1,789	6,583	125	231	(2,418)	37,660
Issued capital and reserves attributable to owners of the parent ²	7,337	1,431	452	6,025	80	207	(2,442)	13,090

1) PartnerRe: net premium for €5,723 million and the portfolio result and other revenues for €736 million.

2) Exor share of the result or equity attributable to the owners of the parent of each segment entity.

3) Gross debt is defined as financial debt and other financial liabilities.

	FCA	CNH Industrial	Ferrari	PartnerRe	Juventus	GEDI	Minor, eliminations and adjustments	Consolidated
<i>(€ million)</i>								
2019								
Segment revenues	108,187	25,033	3,766	7,034	614	—	(879)	143,755
Revenues from transactions with other operating segments	(361)	(343)	(144)	—	(34)	—	882	—
Revenues from external customers	107,826	24,690	3,622	7,034	580	—	3	143,755
Profit (loss) for the year	6,630	809	699	831	(98)	—	44	8,915
<i>Of which discontinued operations</i>	3,930	—	—	—	—	—	—	3,930
Profit (loss) attributable to owners of the parent ²	1,898	212	167	798	(62)	—	40	3,053
Total assets	98,677	43,780	5,446	22,980	1,129	—	598	172,610
Gross debt ³	13,219	22,729	2,105	1,476	464	—	3,506	43,499
Cash and cash equivalents	15,014	5,140	898	1,321	137	—	425	22,935
Total equity	28,675	6,999	1,487	7,142	276	—	(2,020)	42,559
Issued capital and reserves attributable to owners of the parent ²	8,173	1,852	378	6,477	176	—	(2,031)	15,025

1) PartnerRe: net premium for €5,829 million and the portfolio result and other revenues for €1,025 million.

2) Exor share of the result or equity attributable to the owners of the parent of each segment entity.

3) Gross debt is defined as financial debt and other financial liabilities.

Information by geographical area

The following tables present an analysis of the net revenues of the Group by country, irrespective of the origin of the goods and services for the years ended 31 December 2020 and 2019:

<i>(€ million)</i>	Years ended 31 December	
	2020	2019
North America	69,566	83,014
Italy	8,491	10,488
Brazil	6,218	9,293
France	5,138	5,931
Germany	4,266	4,585
China	2,455	2,840
Other countries	23,385	27,604
Total net revenues	119,519	143,755

Other countries includes net revenues generated by the Netherlands for the year ended 31 December 2020 amounting to €533 million (€511 million for the year ended 31 December 2019).

The following table presents an analysis of non-current assets of the Group at 31 December 2020 and 2019 by country:

<i>(€ million)</i>	At 31 December	
	2020	2019
North America	42,435	43,825
Italy	17,634	16,532
Brazil	3,042	4,408
France	1,137	1,175
Bermuda	1,141	1,199
Poland	619	811
China	318	546
Other countries	7,148	8,144
Total non-current assets	73,474	76,640

Other countries includes non-current assets related to the Netherlands of €39 million at 31 December 2020 (€100 million at 31 December 2019).

5. Net revenues

Net revenues for the years ended 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	Years ended 31 December	
	2020	2019
Sales of goods	106,134	128,605
Net premium earned of insurance and reinsurance companies	5,723	5,828
Services provided	4,100	4,931
Lease installments from assets under operating leases and buy-backs	469	706
Contract revenues	545	675
Interest income of financial services activities	857	1,019
Investment income and net realized and unrealized investments gains of insurance and reinsurance companies	736	1,205
Other	955	786
Total net revenues	119,519	143,755

6. Cost of revenues

Cost of revenues for the years ended 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	Years ended 31 December	
	2020	2019
Cost of goods	96,993	114,776
Losses and loss expenses	4,671	4,398
Reinsurance acquisition costs	1,174	1,285
Interest cost and other financial expenses from financial services companies	499	558
Total cost of revenues	103,337	121,017

Cost of revenues includes charges against intangible and tangible assets recognized by FCA Group and CNH Industrial Group. Refer to Note 13 Intangible assets and 14 Property, plant and equipments for further information.

7. Research and development costs

Research and development costs for the years ended 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	Years ended 31 December	
	2020	2019
Research and development costs expensed	2,289	2,447
Amortisation of capitalised development costs	1,802	1,864
Impairment and write-off of costs previously capitalised	587	976
Total research and development costs	4,678	5,287

Impairment and write-offs of capitalized development costs mainly referred to the FCA Group (€504 million). In 2020 this primarily was recognized in relation to the impact and effects of the COVID-19 pandemic that caused reduce in volume expectations, renewal activities and changes in future strategy.

In 2019 this primarily was recognized in relation to the rationalization of product portfolio plans, primarily for Europe in the A-segment as well as for Alfa Romeo.

8. Other income (expense), net

In 2020 Other net expenses amount to €671 million compared to a net expenses of €14 million for the year ended 31 December 2019. In 2020 the item mainly includes €505 million of impairment loss on goodwill accounted for by CNH Industrial (\$576 million), €129 million of restructuring costs and other expenses net for €38 million related to other income and expenses which cannot be allocated to specific functional areas, such as accruals for various provisions not attributable to other items of Cost of revenues or Selling, general and administrative costs, net of income arising from operations which is not attributable to the sale of goods and services.

The restructuring costs of €129 million in 2020 (€258 million in 2019), comprise €49 million for the CNH Industrial (€104 million in 2019), €73 million for the FCA Group (€154 million in 2019) and €7 million for the GEDI Group.

9. Net financial expenses

Net financial expenses for the years ended 31 December 2020 and 2019 are as follows:

(€ million)	Years ended 31 December	
	2020	2019
Financial Income:		
Interest and other financial income	160	321
Financial services income	857	1,019
Gains on disposal of securities	2	21
Total financial income	1,019	1,361
<i>Related to:</i>		
<i>Industrial companies (A)</i>	162	343
<i>Financial services companies (reported within net revenues)</i>	857	1,019
Financial Expenses:		
Interest expenses on bonds	(810)	(933)
Interest expenses from banks	(312)	(292)
Interest on lease liabilities	(108)	(104)
Other interest and financial expenses	(204)	(422)
Write-downs and losses on financial assets and securities	(112)	(81)
Net interest expenses on employee benefits provisions	(232)	(320)
Total interest and other financial expenses	(1,778)	(2,152)
Net expenses from derivative financial instruments and exchange rate differences	(342)	(191)
Total financial expenses	(2,120)	(2,343)
<i>Related to:</i>		
<i>Industrial companies (B)</i>	(1,621)	(1,785)
<i>Financial services companies (reported within cost of revenues)</i>	(499)	(558)
Net financial expenses relating to industrial companies (A+B)	(1,459)	(1,442)

10. Tax expense

Tax expense for the years ended 31 December 2020 and 2019 is as follows:

(€ million)	Years ended 31 December	
	2020	2019
Current tax expense	535	893
Deferred tax expense	935	1,007
Tax (benefit) expense relating to prior periods	(134)	(65)
Total tax expense	1,336	1,835

Tax (benefit) expense relating to prior periods includes a €325 million deferred tax benefit of FCA Group in the U.S. arising on adjustments in 2020 to the prior year tax positions on the provision for returns.

The reconciliation between the income tax expenses recognized in the consolidated financial statements and the theoretical income tax expense, calculated on the basis of the theoretical tax rate in effect in the Netherlands, is as follows:

<i>(€ million)</i>	Years ended 31 December	
	2020	2019
Theoretical tax expense	335	1,705
Tax effect on:		
Recognition and utilisation of previously unrecognized deferred tax assets	104	(37)
Permanent differences	(383)	(483)
Deferred tax assets not recognized and write-downs	1,493	894
Differences between foreign tax rates and the theoretical tax rate and tax holidays	(102)	(244)
Taxes relating to prior years	(155)	(32)
Other differences	(11)	(24)
Total tax expense, excluding IRAP	1,281	1,779
<i>Effective tax rate</i>	95.75 %	26.09 %
IRAP (current and deferred)	55	56
Total tax expense	1,336	1,835

The applicable tax rate used to determine the theoretical income expense was 25% percent in 2020 and 2019, which is the tax rate applicable in the Netherlands.

The increase in the effective tax rate to 95.75 percent in 2020 from 26.0 percent in 2019 was primarily related to (i) write-down of deferred tax assets in Italy and Brazil; (ii) a decrease in North America profit before tax, which significantly impacted the unfavorable effective tax rate impact of current year unrecognized deferred tax assets, primarily in Italy and Brazil.

Deferred tax assets and deferred tax liabilities recognized at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Deferred tax assets	2,192	2,584
Deferred tax liabilities	(2,256)	(2,062)
Total, net	(64)	522

The change from Net deferred tax assets at 31 December 2019 to Net deferred tax liabilities at 31 December 2020 was mainly attributable to the FCA Group and in particular to an increase in deferred tax liabilities in North America related to provisions, acceleration of tax depreciation and amortization on capital expenditures, partially offset by utilization of U.S. tax credit carryforwards, and a decrease in deferred tax assets of €549 million for deferred tax asset write-downs in Italy and Brazil.

In fact, FCA Group reviewed its business and operations to take into consideration the estimated impacts and effects of the COVID-19 pandemic, including the estimated impact on the macroeconomic environment, the market outlook and the FCA Group's operations. As such, the FCA Group assessed its ability to generate sufficient taxable income in the future that would allow realization of net deferred tax assets in Italy and Brazil, primarily in relation to tax loss carry-forwards in each respective country. As a result of this assessment, a write-down of €549 million of deferred tax assets was recorded for the year ended 31 December 2020. Of this write-down, €446 million primarily related to Italian tax loss carry-forwards and €103 million related to Brazilian tax loss carry-forwards.

Deferred tax assets and liabilities at 31 December 2020 and 2019 and the changes during the years then ended are as follows:

<i>(€ million)</i>	At 31 December 2019	Recognized in income statement	Recognized in Other comprehensive income	Transferred to Assets / (Liabilities) held for sale	Translation differences and other changes	At 31 December 2020
Deferred tax assets arising from:						
Provisions	4,567	(57)	—	—	(278)	4,232
Provision for employee benefits	1,705	46	(10)	—	(118)	1,623
Intangible assets	93	107	—	—	(41)	159
Inventories	436	10	—	—	(18)	428
Allowances for doubtful accounts	252	29	—	—	(44)	237
Impairment of financial assets	232	(18)	—	—	18	232
Other	1,763	344	(14)	—	(79)	2,014
Total deferred tax assets	9,048	461	(24)	—	(560)	8,925
Deferred tax liabilities arising from:						
Accelerated depreciation	(2,885)	(114)	—	—	238	(2,761)
Capitalisation of development costs	(3,073)	(587)	—	—	167	(3,493)
Other intangible assets and intangible assets with indefinite useful lives	(1,023)	1	—	—	23	(999)
Provision for employee benefits	(95)	(3)	31	—	(7)	(74)
Other	(999)	(133)	(2)	—	109	(1,025)
Total deferred tax liabilities	(8,075)	(836)	29	—	530	(8,352)
Deferred tax assets arising on tax loss carry-forwards	5,901	1,111	—	—	(666)	6,346
Unrecognized deferred tax assets	(6,352)	(1,369)	21	—	717	(6,983)
Total Net deferred tax assets	522	(633)	26	—	21	(64)

<i>(€ million)</i>	At 31 December 2018	Recognized in income statement	Recognized in Other comprehensive income	Transferred to Assets / (Liabilities) held for sale	Translation differences and other changes	At 31 December 2019
Deferred tax assets arising from:						
Provisions	5,038	(494)	—	—	23	4,567
Provision for employee benefits	1,703	(50)	26	—	26	1,705
Intangible assets	119	(19)	—		(7)	93
Inventories	501	(52)	—	—	(13)	436
Allowances for doubtful accounts	246	12	—	—	(6)	252
Impairment of financial assets	232	(18)	—	—	18	232
Other	1,231	170	7	—	355	1,763
Total deferred tax assets	9,070	(451)	33	—	396	9,048

<i>(€ million)</i>	At 31 December 2018	Recognized in income statement	Recognized in Other comprehensive income	Transferred to Assets / (Liabilities) held for sale	Translation differences and other changes	At 31 December 2019
Deferred tax liabilities arising from:						
Accelerated depreciation	(2,728)	(180)	—	—	22	(2,885)
Capitalisation of development costs	(2,855)	(184)	—	—	(34)	(3,073)
Other intangible assets and intangible assets with indefinite useful lives	(988)	38	—	—	(73)	(1,023)
Provision for employee benefits	(115)	(3)	24	—	(1)	(95)
Other	(762)	51	39		(328)	(999)
Total deferred tax liabilities	(7,448)	(278)	63	—	(414)	(8,075)
Deferred tax assets arising on tax loss carry-forwards	5,807	281	—	—	(187)	5,901
Unrecognized deferred tax assets	(6,022)	(525)	(18)	—	213	(6,352)
Total Net deferred tax assets	1,407	(973)	78	0	10	522

At 31 December 2020 and 2019 the Group had the following recognized and unrecognized deferred tax assets:

<i>(€ million)</i>	Deferred tax assets relating to			
	Deductible temporary differences	of which not recognized	Tax loss carry forward	of which not recognized
At 31 December 2020	8,925	1,529	6,346	5,454
At 31 December 2019	9,048	1,595	5,901	4,754

At 31 December 2020 net deferred tax assets include the amount of €892 million (€1,147 million at 31 December 2019) in respect of benefits on unused tax loss carryforwards.

The major part of the unused tax loss carry-forwards of the FCA Group. In particular, at 31 December 2020 and 2019 the FCA Group had tax loss carryforwards which can be carried forward indefinitely as follows:

<i>(€ million)</i>	FCA Group Net Deferred Tax Assets					
	Net Deferred Tax Assets Italy	of which recognized	of which not recognized	Net Deferred Tax Assets Brazil	of which recognized	of which not recognized
At 31 December 2020	3,682	253	3,429	1,692	—	1,692
At 31 December 2019	3,263	705	2,558	1,888	131	1,757

Deferred tax liabilities have not been recognized on the undistributed earnings of subsidiaries except where it is probable that distribution will occur in the foreseeable future.

Total deductible and taxable temporary differences and accumulated tax losses at 31 December 2020, together with the amounts for which deferred tax assets have not been recognized, analysed by year of expiration, are as follows:

<i>(€ million)</i>	Year of expiration						
	At 31 December 2020	2021	2022	2023	2024	Beyond 2024	Unlimited / Indeterminable
Deductible temporary differences	48,312	9,370	4,298	4,128	5,476	23,041	1,999
Taxable temporary differences	(45,320)	(5,247)	(4,695)	(4,670)	(4,767)	(22,497)	(3,444)
Tax losses	29,622	353	211	188	288	2,719	25,863
Temporary differences and tax losses for which deferred tax assets have not been recognized	(31,844)	(747)	(564)	(485)	(1,853)	(4,074)	(24,121)
Net temporary differences and tax losses	770	3,729	(750)	(839)	(856)	(811)	297

11. Other information by nature

In 2020 personnel costs for the Group's continuing operations amounted to €14,696 million (€15,910 million in 2019). These amounts include costs that were capitalised mainly in connection with product development activities.

In 2020 the Group's continuing operations had an average number of employees of 263,284 (268,979 in 2019).

12. Earnings per share

The following table summarises the composition of earnings per share:

		Years ended 31 December	
		2020	2019
Average number of ordinary shares outstanding		226,752,238	231,960,899
Profit (loss) attributable to owners of the parent	€ million	(30)	3,053
basic earnings per share	€	(0.132)	13.16
diluted earnings per share	€	(0.134)	13.12
Profit (loss) from continuing operations attributable to owners of the parent	€ million	(30)	1,927
basic earnings per share	€	(0.132)	8.31
diluted earnings per share	€	(0.134)	8.27
Profit from discontinued operations attributable to owners of the parent	€ million	—	1,126
basic earnings per share	€	—	4.85
diluted earnings per share	€	—	4.81

In order to calculate the diluted earnings per share, the profit attributable to owners of the parent was adjusted to take into account the dilutive effects arising from the theoretical exercise of the stock option plans granted by the subsidiaries of the Group using their own equity instruments.

13. Intangible assets

Changes in 2020 are the following:

	Goodwill	Intangible assets with an indefinite useful life	Development costs externally acquired	Development costs internally generated	Patents, concessions and licenses externally acquired	Other intangible assets externally acquired	Players' registration rights	Total
<i>(€ million)</i>								
Balance at 31 December 2019								
Original cost	15,658	3,757	23,453	7,957	5,628	2,855	880	60,187
Accumulated amortisation and impairment	(923)	(121)	(12,700)	(5,391)	(3,827)	(1,773)	(385)	(25,120)
Net carrying amount	14,735	3,636	10,753	2,566	1,801	1,082	494	35,067
Changes during the year (original cost)								
Additions	—	1	2,842	437	784	289	198	4,551
Disposals	(265)	(8)	(79)	(14)	(135)	(174)	(212)	(887)
Consolidation GEDI	—	298	—	—	85	—	—	383
Transfer to assets held for sale	—	—	—	—	—	11	—	11
Translation differences	(1,212)	(309)	(1,336)	(205)	(362)	(219)	—	(3,643)
Other changes	58	—	9	(5)	21	20	—	103
Total	(1,419)	(18)	1,436	213	393	(73)	(14)	518
Changes during the year (accumulated amortisation and impairment)								
Amortisation	—	(1)	(1,435)	(390)	(458)	(130)	(164)	(2,578)
Impairment losses	(505)	—	(470)	(117)	(1)	(81)	(23)	(1,197)
Disposals	257	—	53	11	1	12	177	511
Consolidation GEDI	—	(1)	—	—	(76)	—	—	(77)
Transfer to assets held for sale	—	—	—	—	—	(11)	—	(11)
Translation differences	83	4	532	149	221	141	—	1,130
Other changes	(5)	1	(19)	—	—	(22)	—	(45)
Total	(170)	3	(1,339)	(347)	(313)	(91)	(10)	(2,267)
Balance at 31 December 2020								
Original cost	14,239	3,739	24,889	8,170	6,021	2,782	866	60,705
Accumulated amortisation and impairment	(1,093)	(118)	(14,039)	(5,738)	(4,140)	(1,864)	(395)	(27,387)
Net carrying amount	13,146	3,621	10,850	2,432	1,881	918	471	33,318

Changes in 2019 were the following:

	Goodwill	Intangible assets with an indefinite useful life	Development costs externally acquired	Development costs internally generated	Patents, concessions and licenses externally acquired	Other intangible assets externally acquired	Players' registration rights	Total
<i>(€ million)</i>								
Balance at 31 December 2018								
Original cost	15,362	3,690	20,534	7,465	5,002	2,790	749	55,592
Accumulated amortisation and impairment	(985)	(119)	(10,752)	(4,765)	(3,280)	(1,650)	(273)	(21,824)
Net carrying amount	14,377	3,571	9,782	2,700	1,722	1,140	476	33,768
Changes during the year (original cost)								
Additions	—	1	3,113	488	624	180	241	4,647
Disposals	(57)	—	(261)	(11)	(130)	(103)	(110)	(672)
Transfer to assets held for sale	(11)	—	—	—	(3)	(16)	—	(31)
Translation differences and other changes	366	66	67	15	136	3	—	651
Total	296	67	2,919	492	626	65	131	4,595
Changes during the year (accumulated amortisation and impairment)								
Amortisation	—	(1)	(1,483)	(406)	(477)	(146)	(156)	(2,669)
Impairment losses	—	—	(813)	(160)	(1)	(5)	(5)	(984)
Disposals	56	—	260	6	4	26	48	401
Transfer to assets held for sale	—	—	—	—	3	14	—	17
Translation differences and other changes	6	(1)	88	(66)	(76)	(12)	—	(61)
Total	62	(2)	(1,948)	(626)	(547)	(123)	(112)	(3,296)
Balance at 31 December 2019								
Original cost	15,658	3,757	23,453	7,957	5,628	2,855	880	60,187
Accumulated amortisation and impairment	(923)	(121)	(12,700)	(5,391)	(3,827)	(1,773)	(385)	(25,120)
Net carrying amount	14,735	3,636	10,753	2,566	1,801	1,082	494	35,067

Goodwill

The analysis of goodwill by segment is as follows:

(€ million)	At 31 December	
	2020	2019
<i>North America⁽¹⁾</i>	8,294	9,059
<i>APAC</i>	1,074	1,174
<i>LATAM</i>	515	563
<i>EMEA</i>	248	269
<i>Other activities</i>	—	—
FCA Group	10,131	11,065
<i>Agricultural Equipment</i>	1,418	1,581
<i>Construction Equipment</i>	—	515
<i>Commercial and Specialty Vehicles</i>	52	53
<i>Powertrain</i>	3	4
<i>Financial Services</i>	107	110
CNH Industrial Group	1,580	2,263
Ferrari Group	786	786
PartnerRe Group	538	588
Shang Xia	76	—
Juventus Football Club	2	—
Other	33	33
Total goodwill	13,146	14,735

(1) During 2019, FCA's previously reported "NAFTA" segment was renamed "North America" in response to the expected ratification of the United States-Mexico-Canada Agreement ("USMCA"). Other than the change of name, no other changes were made to the segment.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or more frequently if a triggering event occurs.

Impairment Testing

The impairment tests are performed by comparing the carrying amount (which mainly comprises property, plant and equipment, goodwill, brands and capitalised development expenditures) with the recoverable amount of each CGU or group of CGUs to which goodwill has been allocated. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

The assumptions used in the impairment test represent management's best estimate for the period under consideration and reflect a number of underlying assumptions (for example volumes and sales mix, gross margins, operating costs, income tax rates, capital expenditures and changes in working capital requirements) that are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends over the period considered. Expected cash flows used for the purposes of the impairment tests reflect the current expectations regarding economic conditions and market trends as well as the Group's initiatives for the specific business plan periods. Cash flows reflect the CGU's in their condition when preparing the financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes.

Expected future cash flows include a normalised terminal period to estimate the future result beyond the time period explicitly considered in the business plans of the respective Group companies. The terminal value growth rate is a key assumption used in determining the terminal value as it represents the annual growth of all subsequent cash flows into perpetuity.

Post-tax cash flows are discounted using a post-tax discount rate (WACC) which reflects the current market assessment of the time value of money for the period being considered and the risks specific to the CGU under consideration.

As well as determining the recoverable amount using the income approach, as described above, certain of the Group companies perform additional analysis using a market approach based on multiples of comparable publicly traded companies, such as revenue and EBITDA multiples, and for financial services CGUs, book value, tangible book value and interest margin multiples, and by comparing to market capitalisation. Although it is clear no two companies are entirely alike, the corporations selected as guideline companies must be engaged in the same, or a similar, line of business or be subject to similar financial and business risks, including the opportunity for growth.

FCA Impairment Testing

The balance of goodwill recognized by the FCA Group primarily relates to the acquisition of FCA US., which has been allocated between FCA's North America, EMEA, APAC and LATAM operating segments. The assumptions used in the impairment test represent management's best estimate for the period under consideration.

Due to the identification of indicators of impairment, primarily as the FCA Group reviewed its business and operations to take into consideration the potential impacts and effects of the COVID-19 pandemic, including the estimated impact on the macro economic environment, the market outlook and the FCA Group's operations, the goodwill allocated to the EMEA and LATAM operating segments were tested for impairment at 31 March 2020.

The estimate of the recoverable amount for purposes of performing the annual impairment test for each of FCA's operating segments was determined using fair value less costs of disposal for the year ended 31 December 2020 and was based on the following assumptions:

- The expected future cash flows covering the period from 2020 through 2024, reflecting the current expectations regarding economic conditions and market trends as well as the FCA Group's initiatives for the period 2020 to 2024. These cash flows relate to the respective reporting segments in their current condition when preparing the financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Volumes and sales mix used for estimating the future cash flow are based on assumptions that are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends and segment, brand and model share for the respective operating segment over the period considered.
- The expected future cash flows included a normalized terminal period to estimate the future result beyond the time period explicitly considered which incorporated a long-term growth rate assumption of 2 percent. The long-term EBIT margins were set considering historical margins, the margins incorporated into the plan, and other market data, as adjusted for the stage in the economic cycle of the regions and any specific circumstances (for example, in LATAM, the long-term EBIT margin was adjusted to assume no extension of the Brazilian tax benefits beyond 2025).
- Pre-tax cash flows were discounted using a pre-tax discount rate which reflects the current market assessment of the time value of money for the period being considered, and the risks specific to those cash flows under consideration. The pre-tax Weighted Average Cost of Capital ("WACC") applied ranged from 9.5 percent to 16 percent.
 - Expected future cash flows are sensitive to changes in the WACC, such that an increase of 25 basis points and 40 basis points in the WACC for the EMEA and LATAM segments respectively, would reduce the recoverable value down to its carrying amount.

The pre-tax WACC was calculated using the Capital Asset Pricing Model technique. The recoverable amounts for EMEA and LATAM operating segments estimated using the assumptions described above were determined to be in excess of the carrying amount of goodwill allocated to the EMEA and LATAM operating segments, respectively. As such, no impairment charges were recognized for goodwill for the three months ended 31 March 2020.

The FCA Group's goodwill and intangible assets with indefinite useful lives were tested for impairment on 1 October 2020, which is the date the group annually tests goodwill for impairment. The estimate of the recoverable amount for purposes of performing the annual impairment test for each of the operating segments was determined using value-in-use and was based on the following assumptions:

- The expected future cash flows covering the period from 2020 through 2024. These expected cash flows reflect the current expectations regarding economic conditions and market trends as well as the FCA Group's initiatives for the period 2020 to 2024. These cash flows relate to the respective CGUs in their current condition when preparing the financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Volumes and sales mix used for estimating the future cash flow were based on assumptions that were considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends and segment, brand and model share for the respective operating segment over the period considered.
- The expected future cash flows included a normalized terminal period to estimate the future result beyond the time period explicitly considered which incorporated a long-term growth rate assumption of 2 percent. The long-term EBIT margins were set considering historical margins, the margins incorporated into the business plan, and other market data, as adjusted for the stage in the economic cycle of the regions and any specific circumstances (for example, in LATAM, the long-term EBIT margin has been adjusted to assume no extension of the Brazilian tax benefits beyond 2025). With regards to:
 - The APAC operating segment, expected future cash flows have historically been sensitive to certain assumptions, primarily the expected margins for the terminal period. While the assumptions used were considered reasonable and achievable and represented the best estimate of expected conditions in the operating segment, management had been and continued to be actively implementing measures to improve operating results by addressing commercial performance and cost structure to allow the achievement of the expected margins and cash flow in APAC. From 2019, the APAC region had become less sensitive to changes in the terminal period EBIT Margin as a result of ongoing actions FCA is taking to improve the competitiveness of its business in China. However, the recoverability of the assets within the APAC region were dependent upon achieving profitable results, which had not been achieved in recent periods.
 - The LATAM operating segment, for the year ended 31 December 2019, expected future cash flows had become sensitive to the expected margins for the terminal period taking into consideration the expectations for the region as well as the economic uncertainties in Argentina, such that a reduction of 90 basis points in the margin for the terminal period would reduce the recoverable value down to its carrying amount. During 2020, the LATAM region had become less sensitive to changes in terminal period EBIT margin, as a result of the improved performance outlook in the region.
- For the year ended 31 December 2020, pre-tax cash flows were discounted using a pre-tax discount rate which reflected the current market assessment of the time value of money for the period being considered and the risks specific to the operating segment and cash flows under consideration. The pre-tax discount rate ranged from 9.5 percent to 16.8 percent. The pre-tax discount rates were determined using the WACC which were calculated using the Capital Asset Pricing Model technique.

The values estimated as described above were determined to be in excess of the carrying amount for each operating segment to which Goodwill was allocated. As such, no impairment charges were recognized for Goodwill and Intangible assets with indefinite useful lives for the year ended 31 December 2020.

CNH Industrial Impairment Testing

During the second quarter of 2020, CNH Industrial considered whether a quantitative interim assessment of goodwill for impairment was required as a result of the significant economic disruption caused by the COVID-19 pandemic. Based on the internal and external sources of information considered through 30 June 2020, including the current and expected future economic and market conditions surrounding the COVID-19 pandemic and its impact on each of the cash-generating units, industry and market considerations, overall financial performance (both current and projected) as well as the amount by which the recoverable amount of CNH Industrial's cash-generating units exceeded their respective carrying values at the date of the last quantitative assessment, CNH Industrial, as part of the qualitative assessment performed, determined these conditions indicated that the carrying value of the Construction cash-generating unit exceeded its recoverable amount.

At 30 June 2020, CNH Industrial completed a quantitative impairment assessment for the Construction cash-generating unit which resulted in a recoverable amount below carrying value. Based on the assessment, CNH Industrial recognized a goodwill impairment loss of €505 million (\$576 million) for the Construction cash-generating unit, representing the total impairment of Construction goodwill.

CNH Industrial determines the recoverable amount of the cash-generating units using multiple valuation methodologies, relying largely on an income approach but also incorporating value indicators from a market approach. Under the income approach, CNH Industrial calculates the recoverable amount of a cash-generating unit based on the present value of estimated future cash flows. The income approach is dependent on several critical management assumptions, including estimates of future sales, gross margins, operating costs, income tax rates, terminal value growth rates, capital expenditures, changes in working capital requirements and the weighted average cost of capital (discount rate). Discount rate assumptions include an assessment of the risk inherent in the future cash flows of the respective cash generating units.

The following discount rates before taxes at 31 December 2020 and 2019 were selected:

	2020	2019
Agricultural Equipment	14.2 %	14.3 %
Construction Equipment	13.9 %	14.6 %
Financial Services	21.1 %	21.8 %

Expected cash flows used under the income approach are developed in conjunction with CNH Industrial budgeting and forecasting processes. CNH Industrial uses nine years of expected cash flows for the Agricultural Equipment, and eight years of expected cash flows for the Construction Equipment cash-generating units and four years of expected cash flows for the Financial Services cash-generating unit as management believes that these periods generally reflect the underlying market cycles for its businesses. Under the market approach, CNH Industrial estimates the recoverable amount of the Agricultural Equipment and Construction Equipment cash-generating units using revenue and EBITDA multiples and estimates the recoverable amount of the Financial Services cash-generating unit using book value, tangible book value and interest margin multiples. The multiples are derived from comparable publicly-traded companies with similar operating and investment characteristics as the respective cash-generating units. The guideline company method makes use of market price data of corporations whose stock is actively traded in a public, free and open market, either on an exchange or over-the counter basis. Although it is clear no two companies are entirely alike, the corporations selected as guideline companies must be engaged in the same, or a similar, line of business or be subject to similar financial and business risks, including the opportunity for growth.

A terminal value is included at the end of the projection period used in the discounted cash flow analysis in order to reflect the remaining value that each cash-generating unit is expected to generate. The terminal value represents the present value in the last year of the projection period of all subsequent cash flows into perpetuity. The terminal value growth rate is a key assumption used in determining the terminal value as it represents the annual growth of all subsequent cash flows into perpetuity. The terminal value growth rate for the Agricultural Equipment cash-generating unit was 1.0% in 2020 and 2019, and for Construction Equipment was 2.0% in 2020 and 3% in 2019. The terminal value growth rate for Financial Services was 1.5% in 2020 and 2019.

As of 31 December 2020, the estimated recoverable amounts, calculated using the above method, of the Agricultural Equipment and Financial Services cash-generating units exceeded the carrying values by approximately 188% and 46%, respectively. Thus, CNH Industrial did not recognize an impairment for these cash-generating units.

The results obtained for Commercial and Specialty Vehicles confirmed the absence of an impairment loss.

The sum of the recoverable amounts of CNH Industrial's cash generating units was in excess of CNH Industrial's market capitalization at 31 December 2020. CNH Industrial believes that the difference between the recoverable amount and market capitalization is reasonable (in the context of assessing whether any asset impairment exists) when market-based control premiums are taken into consideration.

Finally, the estimates and budget data to which the parameters mentioned above have been applied are those determined by management based on past performance and expectations of developments in the markets in which the Group operates. Estimating the recoverable amount of cash generating units requires discretion and the use of estimates by management.

The Group cannot guarantee that there will be no goodwill impairment in future periods. Circumstances and events, which could potentially cause further impairment losses, are constantly monitored by the Group.

Ferrari Impairment Testing

In accordance with IAS 36, goodwill is not amortized and is tested for impairment annually, or more frequently if facts or circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the carrying amount and the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of its fair value less costs of disposal and its value in use.

The assumptions used in this process represent management's best estimate for the period under consideration. The estimate of the value in use of the CGU for purposes of performing the annual impairment test was based on the following assumptions:

- The expected future cash flows covering the period from 2021 through 2024 have been derived from the Ferrari business plan. In particular the estimate considers expected EBITDA adjusted to reflect the expected capital expenditure. These cash flows relate to the CGU in its condition when preparing the financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Volumes and sales mix used for estimating the future cash flows are based on assumptions that are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends for the CGU over the period considered.
- The expected future cash flows include a normalized terminal period used to estimate the future results beyond the time period explicitly considered, which were calculated by using the specific medium/long-term growth rate for the sector equal to 2.0 percent in 2020 (2.0 percent in 2019).
- The expected future cash flows have been estimated in Euro and discounted using a post-tax discount rate appropriate for that currency, determined by using a base WACC of 6.8 percent in 2020 (6.8 percent in 2019). The WACC used reflects the current market assessment of the time value of money for the period being considered and the risks specific to the CGU under consideration.

The recoverable amount of the CGU was significantly higher than its carrying amount. Furthermore, the exclusivity of the business, its historical profitability and its future earnings prospects indicate that the carrying amount of the goodwill will continue to be recoverable, even in the event of difficult economic and market conditions.

PartnerRe Impairment Testing

PartnerRe is treated as a single cash generating unit. The recoverable value is based on fair value, using the weighted average of industry accepted valuation methods including price to earnings and price to tangible book value multiples of comparable companies as well as discounted cash flow projections. In the discounted cash flow projection the premium growth was assumed to be 3% for the year ended 31 December 2020 (2019: 4%). The average discount rate applied was 9% for the year ended (2019: 8%). Cash flows are projected for an initial 5 year period plus a terminal valuation. The fair value calculation is categorized as a Level 3 valuation, as per the fair value hierarchy, as it utilises both observable and unobservable inputs. A reasonably possible change in one of the assumptions would not result in the fair value being less than the carrying value.

No impairment losses were identified by PartnerRe Group for the years ended 31 December 2020 and 2019.

A brief summary of the impairment test assumptions is provided below.

<i>(€ million)</i>	FCA	CNH Industrial	Ferrari	PartnerRe
Business plan period	4 years	4 - 9 years	4 years	5 years
Growth rate	2%	1% - 2%	2%	3%
WACC	9.5%-16.5%	14.2%-21.1%	6.80%	9%

Other intangible assets with indefinite useful lives

Other intangible assets with indefinite useful lives amounting to €3,512 million at 31 December 2020 (€3,636 million at 31 December 2019) mainly includes brands of the FCA Group, in particular the Chrysler, Jeep, Dodge, Ram and Mopar brands relating to the acquisition of FCA US, and trademarks and other intangible assets of the CNH Industrial Group attributable to the segments Agriculture and Construction.

These rights are protected legally through registration with government agencies and through their continuous use in commerce.

As these rights have no legal, contractual, competitive or economic terms that limit their useful lives, they are classified as intangible assets with indefinite useful lives and are therefore not amortised but are instead tested annually for impairment.

For the purposes of impairment testing, the assets of CNH Industrial Group are attributed to the respective cash-generating units, while brands of FCA Group are tested jointly with the goodwill allocated to the North America segment.

Development costs and other intangible assets with finite useful lives

Capitalised development costs mainly relate to the FCA Group and include both internal and external costs that are directly attributable to the internal product development process, primarily consisting of material costs and personnel related expenses relating to engineering, design and development, focused on content enhancement of existing vehicles, new models and powertrain programs.

The amortization of development costs and impairment losses are reported in the income statement as Research and development costs. Amortisation of patents, concessions, licenses and credits and other intangibles are recognized within Cost of revenues and Selling, general and administrative expenses.

Development costs are tested for impairment at the cash-generating unit level.

In 2020, €587 million of impairment losses and asset write-offs were recognized on capitalized development costs of which €504 million related to the FCA Group as described in Note 14 Property, plant and equipments and €83 million related to the CNH Industrial Group, as commented below.

Intangible assets with finite useful lives are amortized over their estimated useful lives and tested for impairment if events or changes in circumstances indicate that the asset may be impaired. During the second quarter of 2020, CNH Industrial recorded an impairment loss of €15 million (\$17 million) related to its Construction dealer network and €57 million (\$65 million) related to certain software costs in its Agriculture segment. These impairments are included in the Cost of revenues in the Consolidated Income Statement.

Moreover, during the second quarter of 2020, CNH Industrial recorded an impairment loss of €63 million (\$72 million), included in Research and development costs, on development costs in Agriculture.

Further impairment charges of €28 million (\$32 million) against development costs and other intangible assets were recognized in the year ended 31 December 2020.

At 31 December 2020 and 2019 the FCA Group had contractual commitments for the purchase of intangible assets amounting to €624 million and €1,419 million, respectively.

14. Property, plant and equipment

<i>(€ million)</i>	At 31 December	
	2020	2019
Right-of-use assets	2,175	2,162
Other tangible assets	32,994	34,548
Total Property, plant and equipment	35,169	36,710

Property, plant and equipment and their changes during the years ended 31 December 2020 are as follows:

<i>(€ million)</i>	Land	Industrial buildings	Plant, machinery and equipment	Assets sold with a buy-back commitment	Other tangible assets	Advances and tangible assets in progress	Total
Balance at 31 December 2019							
Original cost	1,262	13,010	61,608	2,391	6,108	4,271	88,650
Accumulated depreciation and impairment	(31)	(5,581)	(42,309)	(808)	(3,198)	(13)	(51,940)
Net carrying amount	1,231	7,429	19,299	1,583	2,910	4,258	36,710
Changes during the year (original cost)							
Additions	22	1,019	3,113	580	1,029	1,901	7,664
Disposals	(3)	(131)	(1,012)	(554)	(301)	(3)	(2,004)
Transfer to assets held for sale	—	(14)	(2)	—	—	—	(16)
Scope of consolidation	6	102	200	—	178	—	486
Translation differences	(96)	(1,018)	(3,927)	(10)	(440)	(380)	(5,871)
Other changes	(21)	69	687	(256)	(477)	(730)	(728)
Total	(92)	27	(941)	(240)	(11)	788	(469)
Changes during the year (accumulated depreciation and impairment)							
Depreciation	—	(593)	(3,258)	(242)	(671)	—	(4,764)
Impairment losses	(3)	(66)	(451)	(125)	(33)	(5)	(683)
Disposals	—	38	978	324	266	2	1,608
Transfer to assets held for sale	—	10	2	—	—	—	12
Scope of consolidation	—	(41)	(186)	—	(152)	—	(379)
Translation differences	1	331	2,331	4	222	1	2,890
Other changes	—	44	(28)	69	158	1	244
Total	(2)	(277)	(612)	30	(210)	(1)	(1,072)
Balance at 31 December 2020							
Original cost	1,170	13,037	60,667	2,151	6,097	5,059	88,181
Accumulated depreciation and impairment	(33)	(5,858)	(42,921)	(778)	(3,408)	(14)	(53,012)
Net carrying amount	1,137	7,179	17,746	1,373	2,689	5,045	35,169

Changes in 2019 were the following:

	Land	Industrial buildings	Plant, machinery and equipment	Assets sold with a buy-back commitment	Other tangible assets	Advances and tangible assets in progress	Total
<i>(€ million)</i>							
Balance at 31 December 2018							
Original cost	1,121	11,516	59,490	2,785	5,626	1,909	82,447
Accumulated depreciation and impairment	(35)	(5,122)	(39,508)	(785)	(2,905)	(13)	(48,368)
Net carrying amount	1,086	6,394	19,982	2,000	2,721	1,896	34,079
IFRS adoption effect							
Original cost	97	1,177	122	—	214	—	1,610
Balance at 1 January 2019							
Original cost	1,218	12,693	59,612	2,785	5,840	1,909	84,057
Accumulated depreciation and impairment	(35)	(5,122)	(39,508)	(785)	(2,905)	(13)	(48,368)
Net carrying amount	1,183	7,571	20,104	2,000	2,935	1,896	35,689
Changes during the year (original cost)							
Additions	35	343	2,099	473	1,076	3,521	7,548
Disposals	(43)	(56)	(1,206)	(653)	(801)	(11)	(2,770)
Transfer to assets held for sale	(16)	(149)	(502)	—	(17)	(23)	(707)
Scope of consolidation	—	(2)	64	—	—	1	63
Translation differences	11	99	249	54	39	19	471
Other changes	56	81	1,292	(268)	(28)	(1,146)	(13)
Total	44	317	1,996	(394)	268	2,362	4,593
Changes during the year (accumulated depreciation and impairment)							
Depreciation	—	(568)	(3,431)	(272)	(657)	—	(4,928)
Impairment losses	—	(8)	(616)	(76)	(16)	(1)	(717)
Disposals	—	40	1,170	211	36	—	1,457
Transfer to assets held for sale	3	107	384	—	17	1	512
Scope of consolidation	—	3	(11)	—	1	—	(8)
Translation differences	—	(32)	(312)	(2)	(35)	—	(381)
Other changes	1	—	15	117	360	—	493
Total	4	(459)	(2,801)	(23)	(294)	—	(3,572)
Balance at 31 December 2019							
Original cost	1,262	13,010	61,608	2,391	6,108	4,271	88,650
Accumulated depreciation and impairment	(31)	(5,581)	(42,309)	(808)	(3,198)	(13)	(51,940)
Net carrying amount	1,135	7,429	19,299	1,583	2,910	4,261	36,710

Additions total €7,664 million (€7,548 million in 2019) and mainly refer to the FCA Group for €5,600 million (€5,403 million in 2019), the CNH Industrial Group for €1,014 million (€1,035 million in 2019) and the Ferrari Group for €382 million (€352 million in 2019).

In 2020, translation differences, a negative of €2,981 million, primarily reflected the foreign currency translation impacts of the U.S. Dollar to the Euro and of the Brazilian Real to the Euro. In 2019, positive translation differences of €90 million primarily reflected the foreign currency translation impacts of the U.S. Dollar to the Euro, partially offset by the translation of the Brazilian Real.

Impairment losses of €683 million (€717 million in 2019) mainly included €410 million for the FCA Group and €269 million for the CNH Industrial Group.

Impairment loss FCA Group

Non-current assets with definite useful lives included property, plant and equipment, intangible assets and assets held for sale. Intangible assets with definite useful lives mainly consist of capitalized development expenditures primarily related to the North America and EMEA segments. The FCA Group periodically reviewed the carrying amount of non-current assets with definite useful lives when events or circumstances indicated that an asset may be impaired. The recoverability of non-current assets with definite useful lives was based on the estimated future cash flows, using the FCA Group's current business plan, of the CGUs to which the assets related.

The global automotive industry has historically experienced significant change as a result of evolving regulatory requirements for fuel efficiency, greenhouse gas emissions and other tailpipe emissions as well as emerging technology changes, such as electrification and autonomous driving. FCA's business plan could change in response to these evolving requirements and emerging technologies or in relation to any future business plans or strategies developed as part of partnerships and collaborations. As FCA continues to assess the potential impacts of these evolving requirements, emerging technologies or future plans and strategies, and of operationalizing and implementing the strategic targets set out in the business plan, including reallocation of our resources, the recoverability of certain of FCA's assets or CGUs could be impacted in future periods. For example, product development strategies could be affected by regulatory changes as well as changes in the expected costs of implementing electrification, including the cost of batteries. As relevant circumstances change, FCA expects to adjust its product plans which could result in changes to the expected use of certain of the FCA Group's vehicle platforms.

These uncertainties could result in either impairments of, or reductions to the expected useful lives of, these platforms, or both. Any change in recoverability would be accounted for at the time such change to the business plan occurs. For the years ended 31 December 2020 and 2019, the impairment tests performed compared the carrying amount of the assets included in the respective CGUs to their value-in-use. The value-in-use of the CGUs was determined using a discounted cash flow methodology based on estimated pre-tax future cash flows attributable to the CGUs and a pre-tax discount rate reflecting a current market assessment of the time value of money and the risks specific to the CGUs.

During the year ended 31 December 2020, impairment losses and supplier obligations of €927 million were recognized, across EMEA, LATAM, North America and Maserati, primarily in relation to reduced volume expectations, product renewal activities, change in strategy for the future B-segment platform and the increase in the CAFE fine rate applicable in North America starting with model year 2022 vehicles. The portion related to the tangible assets (€410 million) was recognized in Cost of revenues and €504 million in Research and development costs.

During the year ended 31 December 2019, impairment losses totaling €1,589 million were recognized. Of the total impairment charges, €1,376 million was recognized in relation to the rationalization of product portfolio plans, primarily for Europe in the A-segment as well as for Alfa Romeo resulting in the recognition of asset impairment charges for certain platforms, composed of €563 million of Property, plant and equipment recognized within Cost of revenues and €813 million of previously capitalized development costs recognized within Research and development costs.

Impairment losses CNH Industrial Group

CNH Industrial, as a consequence of the significant decline in industry demand and other market conditions due to the economic disruption caused by the Covid-19 pandemic during the second quarter of 2020, reviewed its current manufacturing footprint, and, consequently, reassessed the recoverability of certain assets. As a result, Agriculture and Construction recognized impairment losses of €101 million and €40 million, respectively, against Property, plant and equipment. Furthermore, during the first-half of 2020, Commercial and Specialty Vehicles recognized impairment losses of €121 million in connection with new actions identified in order to realize the asset portfolio of vehicles sold under buy-back commitments, as a result of the significant deterioration of the used vehicle markets in which the segment operates and the consequent impact on truck residual values. Commercial and Specialty Vehicles also recognized impairment losses of €6 million against Property, plant and equipment. The impairment losses were recognized in Cost of revenues.

Other tangible assets include products leased to customers by CNH Industrial for €1,612 million at 31 December 2020 (€1,654 million at 31 December 2019). CNH Industrial Financial Services purchases leases and equipment from CNH Industrial dealers and other independent third parties that have leased equipment to retail customers under operating leases. The investment in these leases is based on the purchase price paid for the equipment. Income from the leases is recognized over the term of the lease. The equipment is depreciated on a straight-line basis over the term of the lease to the estimated residual value at lease termination.

Change in right-of-use assets are as follows:

(€ million)	Land	Industrial buildings	Plant, machinery and equipment	Other assets	Total
Balance at 31 December 2019	91	1,418	391	262	2,162
Depreciation	—	(231)	(125)	(204)	(560)
Additions	12	341	100	308	761
Disposals	—	(64)	(5)	(9)	(78)
Change in scope of consolidation	—	47	—	13	60
Translation differences	(3)	(105)	(29)	(16)	(153)
Other changes	(67)	100	(2)	(48)	(17)
Balance at 31 December 2020	33	1,506	330	306	2,175

(€ million)	Land	Industrial buildings	Plant, machinery and equipment	Other assets	Total
Balance at 31 December 2018	103	1,393	247	219	1,962
IFRS 16 adoption effect	97	1,177	122	214	1,610
Balance at 1 January 2019	200	2,570	369	433	3,572
Depreciation	—	(207)	(126)	(160)	(493)
Additions	11	199	263	267	740
Change in scope of consolidation	—	17	26	—	43
Translation differences	2	32	1	(5)	30
Other changes	(122)	(1,193)	(142)	(273)	(1,730)
Balance at 31 December 2019	91	1,418	391	262	2,162

The carrying amounts of property, plant and equipment of FCA (excluding the right-of-use assets described above) reported as pledged for security for debt and other commitments, primarily relating to operations in Brazil, are as follows:

(€ million)	At 31 December	
	2020	2019
Land and industrial buildings pledged as security for debt	535	781
Plant and machinery pledged as security for debt and other commitments	571	855
Other assets pledged as security for debt and other commitments	2	5
Total	1,108	1,641

At 31 December 2020 and 2019, the real estate mortgaged charge securing for a loan from the *Istituto per il Credito Sportivo* to Juventus for the construction of the new stadium and for the renovation of premises in the east section, amounts to a maximum amount of €140 million.

At 31 December 2020 the Group has contractual commitments for the acquisition of property, plant and equipment amounting €1,213 million (€1,465 million at 31 December 2019).

15. Investments and other financial assets

Investments and other financial assets at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Investments in joint ventures	2,233	2,189
Investments in associates	1,295	1,362
Other investments accounted for using the equity method	46	45
Equity method investments	3,574	3,596
Investments at FVTOCI	531	198
Investments at FVTPL	246	171
Non-current financial receivables	170	278
Other investments	33	15
Other securities	785	928
Other financial assets	830	214
Total other investments and other financial assets	2,595	1,804
Investments and other financial assets	6,169	5,400

Investments in joint ventures

Investments in joint ventures at 31 December 2020 and 2019 are as follows:

<i>(€ million, except percentages)</i>		At 31 December	
		2020	2019
Investments in joint ventures			
FCA Bank	50.00 %	1,738	1,501
Tofas - Turk Otomobil Fabrikasi A.S. ("Tofas")	37.90 %	181	240
GAC FIAT Chrysler Automobiles Co. ("GAC FCA JV")	50.00 %	18	107
Naveco (Nanjing Iveco Motor Co.) Ltd. ("Naveco")	50.00 %	54	115
Turk Traktor Ve Ziraat Makineleri A.S. (Turk Traktor)	37.50 %	56	45
Other		186	181
Total Investments in joint ventures		2,233	2,189

FCA Bank is a joint venture with Crédit Agricole Consumer Finance S.A. ("CACF") which operates in Europe, primarily in Italy, France, Germany, the UK and Spain. FCA Bank provides retail and dealer financing and long-term rental services in the automotive sector, directly or through its subsidiaries as a partner of the Group's mass-market vehicle brands and for Maserati vehicles. On 19 July 2019, FCA and Crédit Agricole Consumer Finance agreed to extend the term of the agreement until 31 December 2024. The agreement will be automatically renewed unless notice of non-renewal is provided no later than three years before the end of the term. A notice of non-renewal would trigger certain put and call rights.

The financial statements of FCA Bank as at and for the year ended 31 December 2020 have not been authorized for issuance at the date of issuance of the FCA Consolidated Financial Statements. As such, the most recent publicly available financial information is included in the tables below. The most recently available information was used to estimate FCA's share of FCA Bank net income and net equity.

The following tables include summarised financial information relating to FCA Bank:

<i>(€ million)</i>	At 30 June	At 31 December
	2020	2019
Financial assets	24,721	26,583
<i>Of which Cash and cash equivalents</i>	620	585
Other assets	5,253	5,123
Financial liabilities	25,145	27,029
Other liabilities	1,454	1,506
Equity (100%)	3,375	3,171
Net assets attributable to owners of the parent	3,317	3,116
Group's share of net assets	1,659	1,558
Elimination of unrealised profits and other adjustments	79	(57)
Carrying amount of interest in FCA Bank ⁽¹⁾	1,738	1,501

(1) Amounts at 31 December 2020 and 2019 respectively.

<i>(€ million)</i>	Six months ended 30 June	Year ended 31 December
	2020	2019
Interest and similar income	441	930
Interest and similar expenses	116	237
Income tax expense	75	171
Profit from continuing operations	632	1,338
Net profit	225	467
Net profit attributable to owners of the parent (A)	222	460
Other comprehensive income (loss) attributable to owners of the parent (B)	(21)	7
Total Comprehensive income attributable to owners of the parent (A + B)	201	467
Group's share of net profit⁽¹⁾	247	229

(1) Amounts for the years ended 31 December 2020 and 2019 respectively.

The following table sets forth information relating to the Group's joint ventures.

	JV Partner	Activity	Listing	Fair Value at 31 December (€ million)	
				2020	2019
Tofas	Koc Holding	Production of light and commercial vehicles in Turkey	Istanbul Stock Exchange	713	764
GAC FCA JV	Guangzhou Automobile Group Co.	Production of Jeep for the Chinese market		n.a.	n.a.
Naveco	Nanjing Automotive Corporation	Production of light and commercial vehicles in China		n.a.	n.a.
Turk Traktor	KOC Holding	Tractor production and import and distribution of agricultural equipment in Turkey	Istanbul Stock Exchange	401	188

Investments in associates

Investments in associates at 31 December 2020 and 2019 are as follows:

<i>(€ million, except percentages)</i>	At 31 December	
	2020	2019
Investments in associates		
Almacantar Group	35.70 %	403
The Economist Group	43.40 %	299
CNH Capital Europe S.a.s.	49.90 %	192
Other		401
Total Investments in associates		1,295
		1,362

Result from investments for the years ended 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	Years ended 31 December	
	2020	2019
Share of the profit of equity method investees	212	239
Dividends from investments	—	1
Impairment losses	(56)	(1)
Other income from investments	18	—
Total result from investments	174	239

The following table summarises the share of profits of equity method investees for the years ended 31 December 2020 and 2019:

<i>(€ million)</i>	Years ended 31 December	
	2020	2019
Joint ventures	181	193
Associates	24	21
Others	7	25
Share of the profit of equity method investees	212	239

Investments at FVTOCI

During 2020 Exor invested a total amount of \$200 million to acquire a stake in Via Transportation, a highly successful, rapidly growing technology company specializing in the dynamic, data-driven optimization of public mobility systems in cities all around the world. The fair value adjustment at 31 December 2020 is only due to currency translation. In fact the cost of the investment is considered an appropriate estimate of the fair value in accordance with IFRS 9.

Investments at FVTOCI include the fair value of the investment of approximately 7% held by CNH Industrial in Nikola Corporation, made in the context of the strategic partnership with Nikola to industrialize fuel-cell and battery electric Heavy-Duty trucks, in which CNH Industrial in the first half 2020 increased its investment from \$108 million to \$250 million. During the first half of 2020, Nikola Corporation completed a business combination with VectoIQ Acquisition Corp., a publicly-traded special purpose acquisition company which changed its name to “Nikola Corporation”. The combined company’s shares continued listing on NASDAQ under the new ticker symbol “NKLA”. The market price of Nikola Corporation shares as of 31 December 2020 was \$15.26, determining a value of €319 million (\$392 million) for the 25,661,448 shares held by CNH Industrial.

During the year ended 31 December 2020, CNH Industrial recorded in Other comprehensive income a pre-tax gain of €116 million (\$142 million) from the re-measurement at fair value of the investment in Nikola Corporation.

Non-current financial receivables

Non-current financial receivables mainly consist of amounts placed on deposit or otherwise pledged to secure obligations under various commercial agreements, as well as letters of credit and other agreements.

Other securities

Other securities primarily relate to bonds which are issued by leading counterparties and listed on active markets as well as mutual funds and other non-current securities.

Other securities at 31 December 2020 and 2019 are as follows:

(<i>€ million</i>)	At 31 December	
	2020	2019
Debt securities at FVTPL	541	604
Debt securities at amortised cost	157	298
Debt securities at FVTOCI	87	26
Total other securities	785	928

Other financial assets

Other financial assets represent the fair value of derivative financial instruments analysed in Note 28, "Other financial assets and other financial liabilities".

16. Inventories

Inventories at 31 December 2020 and 2019 are as follows:

(<i>€ million</i>)	At 31 December	
	2020	2019
Raw materials, supplies and finished goods	13,109	15,997
Assets sold with a buy-back commitment	995	1,877
Gross amount due from customers for contract work	218	183
Total inventories	14,322	18,057

At 31 December 2020 net inventories of the CNH Industrial Group include assets which are no longer subject to operating lease arrangements or buy-back commitments for €176 million (€407 million at 31 December 2019).

In 2020 the amount of inventory write-downs recognized as an expense was €746 million (€728 million in 2019), while amounts recognized as income from the reversal of write-downs on items sold during the year are not significant.

Construction contracts, net of advances, at 31 December 2020 and 2019 are as follows:

(<i>€ million</i>)	At 31 December	
	2020	2019
Aggregate amount of costs incurred and recognized profits (less recognized losses) to date	540	816
Less: Progress billings	(357)	(705)
Construction contracts, net of advances on contract work	183	111
Gross amount due from customers for contract work, as an asset	218	183
Less: Amount due to customers for contract work, as a liability	(35)	(72)
Construction contracts, net of advances on contract work	183	111

Changes in the Group's construction contracts, net of advances on contract work for the year ended 31 December 2020 were as follows:

(<i>€ million</i>)	At 31 December 2019	Advances received from customers	Amounts recognized as revenue	Transfers to Assets/ (Liabilities) held for sale	Other Changes	At 31 December 2020
	Construction contracts, net of advances on contract work	111	(475)	547	—	—

The entire amount of construction contracts, net of advances on contract work is expected to be recognized as revenue in the following 12 months.

17. Trade and other receivables

Trade and other receivables at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Trade receivables	2,274	2,582
Receivables from financing activities	18,461	21,418
Receivables from reinsurance activities	3,373	3,889
Total trade and other receivables	24,108	27,889

Trade receivables

The analysis of trade receivables by due date, at 31 December 2020 and 2019 is as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Due within one year	2,273	2,575
Due between one and five years	1	7
Due beyond five years	—	—
Total trade receivables	2,274	2,582

The following table shows the expected credit loss (ECL) allowance for trade receivables measured at amortised cost at 31 December 2020 and 2019:

<i>(€ million)</i>	At 31 December 2020			At 31 December 2019		
	Current and less than 90 days past due	90 days or more past due	Total	Current and less than 90 days past due	90 days or more past due	Total
Gross amount	2,219	381	2,600	2,466	420	2,886
ECL allowance	(81)	(257)	(338)	(61)	(262)	(323)
Carrying amount	2,138	124	2,262	2,405	158	2,563

In addition to the amounts above, at 31 December 2020 a further €12 million (€19 million at 31 December 2019) of trade receivables was measured at fair value through profit or loss (refer to Note 32, "Fair value measurement by hierarchy").

The movement in the allowance for expected credit losses for trade receivables is as follows:

<i>(€ million)</i>	2020	2019
At 1 January	323	351
Provision for expected credit losses	59	38
Use and other changes	(45)	(66)
Transferred to Assets held for sale	1	—
At 31 December	338	323

Receivables from financing activities

Receivables from financing activities at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Dealer financing	8,990	11,298
Retail financing	8,586	9,321
Finance leases	458	458
Other	427	341
Total receivables from financing activities	18,461	21,418

The analysis of receivables from financing activities by due date, for the years ended 31 December 2020 and 2019 is as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Due within one year	11,838	14,571
Due between one and five years	6,317	6,581
Due beyond five years	306	266
Total receivables from financing activities	18,461	21,418

The following table shows the expected credit loss (ECL) allowance for receivables from financing activities measured at amortised cost at 31 December 2020 and 2019:

<i>(€ million)</i>	At 31 December 2020				At 31 December 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross amount	17,458	373	516	18,347	20,321	380	459	21,160
ECL allowance	(112)	(23)	(284)	(419)	(109)	(8)	(316)	(433)
Carrying amount	17,346	350	232	17,928	20,212	372	143	20,727

In addition to the amounts above, at 31 December 2020 a further €533 million (€691 million at 31 December 2019) of receivables from financing activities was measured at fair value through profit or loss (refer to Note 32, "Fair value measurement by hierarchy").

The movement in the allowance for expected credit losses for receivables from financing activities is as follows:

<i>(€ million)</i>	2020	2019
At 1 January	433	457
Provision for expected credit losses	130	122
Use and other changes	(144)	(149)
Transferred to Assets held for sale	—	3
At 31 December	419	433

18. Investments of reinsurance companies

Investments of reinsurance companies at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Fixed maturities, at fair value	10,421	9,512
Funds held by reinsured companies	580	726
Equities, at fair value	1,219	1,153
Short-term investments, at fair value	339	893
Accrued investment income, at fair value	75	98
Other invested assets	1,788	2,282
Total investments of reinsurance companies	14,422	14,664

At 31 December 2020 approximately €256 million (€262 million at 31 December 2019) of cash and cash equivalents and €4,069 million (€3,584 million at 31 December 2019) of securities of the PartnerRe Group were deposited, pledged or held in escrow accounts in favour of ceding companies and other counterparties of government authorities to comply with regulations on reinsurance contracts and insurance laws.

Net realised and unrealised gains of €418 million and gains of €804 million on investments designated as fair value through profit or loss, were recognized in the Consolidated Income Statement during 2020 and 2019, respectively.

19. Other assets

Other assets at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Current tax receivables	455	798
Defined benefit plan assets	781	774
Other non-current assets	842	969
Other current assets:		
Accrued income and prepaid expenses	1,032	1,282
Other current assets	4,246	5,100
Total other current assets	5,278	6,382
Total other assets	7,356	8,923

The analysis of current tax receivables by due date at 31 December 2020 and 2019 is as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Due within one year	228	573
Due between one and five years	173	181
Due beyond five years	54	44
Total current tax receivables	455	798

The analysis of other current assets by due date at 31 December 2020 and 2019 is as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Due within one year	2,674	2,720
Due between one and five years	1,473	987
Due beyond five years	99	1,393
Total other current assets	4,246	5,100

20. Transfers of financial assets

The FCA Group transfers certain of its financial, trade and tax receivables, mainly through factoring transactions. The carrying amount of transferred financial assets not derecognized and the related liabilities at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	Trade receivables	Receivables from financing activities	Total
At 31 December 2020			
Carrying amount of the assets transferred and not derecognized	6	35	41
Carrying amount of the related liabilities	6	35	41
At 31 December 2019			
Carrying amount of the assets transferred and not derecognized	11	140	151
Carrying amount of the related liabilities	(11)	(140)	(151)

The CNH Industrial Group transfers a number of its financial and trade receivables under securitisation programs or factoring transactions.

The carrying amount of such transferred financial assets, the related liabilities and the respective fair value at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	Receivables from financing activities	Other financial assets	Total
At 31 December 2020			
Carrying amount of assets	10,786	1,069	11,855
Carrying amount of the related liabilities	(8,657)	(1,060)	(9,717)
Liabilities for which the counterparty has the right to obtain relief on the transferred assets:			
Fair value of the assets	10,858	1,069	11,927
Fair value of the liabilities	(8,663)	(1,059)	(9,722)
Net position	2,195	10	2,205
At 31 December 2019			
Carrying amount of assets	12,116	930	13,046
Carrying amount of the related liabilities	(9,549)	(920)	(10,469)
Liabilities for which the counterparty has the right to obtain relief on the transferred assets:			
Fair value of the assets	12,153	930	13,083
Fair value of the liabilities	(9,525)	(919)	(10,444)
Net position	2,628	11	2,639

Other financial assets also include cash with a pre-determined use restricted to the repayment of securitisation debt.

21. Cash and cash equivalents

Cash and cash equivalents at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Cash at banks	18,701	11,530
Money market securities	16,133	10,461
Restricted cash	727	944
Total cash and cash equivalents	35,561	22,935

Cash and cash equivalents held in certain foreign countries (primarily, China and Argentina) are subject to local exchange control regulations providing for restrictions on the amount of cash other than dividends that can leave the country.

Certain of the Group entities perform securitisation transactions to support the funding portfolio of the financial services activities. In connection with such securitisation, cash collected from the settlement of receivables or lines of credit pledged as collateral is subject to certain restrictions regarding its use and is principally applied to repay principal and interest of the funding.

22. Equity

Share capital

At 31 December 2020 the total issued capital of Exor N.V. was equal to €2.4 million, divided into 241,000,000 shares with a nominal value of Euro 0.01.

EXOR N.V. adopted a loyalty voting structure designed to incentivize long-term share ownership, on the basis of which for each Exor N.V. ordinary share held consecutively for a period of five years, shareholders will be entitled to five voting rights at the end of that period, and for each Exor N.V. ordinary share held without interruption for a period of ten years, shareholders will be entitled to ten voting rights at the end of that period.

No special voting shares had been issued and none are outstanding at 31 December 2020.

AGM resolution

The Exor Annual General Meeting of 20 May 2020 adopted the 2019 Annual Report and approved the payment of a dividend of €0.43 on each issued and outstanding ordinary share, for a total of €100 million. The Annual General Meeting also approved the extension of the authorization for the purchase and disposal of Exor's ordinary shares on the market for 18 months from the date of the Shareholders' resolution, up to a maximum number of shares not to exceed the limit set by law, with a maximum disbursement of €500 million.

Treasury stock

At 31 December 2020, 9,993,244 Exor ordinary shares with a nominal value of €0.01 per share are held as treasury stock (9,412,215 at 31 December 2019).

The movements in treasury stock are mainly related to shares repurchased by Exor under their share buyback program (605,029 shares in 2020), partially offset by 24,000 shares utilized under the Company's stock option plans.

Other comprehensive income

Other comprehensive income for the years ended 31 December 2020 and 2019 is as follows:

(€ million)	At 31 December	
	2020	2019
Items that will not be reclassified to the Consolidated Income Statement in subsequent periods:		
Gains (losses) on remeasurement of defined benefit plans	(143)	(215)
Share of gains (losses) on remeasurement of defined benefit plans for equity method investees	—	(9)
Gains (losses) on financial assets at FVTOCI	102	(5)
Items relating to discontinued operations	—	(9)
Total items that will not be reclassified to the Consolidated Income Statement in subsequent periods, before tax effect (B1)	(41)	(238)
Items that may be reclassified to the Consolidated Income Statements in subsequent periods:		
Gains (losses) on cash flow hedging instruments arising during the year	230	(399)
Gains (losses) on cash flow hedging instruments reclassified to the income Statement	(185)	163
Gains (losses) on cash flow hedging instruments	45	(236)
Foreign exchange gains (losses) arising during the year	(4,296)	439
Foreign exchange gains (losses) reclassified to the income Statement	—	—
Foreign exchange gains (losses)	(4,296)	439
Share of other comprehensive income of equity method investees arising during the year	(142)	(6)
Share of other comprehensive income (loss) of equity method investees reclassified to the income statement	(29)	2
Share of other comprehensive income (loss) of equity method investees	(171)	(4)
Items relating to discontinued operations	—	9
Total Items that may be reclassified to the Consolidated Income Statement in subsequent periods, before tax effect (B2)	(4,422)	208
Total Other Comprehensive Income, before tax effect (B1)+(B2)=(B)	(4,463)	(30)
Tax effect	26	78
Tax effect - discontinued operations	—	—
Total Other Comprehensive Income (Loss), net of tax	(4,437)	48

With reference to the defined benefit plans of the Group, the gains and losses arising from the remeasurement mainly include actuarial gains and losses arising during the period, the return on plan assets (net of interest income recognized in the income statement) and any changes in the effect of the asset ceiling. These gains and losses are offset against the related net liabilities or assets for defined benefit plans (refer to Note 24, "Provisions for employee benefits").

The tax effect relating to other comprehensive income for the years ended 31 December 2020 and 2019 is as follows:

(<i>€ million</i>)	At 31 December					
	2020			2019		
	Pre-tax balance	Tax benefit (expense)	Net-of-tax balance	Pre-tax balance	Tax benefit (expense)	Net-of-tax balance
Gains (losses) on remeasurement of defined benefit plans	(143)	39	(104)	(215)	18	(197)
Gains (losses) on financial assets at FVTOCI	102	—	102	(5)	—	(5)
Gains (losses) on cash flow hedging instruments	45	(13)	32	(236)	60	(176)
Foreign exchange gains (losses)	(4,296)	—	(4,296)	439	—	439
Share of other comprehensive income (loss) of equity method investees	(171)	—	(171)	(13)	—	(13)
Items relating to discontinued operations	—	—	—	—	—	—
Total Other Comprehensive Income (Loss)	(4,463)	26	(4,437)	(30)	78	48

Non-controlling interests

Non-controlling interests at 31 December 2020 and 2019 is as follows:

(<i>€ million</i>)	Attributable to non-controlling interests		
	%	Net Result	Equity
At 31 December 2020			
FCA	71,46%	14	18,448
CNH Industrial	72,90%	(426)	4,123
Ferrari	75,95%	463	1,360
PartnerRe	— ⁽¹⁾	31	522
GEDI Gruppo Editoriale	10.38 %	(1)	24
Shang Xia Trading	22.70 %	—	(1)
Juventus	36.23 %	(56)	45
Exor Seeds	23.66 %	6	49
Total		31	24,570
At 31 December 2019			
FCA	71.33 %	4,729	20,466
CNH Industrial	72.82 %	603	5,167
Ferrari	76.02 %	532	1,132
PartnerRe	— ⁽¹⁾	32	639
Juventus	36.23 %	(35)	100
Exor Seeds	26.89 %	2	30
Total		5,863	27,534

(1) Related to preferred shares.

The carrying value of the preferred shares of PartnerRe, recognized in non-controlling interests, at 31 December 2020 was €522 million or \$640 million (at 31 December 2019 €640 million or \$719 million).

23. Share-based compensation

The subsidiaries of the Group have various stock option plans which amongst others include the award of performance share units (“PSU”) and restricted share units (“RSU”). The PSU and RSU represent the right to receive one common share of the relevant entity. PSU awards have financial performance targets whilst the RSU awards have a service condition only. The total number of shares that will be issued may therefore vary from the original award.

Further details of the stock options plans of each of the Group entities are described below.

Exor

2012 Long-term incentive plans

The plan, denominated “Company Performance Stock Options”, vested 1,019,200 options of which 450,000 to the Chairman and Chief Executive Officer of the company and 569,200 to other beneficiaries; this allows them to purchase a corresponding number of Exor ordinary shares at a price per share of €16.59 and €16.62, respectively. The options are exercisable until 2021. At the end of 2020 the options outstanding, vested and not exercised, are 450,000 granted to the Chairman and Chief Executive Officer of the company and 252,000 to other beneficiaries. During 2020, 24,000 options were exercised by other beneficiaries.

Stock Option Plan Exor 2016

The Stock Option Plan Exor 2016 has a maximum of 3,500,000 options corresponding to the same number of shares. The number of stock options outstanding at 31 December 2020, of which 586,839 exercisable, is 2,937,135 (average exercise price of €32.38 per share).

Change during 2020 and 2019 were as follows:

	2020		2019	
	Number of options	Weighted average exercise price (€)	Number of options	Weighted average exercise price (€)
Outstanding at the beginning of the year	2,937,135	32.38	2,937,135	32.38
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Outstanding at the end of the year	2,937,135	32.38	2,937,135	32.38
Exercisable at the end of the year	586,939	0	0	0

The cost of the plan is as follows:

<i>(€ thousand)</i>	2020		2019	
	Options outstanding	Cost	Options outstanding	Cost
Chairman and Chief Executive Officer of Exor N.V.	2,013,950	3,596	2,013,950	3,586
Key employees	530,727	1,027	485,312	967
Key employees of companies in the Holdings System	392,458	725	437,873	718
Total	2,937,135	5,348	2,937,135	5,271

The cost for the year recorded in the stock option reserve amounts to €5,348 thousand (€5,271 thousand in 2019) including €3,596 thousand (€3,586 thousand in 2019) classified as compensation to the Chairman and Chief Executive Officer.

All the share-based incentive plans will be serviced exclusively by treasury stock without any new share issues and therefore will not have any dilutive effect on issued capital.

FCA Group

At 31 December 2020 various share-based compensation plans relating to managers of the FCA Group and the Chief Executive Officer of FCA are in place.

FCA awarded PSUs and RSUs to certain key employees under the framework equity incentive plan. The PSU and RSU awards represent the right to receive FCA common shares. The PSU awards have financial performance goals that include a net income target as well as total shareholder return ("TSR") target whilst the RSU awards are based on service conditions.

The following table sets forth certain information related to the PSU awarded from 2015 to 2020.

	2015		2017		2018		2019		2020	
	2014-2018 LTI PLAN		2016-2018 LTI PLAN		2017-2021 LTI PLAN		2019-2021 LTI PLAN		2020-2022 LTI PLAN	
PSU										
PSU awarded	14.71 million		2.26 million		2.40 million (PSU 2018), 0.1 million (PSU awarded in Dec 2018)		9.5 million PSU, 0.9 million awarded during May-July 2019		7.0 million, 0.1 million additional awarded during June-July 2020	
Performance conditions	50% Net Income Target (PSU NI) 50% Total Shareholder Return Target (PSU TSR)				Total Shareholder Return Target (PSU TSR)		50% Adjusted Ebit target (PSU Adj EBIT) 50% Market condition (PSU TSR)		50% Adjusted Ebit target (PSU Adj EBIT) 50% Market condition (PSU TSR)	
Performance Period	5 years 2014 to 2018		– PSU NI 3 Years (2016 to 2018) – PSU TSR 2 years (Dec 16 to Dec 18)		5 years 2017 to 2021		PSU Adj Ebit 3 years (1 Jan 2019 to 31 Dec 2021); PSU TSR 3 years (1 Jan 2019 to 31 Dec 2021)		PSU Adj Ebit 3 years (1 Jan 2020 to 31 Dec 2022); PSU TSR 3 years (1 Jan 2020 to 31 Dec 2022)	
Performance period start date	1 January 2014		1 January 2016		1 January 2017		1 January 2019		1 January 2020	
Vesting Dates	– 1/3 Q1 2017 (performance goals 2014 to 2016) – cumulative 2/3 Q1 2018 (performance goals 2014 to 2017) – cumulative 100% Q1 2019 (performance goals 2014 to 2018)		Q1 2019		– 1/3 Q1 2020 (performance goals 2017 to 2019) – cumulative 2/3 Q1 2021 (performance goals 2017 to 2020) – cumulative 100% Q1 2022 (performance goals 2017 to 2021) – Q1 2019 for the PSU awarded in December 2018		– 1/3 Q2 2020 (performance goals FY 2019) – cumulative 2/3 Q2 2021 – cumulative 100% Q2 2022 – Q2 2022 (performance goals 1 Jan 2019 to 31 Dec 2021) for the additional 0.9 million		Q2 2023	

The following table sets forth certain information related to the RSU awarded in from 2015 to 2020.

	2015		2017		2018		2019		2020	
	2014-2018 LTI PLAN		2016-2018 LTI PLAN		2017-2021 LTI PLAN		2019-2021 LTI PLAN		2020-2022 LTI PLAN	
RSU										
RSU awarded	5.20 million, 0.009 million awarded in December 2016		2.29 million		0.58 million (RSU 2018) 0.05 million (RSU Dec. 2018)		5.9 million, 0.4 million awarded in May-July 2019		4.5 million, a 0.1 million additional awarded in June and July 2020	
Vesting Dates	Equal tranches Q1 2017, Q1 2018 and Q1 2019		Equal tranches Q1 2018 and Q1 2019		Equal tranches 2017, 2018 and 2019 (RSU 2018) Q1 2019 (RSU Dec. 2018)		Equal tranches in Q2 2020, 2021 and 2022, Q2 2022 for the additional RSU awarded		Q2 2023	

Other restricted Share Unit Grants

During the year ended 31 December 2020, FCA awarded 1.0 million RSU awards to certain key employees of the Company, which represented the right to receive FCA common shares. A portion of these awards vested in 2020, with the remaining portion expected to vest in 2021 and 2022 in accordance with the award agreements.

During the year ended 31 December 2019, FCA awarded 0.8 million RSU awards to certain key employees of the Company, which represented the right to receive FCA common shares. A portion of these awards vested in 2019 and 2020 with the remaining portion expected to vest in 2021 and 2022 in accordance with the award agreements.

PSU NI Awards

Changes during 2020 and 2019 for the PSU NI awards under the framework equity incentive plan were as follows:

	2020		2019	
	PSU NI	Weighted average fair value at the grant date (€)	PSU NI	Weighted average fair value at the grant date (€)
Outstanding shares unvested at 1 January	262,384	4.91	4,568,830	6.14
Anti-dilution adjustment	—	—	25,516	4.91
Granted	—	—	—	—
Vested	(236,868)	4.90	(4,295,593)	6.24
Cancelled	—	—	—	—
Forfeited	(25,516)	4.90	(36,369)	6.62
Outstanding shares unvested at 31 December	—	—	262,384	4.91

The vesting of the 2017 PSU NI awards and the 2015 PSU NI awards has been determined by comparing the FCA Group's net profit excluding unusual items to the net income targets derived from the FCA Group's business plan for the corresponding period. The performance period commenced on 1 January 2016 for the 2017 PSU NI awards and 1 January 2014 for the 2015 PSU NI awards. As the performance period commenced substantially prior to the commencement of the service period, which coincided with the grant date, the Company determined that the net income target did not meet the definition of a performance condition under IFRS 2 - Share-based Payment, and therefore is required to be accounted for as a non-vesting condition. As such, the fair values of the PSU NI awards were calculated using a Monte Carlo simulation model.

PSU Adjusted EBIT Awards

Changes during 2020 for the PSU Adjusted Ebit awards under the framework equity incentive plan were as follows:

	2020		2019	
	PSU TSR	Weighted average fair value at the grant date (€)	PSU TSR	Weighted average fair value at the grant date (€)
Outstanding shares unvested at 1 January	5,560,639	10.19	—	—
Anti-dilution adjustment	—	—	524,308	10.18
Granted	3,629,656	6.40	5,182,071	11.26
Vested	(1,189,222)	10.18	—	—
Cancelled	—	—	—	—
Forfeited	(827,001)	9.86	(145,740)	11.28
Outstanding shares unvested at 31 December	7,174,072	10.19	5,560,639	10.19

The fair values of the PSU Adjusted EBIT awards that were granted during the years ended 31 December 2020 and 2019 were measured using the FCA stock price on the grant date, adjusted for expected dividends at a constant yield as PSU awards do not have the right to receive ordinary dividends prior to vesting.

PSU TSR Awards

Changes during 2020 and 2019 for the PSU TSR awards under the framework equity incentive plan were as follows:

	2020		2019	
	PSU TSR	Weighted average fair value at the grant date (€)	PSU TSR	Weighted average fair value at the grant date (€)
Outstanding shares unvested at 1 January	6,797,491	10.61	6,926,413	11.42
Anti-dilution adjustment	—	—	644,588	10.60
Granted	3,629,656	3.92	5,189,237	11.58
Vested	(2,421,734)	10.83	(4,295,594)	10.67
Cancelled	—	—	(1,385,046)	12.99
Forfeited	(831,326)	9.91	(282,107)	11.94
Outstanding shares unvested at 31 December	7,174,087	7.23	6,797,491	10.61

The weighted average fair value of the PSU TSR awards granted during the years ended 31 December 2018, 2017 and 2015 were calculated using a Monte Carlo simulation model. The weighted average fair value of the PSU TSR awards granted during the years ended 31 December 2020 and 2019 were calculated using a Monte Carlo Simulation, adjusted for expected dividends at a constant yield as PSU awards do not have the right to receive ordinary dividends prior to vesting.

In accordance with IFRS 2 - Share-based Payment, the 2018 PSU TSR awards were modified and remeasured at the grant date of the Replacement awards, using a Monte Carlo Simulation. Only the incremental amount, which is the difference between the fair value of the 2018 PSU TSR and the fair value of the Replacement awards, will be recognized as an expense over the term of the Replacement awards.

The key assumptions utilised to calculate the grant date fair values for the PSU NI and PSU TSR awards issued are summarised below:

	2020 Awards	2019 Awards	2018 Awards	2017 Awards		2015 Awards	
	PSU TSR	PSU TSR	PSU TSR	PSU NI	PSU TSR	PSU NI	PSU TSR
	Awards Range	Awards Range	Awards Range	Awards Range	Awards Range	Awards Range	Awards Range
Grant date stock price	7.38	€13.10	€18.79	€9.74 - €10.39	€9.74 - €10.39	€13.44 - €15.21	€13.44 - €15.21
Expected volatility	40 %	39 %	41 %	40 %	44 %	40 %	37% - 39%
Dividend yield	5 %	5 %	0 %	0 %	0 %	0 %	0%
Risk-free rate	(0.70)%	(0.70)%	(0.30)%	(0.80)%	0.80 %	0.70 %	0.7% - 0.8%

The expected volatility was based on the observed historical volatility for common shares of FCA. The risk-free rate was based on the yields of government and treasury bonds with similar terms to the vesting date of each PSU NI and PSU TSR award.

In addition, since the volatility of each member of the defined peer group are not wholly independent of one another, a correlation coefficient was developed based on historical share price changes for FCA and the defined peer group over a three-year period leading up to the grant date of the awards.

Restricted Share Units

Changes during 2019 and 2018 for the RSU awards under the framework equity incentive plan were as follows:

	2020		2019	
	RSUs	Weighted average fair value at the grant date (€)	RSUs	Weighted average fair value at the grant date (€)
Outstanding shares unvested at 1 January	8,153,039	10.51	4,290,986	10.47
Anti-dilution adjustment	—	—	761,529	10.49
Granted	5,654,588	6.59	7,160,764	11.35
Vested	(3,228,967)	10.24	(3,347,345)	9.93
Cancelled	—	—	—	—
Forfeited	(715,489)	9.12	(712,895)	10.05
Outstanding shares unvested at 31 December	9,863,171	8.46	8,153,039	10.51

The weighted average fair value of the RSU awards that were granted in 31 December 2018, 2017, 2016 and 2015, were measured using the FCA stock price on the grant date. The weighted average fair value of the RSU awards that were granted during the years ended 31 December 2020 and 2019 were measured using the FCA stock price on the grant date, adjusted for expected dividends at a constant yield as RSU awards do not have the right to receive ordinary dividends prior to vesting.

Modification to PSU awards and RSU awards to certain key employees

During the year ended 31 December 2020, in connection with the planned merger with Groupe PSA, FCA's board of directors approved a modification to the PSU and RSU awards that were granted to certain key employees, under the framework equity incentive plan. All outstanding PSU and RSU awards granted to these employees and outstanding at the merger date have been replaced with cash-settled awards, which vest upon the merger and are payable on specified dates after the closing of the merger. In accordance with the requirements of IFRS 2 - Share-based payment, a liability of €51 million was accrued within Employee benefits liabilities, representing the fair value of these cash-settled awards as measured at 31 December 2020.

Anti-dilution adjustments - PSU awards and RSU awards

The documents governing FCA's long-term incentive plans contain anti-dilution provisions which provide for an adjustment to the number of awards granted under the plans in order to preserve, or alternatively, prevent the enlargement of the benefits intended to be made available to the recipients of the awards should an event occur that impacts FCA's capital structure.

In December 2019, the Compensation Committee approved a conversion factor of 1.107723 that was applied to outstanding awards under the Long Term Incentive Plan to make equity award holders whole for the resulting diminution in the value of an FCA common share as a result of the payment of an extraordinary cash distribution to holders of FCA common shares on 30 May 2019. There was no change to the total cost of these awards to be amortized over the remaining vesting period as a result of these adjustments.

	Anti-dilution adjustment	
	2019	2018
PSU Awards:		
Number of awards - as adjusted	12,620,514	17,673,363
Key assumption - as adjusted:		
Grant date stock price - for PSU NI and PSU TSR	€8.79 - €16.96	€5.71 - €10.35
RSU Awards:		
Number of awards - as adjusted	8,153,039	7,628,612

The following table sets forth information related to the income statement expense recognized and to be recognized in relation to the PSU and RSU awards:

(€ million)	Years ended 31 December	
	2020	2019
Total expense	98	92
Unrecognized expense	58	112
Weighted average remaining period over which expense will be recognized (years)	1.6	1.6

CNH Industrial

CNH Industrial's equity awards are governed by several plans: i) CNH Industrial N.V. Equity Incentive Plan ("CNH Industrial EIP") and CNH Industrial N.V. Directors' Compensation Plan ("CNH Industrial DCP").

Performance Share Units

2017-2019 Long-Term Incentive Plan

In December 2017, CNH Industrial canceled all Performance Share Units ("PSU's") issued in 2014, 2015 and 2016 and issued a grant of PSU's to key executive officers and select employees, with financial performance goals covering the three-year period from 1 January 2017 to 31 December 2019. The performance goal was a market condition with a payout schedule ranging from 0% to 130%. In 2018 and 2019, prorated share amounts covering performance through this same period were issued to select new employees entering the plan. In 2018 and 2019, 0.6 million and 0.4 million additional PSU's were granted. On 28 February 2020 all PSU's associated with these grants failed to meet their performance goals and were therefore forfeited. CNH Industrial still incurred the expense associated with these awards but the awards themselves were never issued to their recipients.

2021-2023 Long-Term Incentive Plan

In February 2020, the Board of Directors approved the 2020-2024 Long-Term Incentive Plan under the EIP. In December 2020, CNH Industrial issued a new grant of PSUs to its key executive officers and select employees with the financial performance goals covering a three-year period culminating with a cliff vest date of 28 February 2024. Two internal financial metrics, Industrial ROIC (the ratio of Adjusted EBIT (after-tax) over Average Industrial Invested Capital) and Adjusted EPS (the net income (loss) excluding any nonrecurring items (after-tax), divided by the weighted average outstanding number of common shares on a fully diluted basis), weighted 50% each, and a multiplier-based on CNH Industrial's percentile ranking of Total Shareholder Return among a comparator group, will determine the total PSUs earned. The internal financial metrics have a payout factor of up to 200% and the market based TSR determinant has a payout factor of 125%. These metrics are considered performance vesting conditions. As such, compensation cost will be accrued based on whether it is considered probable that the performance conditions will be satisfied. As of 31 December 2020 CNH Industrial issued 7 million PSU's. The total number of shares that will eventually be issued may vary from the original estimate due to forfeiture or the level of achievement of the performance goals.

The fair value of the December 2020 PSU award group was calculated by using the CNH Industrial stock price on the grant date adjusted for the present value of future dividends that would not be received during the vesting period. The weighted average fair value of the awards that were issued in 2020 is \$10.83 per share. The December 2020 PSU awards were issued on 4 December 2020 to key executive officers and select employees and on 14 December 2020 to the Chair of CNH Industrial.

The following table reflects the activity of PSUs under the 2020-2024 Long-Term Incentive Plan for the year ended 31 December 2020 and 2019.

	2020		2019	
	Number of shares	Weighted average fair value at grant date (\$)	Number of shares	Weighted average fair value at grant date (\$)
Outstanding shares unvested at the beginning of the year	4,883,479	7.82	5,308,740	7.92
Granted	6,931,030	10.83	447,105	5.19
Forfeited/cancelled	(4,883,479)	7.82	(872,366)	9.54
Vested	—	—	—	—
Outstanding shares unvested at the end of the year	6,931,030	10.83	4,883,479	7.82

Restricted Share Units

In 2018, 2019, and 2020, CNH Industrial issued approximately 1 million, 1 million, and 8 million Restricted Share Units (“RSUs”) to key executive officers and select employees with a weighted average fair value of \$11.63, \$9.95, and \$10.90 per share, respectively. The fair value of the award is measured using the CNH Industrial N.V. stock price on the grant date adjusted for the present value of future dividends that employees will not receive during the vesting period. The RSUs vest upon a time-based service requirement.

2017-2019 Long-Term Incentive Plan

RSU awards issued on 22 December 2017 to key executive officers and select employees vested in three equal installments over a three-year period ended 30 June 2020.

On 17 September 2018, CNH Industrial issued 500 thousand RSUs to the then CEO of CNH Industrial. The weighted average fair value of these shares was \$11.63 per share, measured using the stock price on the grant date adjusted for the present value of future dividends that would not be received during the vesting period. In connection with the CEO's resignation, in March 2020, the Compensation Committee accelerated the vesting of 69.5 thousand RSUs. The remaining 12.6 thousand RSUs were forfeited.

On 15 January 2019 CNH Industrial issued 20 thousand restricted share units to the Chair of CNH Industrial. The weighted average fair value of these shares was \$9.69 per share measured using the stock price on the grant date adjusted for the present value of future dividends that would not be received during the vesting period. These shares vested in two equal installments on 30 June 2019 and 30 June 2020.

On 3 April 2019, 536 thousand RSUs were issued to select key executive officers with a weighted average fair value of \$10.18 measured using the stock price on the grant date adjusted for the present value of future dividends that would not be received during the vesting period. The grant had a cliff vest date of 1 February 2021 for all awards except for 32 thousand RSUs, which vested on 30 June 2020. Of the remaining 490 thousand RSUs, 162 thousand were forfeited in the second quarter of 2020. The remaining 296 thousand RSUs vested on 1 February 2021.

2021-2023 Long-Term Incentive Plan

On 4 December 2020, CNH Industrial issued two separate RSU grants to key executive officers and select employees. Under the first RSU grant, 1.7 million RSUs were awarded to select employees with a weighted average fair value of \$11.43. These awards vested on 31 December 2020. Under the second RSU grant, 5 million RSUs were awarded to select employees and are set to vest in three equal installments over a three year period. The first tranche which consisted of 1.7 million RSUs is set to vest on 28 February 2022. The second and third tranches are set to vest on 28 February 2023 and 28 February 2024, respectively. The weighted average fair values for the December 2020 three tranche award group are \$11.23, \$11.02, and \$10.82, respectively.

On 14 December 2020, CNH Industrial issued 120 thousand RSUs to the Chair of CNH Industrial, of which 17 thousand vested on 31 December 2020. The weighted average fair value for these awards is \$10.96. The remaining 103 thousand RSUs vest in three equal installments on 28 February 2022, 2023, and 2024, respectively. The fair values for these awards are \$10.76, \$10.55 and \$10.35, respectively.

The following table reflects the activity of RSUs under the 2020-2024 Long-Term Incentive Plan for the year ended 31 December 2020 and 2019.

	2020		2019	
	Restricted shares	Weighted average grant-date fair value (\$)	Restricted shares	Weighted average grant-date fair value (\$)
Outstanding shares unvested at the beginning of the year	1,842,667	11.69	3,364,447	11.88
Granted	7,727,755	10.90	832,105	9.95
Forfeited	(380,221)	10.79	(320,993)	12.28
Vested	(3,747,004)	11.22	(2,032,892)	11.19
Outstanding shares unvested at the end of the year	5,443,197	10.95	1,842,667	11.69

CNH Industrial N.V. Directors' Compensation Plan ("CNH Industrial DCP")

There were 0.2 million common shares authorized for issuance under the CNH Industrial DCP. No stock options were issued under this plan in 2020 or 2019 and as of 31 December 2020, no stock options were outstanding under the CNH Industrial DCP.

The following table sets forth information related to the income statement expense recognized and to be recognized in relation to the CNH Industrial's equity awards:

<i>(€ million)</i>	Years ended 31 December	
	2020	2019
Total expense	33	29
Unrecognized expense	112	9
Weighted average remaining period over which expense will be recognized (years)	2.8	0.6

Ferrari

The Group has several equity incentive plans under which a combination of performance share units ("PSUs") and retention restricted share units ("RSUs"), which each represent the right to receive one Ferrari common share, have been awarded to the Executive Chairman, the Chief Executive Officer ("CEO"), members of the Senior Management Team ("SMT") and other key employees of the Group.

Equity Incentive Plan 2016 - 2020

Under the Equity Incentive Plan 2016-2020 the Company awarded approximately 237 thousand 2016-2020 PSUs to the SMT (excluding the previous former CEO) and other key employees of the Group and approximately 450 thousand 2016-2020 PSUs to the previous former CEO in 2017. An additional total of approximately 21 thousand 2016-2020 PSUs were awarded to the successor and now former CEO in 2018. Additionally, the Company awarded members of the SMT and key leaders a total of approximately 119 thousand 2016-2020 RSUs in 2017, and an additional 10 thousand 2016-2020 RSUs were awarded in 2018. The PSUs and RSUs cover the five-year performance and service periods from 2016 to 2020.

GEC and Key Leaders

CEO

PSU

Performance conditions	Total shareholder return target (TSR) performance compared to an industry specific peer group	
Performance Period	2016 to 2020	
Performance period start date	1 Jan 2016	
Vesting Dates	- 1/3 March 2019 - cumulative 2/3 March 2020 - cumulative 100% March 2021	
Vested	230,282 in March 2019, 298,225 in March 2020 and 212,243 in March 2021	

RSU

Vesting Dates	Equal tranches March 2019, 2020 and 2021	Equal tranches Q1 2018 and Q1 2019
Performance period start date	1 Jan 2016	
Vested	40,087 in March 2019, 31,510 in March 2020 and 31,120 in March 2021	

[Equity incentive plan 2019-2021](#)

Under the Equity Incentive Plan 2019-2021, approximately 174 thousand PSUs and 111 thousand RSUs, which each represent the right to receive one Ferrari common share, were awarded to the Executive Chairman, the Chief Executive Officer, all members of the SMT and other key employees of the Group (Equity Incentive Plan 2019-2021).

PSU

Performance conditions	TSR Target - 50 percent vest based on the achievement of the TSR ranking of Ferrari compared to an industry specific peer group of eight; EBITDA Target - 30 percent vest based on the achievement of an EBITDA target determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the business plan Innovation Target - 20 percent vest based on the achievement of defined objectives for technological innovation and the development of the new model pipeline over the performance period	
Performance Period	2019 to 2021	
Vesting Dates	The awards vest in 2022, except for the awards to the former CEO which vest in three tranches of 12 percent, 12 percent and 76 percent in 2020, 2021 and 2022, respectively	
Vested	17,572 in 2020, 80,510 in the first quarter 2021	

RSU

Vesting Dates	The awards vest in 2022, except for those awarded to the former CEO, which vest in three equal tranches in 2020, 2021 and 2022	
Vested	18,892 in 2020, 32,694 in the first quarter of 2021	

[Equity Incentive Plan 2020-2022](#)

Under a new equity incentive plan approved in 2020 ("Equity Incentive Plan 2020-2022") Ferrari awarded approximately 60 thousand 2020-2022 PSUs and approximately 48 thousand 2020-2022 RSUs to the Executive Chairman, members of the SMT and other key employees of the Group. The PSUs and RSUs cover the three-year performance and service periods from 2020 to 2022.

PSU

Performance conditions	TSR Target - 50 percent vest based on the achievement of the TSR ranking of Ferrari compared to an industry specific peer group of eight;
	EBITDA Target - 30 percent vest based on the achievement of an EBITDA target determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the business plan
	Innovation Target - 20 percent vest based on the achievement of defined objectives for technological innovation and the development of the new model pipeline over the performance period
Performance Period	2022 to 2022
Vesting Dates	The awards vest in 2023 and the total number of shares assigned upon vesting depends on the level of achievement of the targets
RSU	
Vesting Dates	The awards vest in 2023, subject to the recipient's continued employment with the Company at the time of vesting

Supplementary information relating to the equity incentive plans is summarized below.

TSR Target

The number of PSUs with a TSR Target that vest under the equity incentive plans is based on the Company's TSR performance over the relevant performance period compared to an industry-specific peer group as summarized below.

Ferrari TSR Ranking	1	2	3	4	5	>5
% of Target Awards that Vest ⁽¹⁾	150 %	120 %	100 %	75 %	50 %	0

1. The PSUs awarded to members of the SMT (excluding the CEO) and other key employees of the Group under the Equity Incentive Plan 2016-2020 did not vest if the TSR ranking was below third compared to the peer group.

The defined peer groups (including Ferrari) for the TSR Target are presented below.

Equity Incentive Plan 2016-2020	Ferrari Moncler	Burberry Richemont	Hermes Brunello Cucinelli	LVMH Ferragamo
Equity Incentive Plan 2019-2021	Ferrari	Burberry	Hermes	LVMH
Equity Incentive Plan 2020-2022	Moncler	Richemont	Kering	Aston Martin

EBITDA Target

The number of PSUs with an EBITDA Target that vest under the Equity Incentive Plan 2019-2021 and the Equity Incentive Plan 2020-2022 is determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the Group's business plan, as summarized below.

Actual Adjusted EBITDA Compared to Business Plan	% of Awards that Vest
+10%	140%
+5%	120%
Business Plan Target	100%
-5%	80%
<-5%	0

Fair values and key assumptions

The fair value of the PSU awards used for accounting purposes was measured at the grant date using a Monte Carlo Simulation model. The fair value of the RSU awards was measured using the share price at the grant date adjusted for the present value of future distributions which employees will not receive during the vesting period.

The fair value of the PSUs and RSUs that were awarded under the equity incentive plans, which is determined based on actuarial calculations that apply certain assumptions and take into consideration the specific characteristics of the awards granted, is summarized in the following table.

Equity Incentive plan	2016-2020		2019-2021	2020-2022
PSUs	€59.36-€72.06	€61.30-€111.92	€110.57-€111.64	€136.06
RSUs	€63.00-€64.64	€110.76-€112.99	€119.54-€120.56	€139.39

The Key assumption utilized to calculate the grant-date fair values of the PSUs that were awarded under the equity incentive plans are summarized below:

Key assumptions	2016-2019		2019-2021	2020-2022
	Granted in 2017	Granted in 2018		
Grant date share price	€66.85	€113.70	€122.60	€142.95
Expected volatility	17.4 %	16.7 %	26.50 %	26.6 %
Dividend yield	1.2 %	0.9 %	0.83 %	0.8 %
Risk-free rate	0 %	0 %	0 %	0 %

The expected volatility was based on the observed volatility of the new peer group. The risk-free rate was based on the iBoxx sovereign Eurozone yield.

Outstanding share awards

Changes in the outstanding number of PSU and RSU share awards under all the Ferrari equity incentive plans are as follows:

	Outstanding PSU Awards	Outstanding RSU Awards
Balance at 31 December 2019	598,719	171,145
Granted ⁽¹⁾	48,173	39,780
Forfeited	(1,461)	(1,460)
Vested	(230,592)	(50,402)
Balance at 31 December 2020	414,839	159,063

1. Granted under the Equity Incentive Plan 2020-2022.

Share-based compensation expense

The following table sets forth information related to the income statement expense recognized and to be recognized in relation to the PSU and RSU awards:

(<i>€ million</i>)	Years ended 31 December	
	2020	2019
Total expense	17	17
Unrecognized expense	13	19

PartnerRe

Long Term Incentive Plan

During 2017, PartnerRe designated a new class of voting Class B shares. Class B shares can either be purchased by or granted to certain executives or non-executive directors of the Company at the discretion of the Company in line with the provisions set out in the Certificate of Designation, or any sub-plan or addendum thereto.

Grants can be made by the Company twice per year as of 1 March or 1 September. The number of shares granted is determined based on a long-term incentive (LTI) award amount divided by the latest U.S. GAAP book value (or common shareholder's equity) per share published as of either 31 December or 30 June.

As a result, Class B shares with a grant date of 1 March are based on the U.S. GAAP book value as of the 31 December valuation date, while Class B shares with a grant date of 1 September are based on the U.S. GAAP book value as of the 30 June valuation date. The granted shares may be issued net of share equivalent to settle related withholding taxes, where applicable.

Restricted Class B shares are granted at \$nil consideration and are restricted from sale for a period of up to three years from the date of grant. An acceleration of the restriction period may occur under certain circumstances, including death, permanent disability, or retirement of the shareholder. Notwithstanding these provisions, the Company's Board of Directors has authority to accelerate the restriction period at its own discretion. Restricted Class B shares granted are recognized at fair value over the restriction period.

Unrestricted Class B shares can be purchased based on the latest U.S. GAAP book value as of the applicable valuation date. Unrestricted Class B shares can be transferred or sold back to the Company, subject to any applicable restrictions as per the Certificate of Designation, at the option of the shareholder. The notices of grant require that, once the restriction period has expired, the employee can only sell or transfer the Class B shares back to the Company provided the employee continues to hold shares in the amount of a minimum of four times their gross annual long-term incentive target value, unless otherwise agreed in writing.

The Class B shares are accounted for as liabilities, with \$15 million and \$13 million included in Accounts payable, accrued expense and other in the Consolidated Balance Sheets at 31 December 2020 and 2019, respectively. The compensation expense related to Class B awards for the years ended 31 December 2020 and 2019 was \$11 million and \$10 million, respectively.

During 2020, there were repurchases by PartnerRe of \$11 million, which included \$6 million restricted Class B shares and \$5 million unrestricted Class B shares. During 2019, there were repurchases by PartnerRe of \$13 million, which included \$6 million restricted Class B shares and \$7 million unrestricted Class B shares.

The following table provides an activity summary of the Company's restricted and unrestricted Class B shares outstanding:

	Restricted Class B shares	Unrestricted Class B shares	Total Class B shares
Outstanding 31 December 2018	161,810	183,834	345,644
Granted	117,929	—	117,929
Purchased	—	18,875	18,875
Repurchased	(100,407)	(100,273)	(200,680)
Outstanding 31 December 2019	179,332	102,436	281,768
Granted	167,202	—	167,202
Purchased	—	38,838	38,838
Repurchased	(129,583)	(83,561)	(213,144)
Expiration of restricted period	(27,785)	27,785	—
Outstanding 31 December 2020	9,834	(16,938)	(7,104)

24. Provisions for employee benefits

The Group's provisions and net assets for employee benefits are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Present value of defined benefit obligations:		
Pension plans	26,732	27,823
Healthcare and life insurance plans	2,573	2,656
Other post-employment benefits	1,104	1,110
Total present value of defined benefit obligations	30,409	31,589
Fair value of plan assets on pension plan	(21,879)	(22,734)
Fair value of plan assets of healthcare and life insurance plans	(118)	(135)
Asset ceiling	27	33
Total net defined benefits plan	8,439	8,753
<i>of which:</i>		
<i>Net defined benefit liability (A)</i>	9,212	9,527
<i>(Defined benefit plan assets)</i>	(773)	(734)
Other provisions for employees (B)	1,459	1,279
Total provisions for employee benefits (A) + (B)	10,671	10,806

The Group provides post-employment benefits for certain of its active employees and retirees, either directly or by contributing to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which the Group operates.

The Group provides post-employment benefits under defined contribution and defined benefit plans.

The plans are classified by the Group on the basis of the type of benefit provided as follows: pension benefits, healthcare plans, life insurance plans, and other post-employment benefits.

Moreover, the Group provides post-employment benefits, such as pension or healthcare benefits, to its employees under defined contribution plans. In this case, the Group pays contributions to the publicly or privately administered insurance plans on a legally mandatory, contractual, or voluntary basis. By paying these contributions the Group fulfills all of its obligations. The Group recognises the cost for defined contribution plans over the period in which the employee renders service. In 2020 this cost amounts to €1,803 million (€2,034 million in 2019).

Pension benefits

Group companies in the United States and Canada sponsor both non-contributory and contributory defined benefit pension plans. Liabilities arising from these plans are usually funded by contributions made by the Group and, at times by their employees, into legally separate trusts which independently manage the assets servicing the plan from which the employee benefits are paid.

The Group's funding policy for defined benefit pension plans is to contribute the minimum amounts required by applicable laws and regulations. Occasionally, additional discretionary contributions in excess of these legally required are made to achieve certain desired funding levels.

To the extent that a fund is overfunded, the Group is not required to make further contribution to the plan in respect of minimum performance requirements so long as the fund is in surplus. In the U.S. these excess amounts are tracked, and the resulting credit balance can be used to satisfy minimum funding requirements in future years.

In the fourth quarter of 2020, CNH Industrial signed group annuity contracts to transfer the outstanding pension benefit obligations related to certain retirees and beneficiaries within the U.S. plans. In connection with these transactions, €449 million of plan obligations were transferred along with €448 million of plan assets; the related non-cash settlement impact recognized in the income statement in the fourth quarter of 2020 was immaterial.

In 2019, in connection with a group annuity contract to transfer the outstanding pension benefit obligations related to certain retirees and beneficiaries within the U.S. plans €402 million of plan obligations were transferred along with €368 million of plan assets and CNH Industrial recognized in the fourth quarter of 2019 a €18 million pre-tax non-cash settlement charge.

The FCA Group contributions to funded pension plans for 2021 are expected to be €1,087 million, of which €1,060 million relates to the U.S. and Canada, with €606 million being discretionary contributions and €454 million which will be made to satisfy minimum funding requirements.

The expected benefit payments for pension plans are as follows:

(€ million)	2021	2022	2023	2024	2025	2026-2030
Expected benefit payments	1,462	1,445	1,433	1,432	1,427	7,087

Changes in pension plans are the following:

(€ million)	At 31 December							
	2020				2019			
	Defined benefit obligation	Fair value of plan assets	Asset ceiling	(Net asset) Net liability obligation	Defined benefit obligation	Fair value of plan assets	Asset ceiling	(Net asset) Net liability obligation
Amounts at 1 January	27,823	(22,734)	33	5,122	25,562	(20,922)	12	4,652
Included in the income statement	544	(116)	—	428	430	28	—	458
Included in Other comprehensive income:								
Actuarial (gains) losses from:								
- demographic assumptions	11	—	—	11	(356)	—	—	(356)
- financial assumptions	2,053	—	—	2,053	3,086	—	—	3,086
- other	(7)	—	(4)	(11)	21	—	—	21
Return on assets	—	(2,098)	—	(2,098)	—	(2,693)	—	(2,693)
Change in the effect of limiting net assets	—	—	—	—	—	—	3	3
Exchange differences	(2,087)	1,680	(2)	(409)	713	(640)	1	75
Other changes:								
Contribution by employer	—	(181)	—	(181)	—	(102)	—	(102)
Contribution by plan participants	8	(8)	—	—	8	(8)	—	—
Benefits paid	(1,613)	1,577	—	(36)	(1,669)	1,632	—	(37)
Transfer to Liabilities held for sale	—	—	—	—	—	—	—	—
Other changes	—	1	—	1	28	(29)	17	15
Amounts at 31 December	26,732	(21,879)	27	4,880	27,823	(22,734)	33	5,122

Amounts recognized in the Consolidated Income Statement were as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Current service cost	202	182
Interest expenses	810	1,037
Interest income	(677)	(851)
Other administrative costs	85	88
Past service costs (income) and (gains) losses arising from settlements	8	2
Total recognized in the Consolidated Income Statement	428	458

During the year ended 31 December 2019, the FCA Group entered into a buyout relating to its Canadian salaried defined benefit plan. A total of €325 million was paid to a third-party insurance company in settlement of FCA's obligations, resulting in a settlement loss of €6 million that was recognized within Selling, general and administrative expenses in the Consolidated Income Statement for the year ended 31 December 2019.

During the year ended 31 December 2019, FCA Group also amended its U.S. defined benefit plan for salaried employees to allow certain terminated vested participants to accept a lump-sum amount. A total of €69 million was paid in December 2019 to those participants that accepted the offer. The plan amendment resulted in a settlement gain of €20 million that was recognized within Selling, general and administrative expenses in the Consolidated Income Statement for the year ended 31 December 2019.

The fair value of plan assets by class is as follows:

<i>(€ million)</i>	At 31 December			
	2020		2019	
	Amount	of which have a quoted market price in an active market	Amount	of which have a quoted market price in an active market
Cash and cash equivalents	862	807	730	696
US equity securities	1,220	1,219	1,407	1,405
Non-US equity securities	670	670	781	781
Commingled fund	1,480	506	1,596	422
Equity instruments	3,370	2,395	3,784	2,608
Government securities	2,861	840	3,320	1,281
Corporate bonds (including convertible and high-yield bonds)	5,813	—	5,553	—
Other fixed income securities	1,488	185	1,536	174
Fixed income securities	10,162	1,025	10,409	1,455
Private equity funds	2,332	—	2,297	—
Commingled funds	70	66	65	62
Mutual funds	1,386	—	1,542	—
Real estate funds	1,173	3	1,349	3
Hedge funds	2,199	62	2,072	38
Investment funds	7,160	131	7,325	103
Insurance contracts and other	325		486	66
Total fair value of plan assets	21,879	4,358	22,734	4,928

Non-U.S. equity securities are invested broadly in developed international and emerging markets. Debt instruments are fixed income securities which comprise primarily long-term U.S. Treasury and global government bonds, as well as U.S., developed international and emerging market companies' debt securities diversified by sector, geography and through a wide range of market capitalisation. Commingled funds include common collective trust funds, mutual funds and other investment entities. Private equity funds include those in limited partnerships that invest primarily in operating companies that are not publicly traded on a stock exchange. Real estate investments include those in limited partnerships that invest in various commercial and residential real estate projects both domestically and internationally. Hedge fund investments include those seeking to maximise absolute return using a broad range of strategies to enhance returns and provide additional diversification.

The investment strategies and objectives for pension assets reflect a balance of liability-hedging and return-seeking investment considerations. The investment objectives are to minimise the volatility of the value of the pension assets relative to the pension liabilities and to ensure assets are sufficient to pay plan obligations. The objective of minimising the volatility of assets relative to liabilities is addressed primarily through asset diversification, partial asset-liability matching and hedging. Assets are broadly diversified across many asset classes to achieve risk-adjusted returns that, in total, lower asset volatility relative to the liabilities. Additionally, in order to minimise pension asset volatility relative to the pension liabilities, a portion of the pension plan assets are allocated to fixed income securities. The Group policy for these plans ensures actual allocations are in line with target allocations as appropriate.

Assets are actively managed, primarily, by external investment managers. Investment managers are not permitted to invest outside of the asset class or strategy for which they have been appointed.

The Group uses investment guidelines to ensure investment managers invest solely within the mandated investment strategy. Certain investment managers use derivative financial instruments to mitigate the risk of changes in interest rates and foreign currencies impacting the fair values of certain investments. Derivative financial instruments may also be used in place of physical securities when it is more cost effective and/or efficient to do so.

Plan assets do not include shares of FCA, CNH Industrial, or properties occupied by Group companies.

The PartnerRe Group's plan assets are related to insured funds and cash. The partially insured funds comprise the accumulated pension plan contributions and investment returns thereon. The funds are held in a partially insured scheme, under the pension provider (AXA) participating in a single investment pool. The coverage ratio applied to the assets as at 31 December 2020 and 2019 was 112% and 115% respectively based on the performance of the assets.

Sources of potential risk in the pension plan assets measurements relate to market risk, interest rate risk and operating risk. Market risk is mitigated by diversification strategies and as a result, there are no significant concentrations of risk in terms of sector, industry, geography, market capitalisation, or counterparty. Interest rate risk is mitigated by partial asset-liability matching.

The fixed income target asset allocation partially matches the bond-like and long-dated nature of the pension liabilities. Interest rate increases generally will result in a decline in the fair value of the investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases generally will increase the fair value of the investments in fixed income securities and the present value of the obligations.

The weighted average assumptions used to determine the defined benefit obligations of the pension plans are as follows:

<i>(in %)</i>	At 31 December	
	2020	2019
FCA Group		
Discount rate	1.6-2.6	2.0-3.3
Future salary increase rate	2.7-3.5	2.7-3.5
Average duration (years)	12-17	11-17
CNH Industrial		
Discount rate	1.12	1.88
Future salary increase rate	2.07	2.99
Average duration (years)	15	14
Ferrari Group		
Discount rate	0	0
Average duration (years)	13	14
PartnerRe Group		
Discount rate	0.25	1
Future salary increase rate	2	2
Average duration (years)	19	19

The effect of an increase or decrease in the assumed discount rate, holding all other assumptions constant, would be as follows:

<i>(€ million)</i>	At 31 December			
	2020		2019	
	Increase	Decrease	Increase	Decrease
FCA Group ⁽¹⁾	(294)	301	(292)	298
CNH Industrial Group ⁽²⁾	(353)	(460)	(360)	453
Ferrari Group ⁽²⁾	(1.5)	(1.7)	(1.7)	1.9
PartnerRe Group ⁽³⁾	(190)	209	(169)	186

(1) The effect of an increase or decrease of 0.1% in the assumed discount rate was considered.

(2) The effect of an increase or decrease of 1.0% in the assumed discount rate was considered.

(3) The effect of an increase or decrease of 0.25% in the assumed discount rate was considered.

Discount rates are used in measuring the obligation and the interest expense (income) of net period cost. Weighted-average discount rates are used in measurements of pension, healthcare and other post-retirement benefit obligations and net interest on the net defined benefit liability/asset. The weighted-average discount rates are based on a benefit cash flow-matching approach and represent the rates at which the benefit obligations could effectively be settled at the measurement date. The benefit cash flow-matching approach involves analysing the Group's projected cash flows against a high quality bond yield curve, mainly calculated using a wide population of AA-yield corporate bonds subject to minimum amounts outstanding and meeting other defined selection criteria.

Healthcare and life insurance plans

Liabilities arising from these plans comprise obligations such as healthcare and life insurance granted to a number of employees and retirees in the U.S. and Canada.

These plans generally cover a number of employees retiring on or after reaching the age of 55 who have completed at least 10 years of employment. These benefits may be subject to deductibles, co-payment provisions and other limitations, and the Group has reserved the right to change or terminate these benefits, subject to the provisions of any collective bargaining agreement. These plans are not required to be funded. However, beginning in 2007, the Group began making contributions on a voluntary basis to a separate and independently managed fund established to finance the North American healthcare plans.

In August 2019, CNH Industrial announced changes to certain North American healthcare plans to offer medical coverage for salaried and non-union hourly post-65 retirees through Via Benefits Individual Marketplace beginning in 2020. This resulted in a reduction of €42 million in defined benefit obligations, recognized immediately in profit or loss as a pre-tax plan amendment gain of the same amount.

The expected benefits for healthcare and life insurance plans are the following:

	2021	2022	2023	2024	2025	2026-2030
Expected benefit payments	145	143	141	140	140	680

Changes in healthcare and life insurance plans are as follows:

(<i>€ million</i>)	At 31 December					
	2020			2019		
	Defined benefit obligation	Fair value of plan assets	(Net asset) Net liability obligation	Defined benefit obligation	Fair value of plan assets	(Net asset) Net liability obligation
Present value of obligations at 1 January	2,656	(135)	2,521	2,594	(124)	2,470
Included in income statement	108	(3)	105	90	(4)	86
Included in Other comprehensive income:						
Actuarial (gains) losses from:						
- demographic assumptions	(25)	—	(25)	(218)	—	(218)
- financial assumptions	197	—	197	298	—	298
- other	1	—	1	(3)	—	(3)
Return on assets	—	(11)	(11)	—	(20)	(20)
Exchange differences	(216)	11	(205)	65	(2)	63
Other:						
Contribution by employer	—	13	13	—	—	0
Contribution by plan participants	4	—	4	9	—	9
Benefits paid	(151)	7	(144)	(173)	15	(158)
Transfer to liabilities held for sale	—	—	—	—	—	—
Other changes	(1)	—	(1)	(6)	—	(6)
Present value of obligation at 31 December	2,573	(118)	2,455	2,656	(135)	2,521

Amounts recognized in the Consolidated Income Statement were as follows:

(<i>€ million</i>)	At 31 December	
	2020	2019
Current service cost	25	25
Interest expenses	82	109
Interest income	(3)	(4)
Past service costs (income) and (gains) losses arising from settlements/curtailments	1	(43)
Total recognized in the Consolidated Income Statement	105	87

Healthcare and life insurance plans are accounted for on an actuarial basis, which requires the selection of various assumptions. In particular, it requires the use of estimates of the present value of the projected future payments to all participants, taking into consideration the likelihood of potential future events such as healthcare cost increases and demographic experience.

The fair value of plan assets by class is as follows:

<i>(€ million)</i>	At 31 December			
	2020		2019	
	Amount	of which have a quoted market price in an active market	Amount	of which have a quoted market price in an active market
Cash and cash equivalents	2		9	
US equity securities	50	17	64	18
Non-US equity securities	—	—	—	—
Equity instruments	50	17	64	18
Government securities	28	25	62	31
Corporate bonds (including convertible and high-yield bonds)	38	4	—	—
Other fixed income	—	—	—	—
Debt instruments	66	29	62	31
Insurance contracts and other			—	—
Total fair value of plan assets	118	46	135	49

The weighted average assumptions used to determine the defined benefit obligations are as follows:

<i>(in %)</i>	At 31 December	
	2020	2019
FCA Group		
Discount rate	2.7	3.1-3.4
Future salary increase rate	1.3-1.5	1.0-1.5
Weighted average ultimate healthcare cost trend rate	4.0	4.0-4.4
Average duration (years)	13-17	12-17
CNH Industrial		
Discount rate	2.12	2.99
Future salary increase rate	n/a	n/a
Weighted average initial healthcare cost trend rate	4.39	4.68
Weighted average ultimate healthcare cost trend rate	3.950	4.201
Average duration (years)	10	10

Assumed discount rates are used in measurements of pension, healthcare and other post-employment benefit obligations and net interest on the net defined benefit liability/asset. The Group selects its assumed discount rates based on the consideration of equivalent yields on high-quality fixed income investments at the measurement date. The assumed discount rate is used to discount future benefit obligations back to today's dollars. The discount rates for the U.S., European, U.K. and Canadian obligations are based on a benefit cash flow-matching approach and represent the rates at which the benefit obligations could effectively be settled on the measurement date, 31 December. The benefit cash flow-matching approach involves analysing the Group's projected cash flows against a high-quality bond yield curve, mainly calculated using a wide population of AA-grade corporate bonds subject to minimum amounts outstanding and meeting other defined selection criteria. The discount rates for the Group's remaining obligations are based on benchmark yield data of high-quality fixed income investments for which the timing and amounts of payments approximate the timing and amounts of projected benefit payments.

The assumed healthcare trend rate represents the rate at which healthcare costs are assumed to increase. Rates are determined based on the Group's specific experience, consultation with actuaries and outside consultants, and various trend factors including general and healthcare sector-specific inflation projections from the United States Department of Health and Human Services Healthcare Financing Administration.

The initial trend is a short-term assumption based on recent experience and prevailing market conditions. The ultimate trend is a long-term assumption of healthcare cost inflation based on general inflation, incremental medical inflation, technology, new medicine, government cost-shifting, utilisation changes, an aging population, and a changing mix of medical services.

The Group uses the spot yield curve approach to estimate the service cost and net interest components by applying the specific spot rates along the yield curve used to determine the benefit obligations to relevant projected cash outflows. Historically, the service and net interest costs were determined using a single weighted-average discount rate based on hypothetical AA yield curves used to measure the benefit obligation at the beginning of the period.

For the CNH Industrial Group, the effect of an increase or decrease of one percentage point in the assumed healthcare cost trend rates would be an increase of €22 million and decrease of €19 million, respectively, in the defined healthcare benefit obligations at 31 December 2020.

For the FCA Group, the effect of an increase or decrease of ten percentage points in the assumed healthcare cost trend rates would be an increase of €44 million and decrease of €36 million, respectively, in the defined healthcare benefit obligations at 31 December 2020.

Other post-employment benefits

Other post-employment benefits include employee benefits granted to Group employees in Europe and comprise, among others, Italian employee leaving entitlements – TFR (obligation amounting to €744 million at 31 December 2020 and €764 million at 31 December 2019), consisting of the residual obligation for the benefit accrued to employees of Italian companies until 31 December 2007, having more than 50 employees, and accrued over the employee's working life for the others, and settled when an employee leaves the Group. The schemes included in this item are unfunded.

Changes in the obligations for other post-employment benefits are the following:

<i>(€ million)</i>	At 31 December	
	2020	2019
Present value of obligation at 1 January	1,110	1,128
Included in income statement:		
Current service cost	15	13
Interest (income) expenses	8	14
Past service costs (income) and (gains) losses arising from settlements	—	1
Included in Other comprehensive income:		
Actuarial (gains) losses from:		
- demographic assumptions	(20)	11
- financial assumptions	16	71
- other	(4)	(7)
Exchange differences	(7)	3
Other changes:		
Benefits paid	(56)	(114)
Transfers to liabilities held for sale	—	—
Other changes	42	(10)
Present value of obligation at 31 December	1,104	1,110

The main assumptions used in developing the required estimates for other post-employment benefits include the discount rate, the retirement or employee leaving rate and mortality rates.

The discount rates used for the measurement of the Italian leaving entitlement obligation are based on yields of high-quality (AA rated) fixed income securities for which the timing and amounts of payments match the timing and amounts of the projected benefit payments.

Retirement or employee leaving rates are developed to reflect actual and projected Group experience and the legal requirements for retirement in Italy.

As for the FCA Group, the weighted average discount rates that reflect the estimated timing and amount of the scheme future benefit payments for 2020 is 0.5% (0.6% in 2019). The average duration of the Italian leaving entitlement is approximately 7 years.

The effect of an increase or decrease of one percentage point in the discount rate, holding all other assumptions constant, would be a decrease of €35 million and increase of €40 million, respectively, in the benefit obligations at 31 December 2020.

Other provisions for employees

Other provisions for employees primarily include long-term disability benefits, supplemental unemployment benefits, variable and other deferred compensation, as well as bonuses granted for tenure at the Group.

25. Other provisions

Other provisions and their changes during the year ended 31 December 2020 are as follows:

<i>(€ million)</i>	At 31 December 2019	Charge	Utilisation	Transfer to liabilities held for sale	Translation differences	Other changes	At 31 December 2020
Warranty and recall campaigns	7,232	3,061	(3,527)	—	(530)	398	6,634
Restructuring provisions	202	108	(128)	—	(15)	1	168
Other charges and risks	9,493	14,224	(14,797)	—	(574)	28	8,374
Total other provisions	16,927	17,393	(18,452)	—	(1,119)	427	15,176

The warranty and recall campaigns represent the best estimate of commitments given by the Group for contractual, legal, or constructive obligations arising from product warranties given for a specified period of time beginning at the date of sale to the customer. This estimate is principally based on assumptions regarding the lifetime warranty costs of each vehicle and each model year of that vehicle line, as well as on historical claims experience for vehicles.

Warranty and recall campaigns also include management's best estimate of the costs that are expected to be incurred in connection with product defects that could result in a general recall of vehicles.

At 31 December 2020 the product warranty and recall campaigns provision decreased primarily due to lower volumes in North America, reflecting COVID-19 related disruptions, partially offset by higher recall campaign costs.

At 31 December 2019 the product warranty and recall campaigns provision was substantially in line with 2018.

The provision for other charges and risks represents the amounts provided by the individual companies of the Group in connection mainly with sales incentives and contractual, commercial and tax risks and disputes.

The detail is as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Sales incentives	5,157	6,618
Legal proceedings and other disputes	779	714
Commercial risks	1,028	846
Other provisions for risks and charges	1,410	1,315
Total other risks	8,374	9,493

In particular, the provision refers to:

- sales incentives: relating to the estimated amount of sales consideration to be reversed to the Group's dealer networks if the dealers achieve a specific cumulative level of sales transactions during the calendar year;
- legal proceedings and other disputes: this provision including legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual or patent disputes), legal proceedings involving claims with active and former employees and legal proceedings involving different tax authorities;
- commercial risks: relating to sale of products and services such as onerous maintenance contracts and as a result of certain regulatory emission requirements;
- other provisions for risks and charges which includes environmental risks, indemnities, provisions for disputes with suppliers, provision for product liabilities, contract related disputes or other disputes not subject to legal proceedings.

26. Technical reserves reinsurance companies

Technical reserves of reinsurance companies at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Unpaid losses and Loss expenses	9,286	9,229
Life and health technical reinsurance reserves	2,204	2,152
Unearned premium reserves	1,846	2,166
Total Technical reinsurance reserves	13,336	13,547

Unpaid Losses and Loss Expenses

Unpaid losses and loss expenses are categorised into three types of reserves: Case reserve, ACRs and IBNR reserves. Case reserves represent unpaid losses reported by the Company's cedants and recorded by the Company. ACRs are established for particular circumstances where, on the basis of individual loss reports, the Company estimates that the particular loss or collection of losses covered by a treaty may be greater than those advised by the cedant. IBNR reserves represent a provision for claims that have been incurred but not yet reported to the Company, as well as future loss development on losses already reported, in excess of the case reserves and ACRs.

The reconciliation of the beginning and ending gross and net liability for unpaid losses and loss expenses for the years ended at 31 December 2020 and 2019 is as follows:

<i>(€ million)</i>	2020	2019
Gross liability at 1 January	9,229	8,642
Reinsurance recoverable at 1 January	(672)	(743)
Net liability at 1 January	8,557	7,899
Net incurred losses	3,517	3,271
Net paid losses	(2,830)	(2,762)
Retroactive reinsurance recoverable	—	(72)
Translation differences and other changes	(596)	221
Net liability at 31 December	8,648	8,557
Reinsurance recoverable at 31 December	638	672
Gross liability at 31 December	9,286	9,229

Life and health technical reinsurance reserves

The reconciliation of the beginning and ending gross and net liability for life and health technical reinsurance reserves for the years ended 31 December 2020 and 2019 is as follows:

(€ million)	2020	2019
Gross liability at 1 January	2,152	1,920
Reinsurance recoverable at 1 January	(14)	(10)
Net liability at 1 January	2,138	1,910
Net incurred losses	1,154	1,129
Net paid losses	(1,077)	(958)
Translation differences	(40)	57
Net liability at 31 December	2,175	2,138
Reinsurance recoverable at 31 December	29	14
Gross liability at 31 December	2,204	2,152

Reserves for unearned premiums

The reconciliation of the beginning and ending reserves for unearned premiums for the years ended 31 December 2020 and 2019 is as follows:

(€ million)	2020	2019
Reserves at 1 January	2,166	1,810
Net premiums written	5,516	6,174
Net premiums earned	(5,723)	(5,831)
Translation differences	(113)	13
Unearned premium reserves at 31 December	1,846	2,166

27. Financial debt and other financial liabilities

Total financial debt and other financial liabilities at 31 December 2020 and 2019 are as follows:

(€ million)	At 31 December	
	2020	2019
Financial debt	52,101	43,031
Other financial liabilities	831	468
Total financial debt and other financial liabilities	52,932	43,499

Other financial liabilities relate to derivative financial liabilities and are discussed further in Note 28, "Other financial assets and other financial liabilities".

The composition of financial debt is as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Notes	23,517	19,031
Borrowings from banks	13,108	7,562
Asset-backed financing	10,518	11,405
Lease liabilities	2,253	2,180
Payables represented by securities	1,696	1,899
Other financial debt	1,009	954
Total financial debt	52,101	43,031

The composition of financial debt by entity is as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Exor	4,030	3,393
FCA	21,139	12,920
CNH Industrial	21,746	22,689
Ferrari	2,725	2,090
PartnerRe	1,912	1,475
Juventus	396	464
GEDI	143	—
Shang XIA	10	—
Total financial debt	52,101	43,031

Notes

The composition of notes at 31 December 2020 and 2019 is as follows:

Issuer	Currency	Face value outstanding (in millions)	Coupon	Maturity	At 31 December	
					2020	2019
					Outstanding amount (in € million)	
EXOR N.V.						
EXOR N.V.	€	200	3.375%	Nov 2020	—	201
EXOR N.V.	€	750	2.125%	Dec 2022	749	748
EXOR N.V.	€	650	2.50%	Oct 2024	653	653
EXOR N.V.	€	100	5.25%	Jan 2025	104	104
EXOR N.V.	€	450	2.875%	Dec 2025	451	451
EXOR N.V.	\$	170	4.398% 6 months	May 2026	139	152
EXOR N.V.	€	500	1.75%	Jan 2028	502	501
EXOR N.V.	€	200	3.125%	Feb 2038	201	201
EXOR N.V.	€	500	2.25%	Apr 2030	499	—
EXOR N.V.	Yen	10,000	2.80% 6 months	May 2031	80	82
EXOR N.V.	€	500	1.75%	Oct 2034	477	298
Total Exor Notes					3,855	3,391
Medium Term Note Programme (MTNP)						
FCA N.V.	€	4,750	3.375% - 4.5%	July 2023 - July 2028	4,757	3,607
Fiat Chrysler Finance Europe SENC	€	2,350	4.750%	March 2021- July 2022	2,350	—
CNH Industrial Group	€	4,327	0,00% - 3.875%	Sep 21 - Jul 2039	4,328	3,578
Total Medium Term Notes					11,435	7,185
Other Notes						
FCA N.V.	\$	3,000	4.5% - 5.25%	Apr 2020 - Apr 2023	1,223	2,670
CNH Industrial Group	\$	4,131	0.00% - 4.875%	Apr 2021 - Nov 2027	3,367	3,206
CNH Industrial Group	AUD	175	2.10%	Dec 22	110	109
CNH Industrial Group	ARS	701	36.00%	Aug 21	7	—
Ferrari Group	€	1,536	0.25% - 1.5%	Jan 2021 - May 2025	1,535	886
PartnerRe Group	\$	1,062	3.7%-6.44%	July 2029 - Dec 2066	863	504
PartnerRe Group	€	750	1.25%	Sep 26	745	741
Juventus	€	175	3.35%	Feb 24	178	178
Total Other Notes					8,028	8,294
Hedging effect and amortised cost valuation					199	161
Total Notes					23,517	19,031

Notes issues and repayments during 2020 were as follows:

New Issues	Currency	Nominal Amount (in millions)	Coupon	Issue Date	Maturity
Company					
Ferrari 2025 Bond	€	650	1.50 %	27 May 2020	27 May 2025
EXOR N.V.	€	500	2.25 %	29 Apr 2020	29 Apr 2030
EXOR N.V. ⁽¹⁾	€	200	1.750 %	23 Jun 2020	14 Oct 2034
FCA N.V.	€	1,250	3.375 %	1 Jul 2020	7 Jul 2023
FCA N.V.	€	1,250	3.875 %	1 Jul 2020	5 Jan 2026
FCA N.V.	€	1,000	4.500 %	1 Jul 2020	7 Jul 2028
PartnerRe	\$	500	4.500 %	1 Sep 2020	1 Oct 2050
CNH Industrial Group	ARS	701	36.00 %	31 Aug 2020	31 Aug 2021
CNH Industrial Group	\$	31	0 %	31 Aug 2020	31 Aug 2023
CNH Industrial Group	\$	600	1.95 %	2 Jul 2020	15 Aug 2023
CNH Industrial Group	\$	500	1.88 %	6 Oct 2020	15 Nov 2027
CNH Industrial Group	\$	750	0 %	1 Dec 2020	1 Apr 2024

(1) The original amount of €300 million issued in 2019 was increased by another €200 million with settlement date 23 June 2020.

Repayments	Name of Notes	Currency	Amount (in millions)	Repayment date
Company				
FCA	MTNP	\$	1,500	15 Apr 2020
EXOR N.V.		€	200	11 Dec 2020

Medium Term Note Programmes

The Medium Term Note Programmes of FCA and CNH Industrial are for a maximum of €20 billion and €10 billion respectively. At 31 December 2020 notes outstanding under this programme for FCA were €7.1 billion (€3.6 billion at 31 December 2019) and €4.3 billion for CNH Industrial (€3.4 billion at 31 December 2019). Notes for the FCA group have been issued in Euro and are guaranteed by FCA N.V.

On 1 July 2020, FCA confirmed pricing of an offering of €3.5 billion of notes under the Medium Term Note Programme, with settlement on 7 July 2020. The offering comprised (i) €1.25 billion in principal amount of 3.375% notes due July 2023, (ii) €1.25 billion in principal amount of 3.875% notes due January 2026, and (iii) €1.0 billion in principal amount of 4.500% notes due July 2028, each at an issue price of 100% of the applicable principal amount. The issuance replaced in full the €3.5 billion Bridge Credit Facility, which was previously fully undrawn and was fully cancelled on 7 July 2020, in connection with the settlement of the notes offering.

The notes of CNH Industrial are in Euro and have been issued by CNH Industrial Finance Europe S.A and are guaranteed by CNH Industrial N.V.

Notes issued under the Medium Note Programme are generally listed on either the Irish or Swiss stock exchanges.

Other Notes

Other notes include the following:

- Notes issued by FCA in 2015 in two tranches each of \$1.5 billion due in April 2020 and April 2023 respectively. These notes rank pari passu in right of payment with respect to all of FCA's existing and future senior unsecured indebtedness and senior in right of payment to any of FCA's future subordinated indebtedness and existing indebtedness, which is by its terms subordinated in right of payment to these notes. On 15 April 2020, FCA repaid in full at maturity \$1.5 billion of the 4.5 percent unsecured notes issued on 15 April 2015.
- Notes issued by CNH Capital LLC for a total nominal value of \$2.5 billion, by CNH Industrial N.V. for a total nominal value of \$1.1 billion and for \$0.2 million by CNH Industrial Capital Australia Pty.

- Notes issued by Ferrari in 2017, 2019 and 2020 for a principal amount of €385 million, €500 million and €650 million, respectively which mature in 2023, 2021 and 2025, respectively. These notes are listed on the Irish stock exchange.
- \$500 million senior notes issued by PartnerRe Finance B LLC and €750 million of senior secured notes issued by PartnerRe Ireland Finance DAC maturing in July 2029 and September 2026, respectively. These notes are senior unsecured obligations of the respective issuer and are guaranteed by PartnerRe.
- \$500 million and \$63 million junior subordinated capital efficient notes issued by PartnerRe Finance B LLC and PartnerRe Finance II Inc. These notes mature in 2050 and 2066 and since 2016 are redeemable at the option of the issuer. The notes are ranked as junior subordinated unsecured obligations of PartnerRe Finance II Inc and are guaranteed by PartnerRe.

Borrowings from banks

Borrowings from banks at 31 December 2020 amount to €13,108 million (€7,562 million at 31 December 2019). The composition is as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Exor	—	—
FCA Group	10,193	3,714
CNH Industrial Group	2,824	3,703
Ferrari Group	29	33
Juventus	21	112
GEDI	41	—
Total Borrowings from banks	13,108	7,562

FCA Group

Bank borrowings of the FCA Group at 31 December 2020 include the following:

- €1.3 billion (€1.8 billion at 31 December 2019) relating to various local bank facilities of FCA Brazilian subsidiaries. The loans primarily include subsidized loans granted by public financing institutions, such as Banco Nacional do Desenvolvimento (“BNDES”), with the aim to support industrial projects in certain areas. This provided the FCA Group with the opportunity to fund large investments in Brazil with loans of sizeable amounts at attractive rates. At 31 December 2020, outstanding subsidized loans amounted to €0.6 billion (€1.1 billion at 31 December 2019), of which approximately €0.4 billion (€0.8 billion at 31 December 2019) related to the construction of the plant in Pernambuco (Brazil), which was supported by subsidized credit lines totaling Brazilian Real (“BRL”) 6.5 billion (€1.5 billion). Approximately €0.1 billion (€0.1 billion at 31 December 2019) of committed credit lines contracted to fund scheduled investments in the area were undrawn at 31 December 2020.
- Finance agreements with the European Investment Bank for a total amount outstanding of €1.2 billion (€0.4 billion at 31 December 2019) primarily related to investments for research and development activities in Italy and an investment program in Serbia which included the residual debt due under the following facilities:
 - €500 million (amortizing in installments up to June 2021), entered into in May 2011 (guaranteed by SACE and the Serbian Authorities) for an investment program relating to the modernization and expansion of production capacity of an automotive plant in Serbia; and
 - €420 million (maturing in June 2022), entered into in June 2018 to support research and development projects to be implemented by FCA during the period 2018-2020.
- On 18 March 2020, FCA announced that it had entered into an agreement for a €300 million five-year loan with the European Investment Bank (“EIB”) to support specific investments to be implemented by FCA through 2021. The investments are primarily to support the manufacturing deployment of the advanced vehicle powertrain electrification technologies and, in particular, the setup of production lines for the manufacturing of PHEV vehicles at FCA’s production plant in Melfi (Italy) and the manufacturing of battery electric vehicles (“BEV”) at the production plant in Mirafiori (Italy). The loan was fully drawn on 26 March 2020.

- On 18 September 2020, FCA announced that it had entered into an agreement for a €485 million five-year loan with the EIB to support production of PHEVs at the Pomigliano plant in Campania (Italy). The additional borrowings also support research, development and innovation for electrification, connectivity and self-driving technologies mainly conducted at FCA's laboratories in Turin (Italy). The loan was fully drawn on 30 September 2020;
- €0.2 billion (€0.2 billion at 31 December 2019) relating to a non-revolving loan agreement of FCA Mexico S.A. de C.V. maturing in March 2022. This loan requires the borrower to comply with certain covenants and to maintain certain fixed and other assets as collateral. FCA Mexico was in compliance with such covenants at 31 December 2020 and 2019;
- On 26 March 2020, FCA announced that it had entered into a new credit facility (the "Bridge Credit Facility"). The Bridge Credit Facility, initially entered into with two banks and then successfully syndicated to thirteen banks, including the two original underwriting banks, was available for general corporate purposes and for working capital needs of FCA and was structured as a bridge facility to capital markets. On 14 April 2020, FCA announced completion of syndication. On 7 July 2020, the Bridge Credit Facility was cancelled.
- On 24 June 2020, FCA Italy S.p.A., a wholly-owned subsidiary of Fiat Chrysler Automobiles N.V., and other Italian companies in the FCA Group entered into a facility agreement with Intesa Sanpaolo for borrowings of up to €6.3 billion to finance FCA's activities in Italy. The facility is unsecured and guaranteed by FCA N.V., subsequently Stellantis N.V., and will mature in March 2023, amortizing in five equal quarterly installments with the first such installment due on 31 March 2022. SACE (Italy's export credit agency) will guarantee 80 percent of the borrowings under that facility pursuant to the recently enacted Italian Liquidity Decree. The facility and borrowings under the facility are at interest rates within a range that could be obtained in the market.
- On 26 March 2020, the tenure of the three-year Tranche A of the Group's €6.25 billion revolving credit facility, for €3.125 billion, was extended by one year to 27 April 2023, with the Tranche B maturity unchanged at March 2024. On 21 April 2020, FCA announced that, in light of the continuing uncertainty relating to the impacts of COVID-19, it had drawn down its €6.25 billion revolving credit facility originally signed in June 2015 and last amended in March 2019. During the year ended 31 December 2020, €6.3 billion of the facility was drawn down.

CNH Industrial Group

Bank Borrowings of CNH Industrial Group consists primarily of borrowings from banks which are at various terms and rates.

Ferrari

Bank borrowings of Ferrari include loans secured by FFF Inc, to support financial services operations comprising €28 million (€31 million at 31 December 2019) drawn down under a US\$ denominated credit facility for up to \$50 million (drawn down for \$35 million at 31 December 2020).

Juventus

Bank borrowings of Juventus at 31 December 2019 mainly relate to €21 million drawn down (€112 million at 31 December 2019) under revocable credit lines.

Undrawn Credit Facilities

The principal undrawn committed credit facilities of the Group at 31 December 2020 are as follows:

<i>(€ billion)</i>	At 31 December	
	2020	2019
Exor	0.5	0.4
FCA Group	7.3	7.6
CNH Industrial Group	4.4	4.9
Ferrari Group	0.7	0.4
PartnerRe	0.8	0.6
Juventus	0.3	0.1

The main committed credit facilities are as follows:

- At 31 December 2020, FCA undrawn committed credit lines totaling €7.3 billion including the €6.25 billion syndicated revolving credit facility and €1.1 billion of other revolving lines of credit. At 31 December 2019, undrawn committed credit lines available totaling €7.6 billion included the €6.25 billion syndicated revolving credit facility and €1.3 billion of other revolving lines of credit;
- CNH Industrial €4 billion revolving credit facility expiring in 2024 with two extension options of 1-year each, exercisable on the first and second anniversary of the signing date. CNH Industrial exercised the first of the two extension options as of 28 February 2020 and the second extension option as of 26 February 2021. The facility is now due to mature in March 2026. for €3,950 million, the remaining €49.5 million will mature in March 2025. The Credit facility replaces the existing five-year €1.75 billion credit facility due to mature in 2021. The facility is guaranteed by CNH Industrial N.V. with cross guarantees from each of the borrowers;
- Ferrari €350 million unsecured committed revolving credit facility, negotiated in 2019, with 5 year-tenure with two further one-year extension options exercisable on the first and second year from the signing date, and the additional committed credit lines of €350 million secured in April 2020 with tenures ranging from 18 to 24 months. The mentioned credit facilities were undrawn at 31 December 2020.
- PartnerRe \$400 million credit facility with the first \$100 million being unsecured and the remainder secured. This facility matures each year on 14 November and unless cancelled by either party automatically renews. Other secured credit facilities for an amount of \$350 million. PartnerRe maintains committed secured letter of credit facilities which must be fully secured with cash and or government bonds and or investment grade bonds.

Covenants

Financial liabilities and the revolving credit facility agreements may impose covenants on the borrower and in certain cases on the guarantor, which are typical of international practice for similar liabilities.

The covenants vary from facility to facility and may include among others: (i) negative pledge clauses which require that, in case any security interest in assets of the issuer is granted in connection with other notes or debt securities having the same ranking, such security should be equally and ratably extended to the outstanding notes, subject to certain permitted exceptions; (ii) *pari passu* clauses, under which the debt rank and will rank *pari passu* with all other present and future unsubordinated and unsecured obligations of the issuer; (iii) periodic disclosure obligations; (iv) cross-default clauses which require immediate repayment of the debt under certain events of default on other financial instruments of the relevant issuer, (v) limitation of new real guarantees and asset sales on certain company assets without the consent of the creditor (vi) limitation on incurrence of liens (vii) limitations on incurrence, repayment and prepayment of indebtedness and (iv) other clauses that are generally applicable to securities of a similar type. A breach of these covenants may require the early repayment of the underlying indebtedness.

At 31 December 2020 and 2019 the Group was in compliance with all covenants under its debt agreements.

Asset-backed financing

Asset-backed financing represents the amount of financing received through factoring transactions which do not meet the asset derecognition requirements and which are recognized as assets for the same amount in the Consolidated Statement of Financial Position. The composition of Asset-backed financing is as follows:

(<i>€ million</i>)	At 31 December	
	2020	2019
FCA Group	41	151
CNH Industrial Group	9,716	10,466
Ferrari Group	761	788
Total asset-backed financing	10,518	11,405

Cash collected from the settlement of receivables or lines of credit pledged as collateral for asset-backed financing is subject to certain restrictions regarding its use and is principally applied to repay principal and interest of the funding.

Lease liabilities

Lease liabilities included in the Statement of financial position:

(€ million)	At 31 December	
	2020	2019
Exor	3	3
FCA Group	1,693	1,640
CNH Industrial Group	355	386
Ferrari Group	62	60
PartnerRe Group	61	76
Juventus	27	15
GEDI	42	—
Shang Xia	10	—
Total Lease Liabilities	2,253	2,180

Maturity analysis of lease liabilities – contractual undiscounted cash flows:

(€ million)	At 31 December 2020			
	Due within one year	Due between one and five years	Due beyond five years	Total
Contractual undiscounted cash flows	514	1,038	1,057	2,609

In addition, the FCA Group has entered into commitments relating to leases not yet commenced of €171 million, of which the most significant related to the investments in manufacturing facilities in Michigan, USA. In addition to the above, the Group entered into non-cancellable short-term leases, which have not been classified as lease liabilities, of €18 million which are expected to be settled within the next 12 months.

Payables represented by securities

At 31 December 2020 payables represented by securities amount to €1,696 million (€1,899 million at 31 December 2019).

With the purpose of further diversifying its funding structure, CNH Industrial has established various commercial paper programs. CNH Industrial Capital LLC established in previous years a commercial paper program in the U.S. This program had no amount outstanding at 31 December 2020 (€345 million outstanding at 31 December 2019). CNH Industrial Financial Services S.A. in Europe issued commercial paper under a program which had an amount of €91 million outstanding at 31 December 2020 (€93 million at 31 December 2019). In the month of April 2020, the Company issued £600 million (equivalent to €610 million) of commercial paper through the Joint HM Treasury and Bank of England's Covid Corporate Financing Facility (CCFF); the issued amount was early repaid on 16 December 2020.

Debt secured by assets

Debt secured by assets is as follows:

(€ million)	At 31 December	
	2020	2019
FCA Group	541	674
CNH Industrial Group	—	—
Total debt secured by assets	541	674

Debt secured by assets of the FCA Group at 31 December 2020, excluding the lease liabilities as described above, mainly relates to subsidized financing in Latin America, Mexico and India.

In addition, at 31 December 2020 the Group's assets include current receivables to settle asset-backed financing for €10,518 million (€11,405 million at 31 December 2019). Refer to Note 20 Transfer of financial assets.

Financial debt by due date

An analysis of financial debt by due date at 31 December 2020 and 2019 is as follows:

(€ million)	At 31 December							
	2020				2019			
	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Notes	2,846	13,165	7,506	23,517	2,273	11,296	5,462	19,031
Borrowings from banks	3,508	9,478	122	13,108	4,390	2,980	192	7,562
Asset-backed financing	6,582	3,860	76	10,518	6,339	5,008	58	11,405
Payables represented by securities	1,165	230	301	1,696	1,112	489	298	1,899
Lease liabilities	479	956	818	2,253	471	985	724	2,180
Other financial debt	698	308	3	1,009	776	175	3	954
Total financial debt	15,278	27,997	8,826	52,101	15,361	20,933	6,737	43,031

28. Other financial assets and other financial liabilities

The fair value of the Group's derivative financial assets and liabilities at 31 December 2020 and 2019 is as follows:

(€ million)	At 31 December			
	2020		2019	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges:				
Interest rate risk – Interest rate swaps	55	(1)	33	(2)
Currency risks	—	—	—	—
Total Fair value hedges	55	(1)	33	(2)
Cash flow hedges:				
Currency risks – Forward contracts, Currency swaps and Currency options	241	(192)	58	(158)
Interest rate risk – Interest rate swaps	8	(264)	6	(203)
Interest rate and currency risk – Combined interest rate and currency swap	138	(60)	—	(26)
Commodity price risk – Commodity swaps	97	(8)	21	(5)
Other	—	—	—	—
Total Cash flow hedges	484	(524)	85	(392)
Derivatives for trading	258	(306)	54	(74)
Collateral deposits	33	—	42	—
Total other financial assets and other financial liabilities	830	(831)	214	(468)

The analysis of outstanding notional amounts of derivative financial instruments by due date, at 31 December 2020 and 2019 is as follows:

<i>(€ million)</i>	Due within one year	Due between one and five years	Due beyond five years	Total
At 31 December 2020				
Currency risk management	18,480	712	—	19,192
Interest rate risk management	1,593	4,308	1,956	7,857
Interest rate and currency risk management	6	16	978	1,000
Commodity price risk management	1,161	86	83	1,330
Total notional amount	21,240	5,122	3,017	29,379
At 31 December 2019				
Currency risk management	15,053	316	—	15,369
Interest rate risk management	1,861	4,936	—	6,797
Interest rate and currency risk management	9	22	—	31
Commodity price risk management	539	41	83	663
Total notional amount	17,462	5,315	83	22,860

Fair value hedges

The gains and losses arising from the valuation of outstanding interest rate derivatives (for managing interest rate risk) and currency derivatives (for managing currency risk) are recognized in accordance with fair value hedge accounting.

Gains and losses arising from respective hedged items at 31 December 2020 and 2019 are as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Currency risk		
Net gains (losses) on qualifying hedges	(205)	139
Fair value changes in hedged items	205	(139)
Interest rate risk		
Net gains (losses) on qualifying hedges	87	(17)
Fair value changes in hedged items	(87)	17
Net gains (losses) on fair value hedges recognized in the income statement	0	0

Cash flow hedges

The effects recognized in the Consolidated Income Statement mainly relate to currency risk management and, to a lesser extent, to hedges regarding commodity price risk management and cash flows that are exposed to interest rate risk and sales exposed to the fluctuations in the Euro/USD exchange rate.

With respect to cash flow hedges, the Group reclassified gains of €203 million in 2020 (losses of €168 million in 2019), net of the tax effect, from Other comprehensive income to the Consolidated Income Statement. These amounts are reported on the following lines of the Consolidated Income Statement as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Currency risk		
Increase (Decrease) in net revenues	42	(49)
Decrease (Increase) in cost of sales	163	(90)
Result from investments	23	(10)
Financial income (expenses)	103	(1)
Interest rate risk		
Decrease (Increase) in cost of sales	(5)	(7)
Financial income (expenses)	(11)	—
Commodity price risk		
Decrease (Increase) in cost of sales	(87)	6
Taxes - income (expenses)	(4)	16
Ineffectiveness – overhedges	(21)	(33)
Net gains (losses) on cash flow hedges recognized in the income statement	203	(168)

Net investment hedges

In order to manage the FCA Group's foreign currency risk related to its investments in foreign operations, the Group enters into net investment hedges, in particular foreign currency swaps and forward contracts.

For the year ended 31 December 2020 there were no net investment hedges. For the year ended 31 December 2019 net losses of €50 million related to the net investment hedges were recognized in Other comprehensive income within currency translation differences. At 31 December 2020, there were no outstanding net investment hedges. There was no ineffectiveness for the years ended 31 December 2020 and 2019.

Derivatives for trading

At 31 December 2020 and 2019 derivatives for trading primarily consisted of derivative contracts entered for hedging purposes not qualifying for hedge accounting and one embedded derivative in a bond issue in which the yield is determined as a function of trends in the inflation rate and a related hedging derivative, which converts the exposure to floating rate (the total value of the embedded derivative is offset by the value of the hedging derivative).

29. Trade payables

The analysis of trade payables by due date at 31 December 2020 and 2019 is as follows:

<i>(€ million)</i>	At 31 December	
	2020	2019
Due within one year	26,770	27,582
Due between one and five years	26	29
Due beyond five years	—	—
Total payables	26,796	27,611

30. Other liabilities

Other liabilities at 31 December 2020 and 2019 are as follows:

(€ million)	At 31 December	
	2020	2019
Payable for buy-back agreements	2,286	3,520
Indirect tax payables	1,318	1,099
Payables to personnel	1,220	1,329
Social security payables	458	415
Amounts due to customers for contract work	104	116
Accrued expenses and deferred income	5,082	5,576
Other	2,744	2,706
Total other liabilities	13,212	14,761

Payables for buy-back agreements refers to buy-back agreements entered into by the Group and includes the price received for the product recognized as an advance at the date of the sale, and subsequently, the repurchase price and the remaining lease installments yet to be recognized.

Accrued expenses and deferred income include the remaining portion of government grants that will be recognized as income in the Consolidated Income Statement over the same periods as the related costs which they are intended to offset.

On 15 March 2017, the Brazilian Supreme Court ruled that state value added tax should be excluded from the basis for calculating a federal tax on revenue. At 30 June 2017 the Group determined that the likelihood of economic outflow related to such indirect taxes was no longer probable and the total liability of €895 million that FCA had accrued but not paid for such taxes for the period from 2007 to 2014 was reversed. The Brazilian Supreme Court issued summary written minutes of its ruling on 29 September 2017 and Trial Minutes on 2 October 2017. On 19 October 2017, the Brazilian government filed its appeal against the PIS/COFINS over ICMS decision. At 31 December 2017, due to the uncertainty of scope of the application of the Supreme Court ruling taking into account the government's appeal and request for modulation, and due to Brazil's current heightened political and economic uncertainty, management believed a risk of economic outflow was still greater than remote. On 18 August 2018, the litigation concerning PIS over ICMS had its final and definitive favourable decision. At 30 September 2018, the FCA Group determined that the likelihood of economic outflow related to such indirect taxes was no longer probable and the total liability of €54 million accrued and paid will be recovered.

In March 2019, a final and definitive favorable decision was made in respect of the COFINS over ICMS element of the litigation, relating to amounts previously paid but not recovered for the period May 2004 - December 2014. During the year ended 31 December 2019, total credits and the related receivable of €164 million were recognized. On 17 December 2019, the Brazilian courts indicated that it would render a decision on the Brazilian government's appeal regarding the 2017 Supreme Court's decision with respect to the calculation of the state value added tax in the basis for federal tax on revenue on 1 April 2020, which has been subsequently postponed to an undetermined date. FCA continues to believe its position is supported by both the facts and the receipt of final and definitive rulings from the courts. However, due to the uncertainty of the Supreme Court's application of the government's appeal and request for modulation, and due to Brazil's current heightened political and economic uncertainty, FCA continues to believe that the risk of economic outflow is greater than remote.

The analysis of other liabilities (excluding accrued expenses and deferred income) by due date at 31 December 2020 and 2019 is as follows:

(€ million)	At 31 December							
	2020				2019			
	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Other liabilities (excluding accrued expenses and deferred income)	7,088	941	101	8,130	7,673	1,408	104	9,185

31. Guarantees granted, commitments and contingent liabilities

Guarantees granted by the FCA Group

At 31 December 2020, the FCA Group had pledged guarantees on the debt or commitments of third parties totaling €12 million (€8 million at 31 December 2019), as well as guarantees of €1 million on related party debt (€3 million at 31 December 2019).

SCUSA Private-label financing agreement

In February 2013, FCA US entered into a private-label financing agreement (the “SCUSA Agreement”) with Santander Consumer USA Inc. (“SCUSA”), an affiliate of Banco Santander, which launched on 1 May 2013. Under the SCUSA Agreement, SCUSA provides a wide range of wholesale and retail financing services to FCA US's dealers and consumers in accordance with its usual and customary lending standards, under the Chrysler Capital brand name.

The SCUSA Agreement has a ten-year term from February 2013, subject to early termination in certain circumstances, including the failure by a party to comply with certain of its ongoing obligations under the SCUSA Agreement. In accordance with the terms of the agreement, SCUSA provided an upfront, non-refundable payment of €109 million (\$150 million) in May 2013, which was recognized as deferred revenue and is being amortized over ten years. At 31 December 2019, €45 million (\$50 million) remained in deferred revenue.

On 28 June 2019, FCA US entered into an amendment (the “Amendment”) to the SCUSA Agreement. The Amendment modified certain terms of the agreement, with the remaining term unchanged through to February 2023, and in connection with its execution, SCUSA made a one-time, nonrefundable, non-contingent, cash payment of \$60 million (€53 million) to FCA US as part of a negotiated resolution of open matters. The amount was recognized within Selling, general and other costs in the Consolidated Income Statement for the year ended 31 December 2019. The duration of the agreement remained unchanged.

From time to time, FCA US works with certain lenders to subsidize interest rates or cash payments at the inception of a financing arrangement to incentivize customers to purchase its vehicles, a practice known as “subvention”. FCA US has provided SCUSA with limited exclusivity rights to participate in specified minimum percentages of certain of its retail financing rate subvention programs. SCUSA has committed to certain revenue sharing arrangements, as well as to consider future revenue sharing opportunities. SCUSA bears the risk of loss on loans contemplated by the SCUSA Agreement. The parties share in any residual gains and losses in respect of consumer leases, subject to specific provisions in the SCUSA Agreement, including limitations on FCA US participation in gains and losses.

Other repurchase obligations

In accordance with the terms of other wholesale financing arrangements in Mexico, FCA Mexico is required to repurchase dealer inventory financed under these arrangements, upon certain triggering events and with certain exceptions, including in the event of an actual or constructive termination of a dealer's franchise agreement. These obligations exclude certain vehicles including, but not limited to, vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date.

In December 2015, FCA Mexico entered into a ten-year private label financing agreement with FC Financial, S.A De C.V., Sofom, E.R., Grupo Financiero Inbursa ("FC Financial"), a wholly owned subsidiary of Banco Inbursa, under which FC Financial provides a wide range of financial wholesale and retail financial services to FCA Mexico's dealers and retail customers under the FCA Financial Mexico brand name. The wholesale repurchase obligation under the new agreement will be limited to wholesale purchases in case of actual or constructive termination of a dealer's franchise agreement.

At 31 December 2020, the maximum potential amount of future payments required to be made in accordance with these wholesale financing arrangements was approximately €121 million (\$149 million) and was based on the aggregate repurchase value of eligible vehicles financed through such arrangements in the respective dealer's stock. If vehicles are required to be repurchased through such arrangements, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was nil at 31 December 2020.

Arrangements with key suppliers

From time to time and in the ordinary course of business, the FCA Group enters into various arrangements with key third party suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions. Future minimum purchase obligations under these arrangements at 31 December 2020 were as follows for the FCA Group's continuing operations:

	<i>(€ millions)</i>
2021	562
2022	243
2023	135
2024	152
2025	16
2026 and thereafter	27

Guarantees granted by the CNH Industrial Group

At 31 December 2020 the CNH Industrial Group provided guarantees on the debt or commitments of third parties and performance guarantees mainly in the interest of a joint venture related to commercial commitments of defense vehicles totaling €501 million (€403 million at 31 December 2019).

Guarantees granted by the PartnerRe Group

At 31 December 2020 approximately €256 million (€262 million at 31 December 2019) of cash and cash equivalents and €4,069 million (€3,584 million at 31 December 2019) of securities of the PartnerRe Group were deposited, pledged or held in escrow accounts in favour of ceding companies and other counterparties or government authorities to comply with regulations on reinsurance contracts and insurance laws.

Commitments of Exor

Commitment of Exor concerning the Agreement for the merger between Groupe PSA and FCA

On 18 December 2019 Groupe PSA and FCA signed a binding Combination Agreement providing for a merger of their businesses (50% by Group PSA and a 50% by FCA) to create the 4th largest global automotive OEM by volume and 3rd largest by revenue.

Exor, Bpifrance, the Peugeot family and Dongfeng had irrevocably committed to vote in favor of the transaction at the shareholders' meetings of FCA and Groupe PSA held on 4 January 2021.

A standstill in respect of the shareholdings of Exor will apply for a period of 7 years following completion of the merger which occurred on 16 January 2021; except for the Peugeot Family that is allowed to increase its shareholding by up to a maximum of 2.5% in the merged entity Stellantis.

Exor, Bpifrance and the Peugeot Family are subject to a 3-year lock-up in respect of their shareholdings, except that Bpifrance will be permitted to reduce its shareholdings by 2.5% in Stellantis.

Commitments of the FCA Group arising from contractual arrangements

Regulatory emission credits

During the year ended 31 December 2019, FCA entered into multi-year non-cancellable agreements for purchases of regulatory emissions credits in various jurisdictions. At 31 December 2020, these agreements represent total commitments of €0.4 billion after fulfillment of commitments during the years ended 31 December 2020 and 2019, as well as the reduction in the commitments due to the CAFE civil fine rate recorded during the year ended 31 December 2019. The purchased credits are expected to be used for compliance years through 2023.

FCA Bank joint venture agreement

On 19 July 2019, FCA and Crédit Agricole Consumer Finance agreed to extend their 50:50 joint venture, FCA Bank, until 31 December 2024. The agreement will be automatically renewed unless notice of non-renewal is provided no later than three years before the end of the term. A notice of non-renewal would trigger certain put and call rights.

UAW Labor Agreement

In December 2019, the UAW-represented workforce ratified a new four-year collective bargaining agreement that builds on the company's commitment to grow its U.S. manufacturing operations by providing for total investments of \$9 billion and the creation of 7,900 new or secured jobs. The provisions of the agreement contained certain opportunities for success-based compensation upon meeting certain quality and financial performance metrics. The agreement, which covers about 49,200 employees, included a ratification bonus of \$9,000 for "Traditional" and "In-progression" employees and \$3,500 for temporary employees, as well as lump-sum payments, both of which are in lieu of further wage increases, totaling \$499 million (€446 million) that were paid to UAW members on 27 December 2019. Lump sum payments made in lieu of future wage increases will be amortized over the contract period.

Italian labor agreement

In March 2019, FCA renewed its labor agreement with Italian trade unions for Italian employees, which had expired on 31 December 2018. The agreement is valid for the period 2019-2022 and applies to the Group's 66,000 employees in Italy, primarily providing for a 2 percent annual increase in contractual compensation and an enhancement of the annual performance-based bonus linked to the achievement of productivity and efficiency targets forming part of the World Class Manufacturing ("WCM") program.

In April 2015, the previous four-year compensation agreement was signed by FCA companies within the automobiles business in Italy. The compensation agreement was subsequently included in the labor agreement and was extended to all FCA companies in Italy on 7 July 2015.

The compensation arrangement was effective retrospectively from 1 January 2015 through 31 December 2018 and incentivized all employees toward achievement of the productivity, quality and profitability targets established in the 2015-2018 period of the 2014-2018 business plan developed in May 2014 by adding two variable additional elements to base pay:

- an annual bonus, calculated on the basis of production efficiencies achieved and the plant's World Class Manufacturing audit status; and
- a component linked to achievement of the financial targets established in the 2015-2018 period of the 2014-2018 business plan for the EMEA region, including the activities of the premium brands Alfa Romeo and Maserati.

A total of €93 million and €75 million related to the additional variable elements above was recorded as an expense included within Net profit from continuing operations for the years ended 31 December 2020 and 2019, respectively.

Canada labor agreement

In September 2020, the four-year collective bargaining agreement that was entered into in September 2016 with Unifor in Canada expired. FCA entered into a three-year labor agreement with Unifor in Canada that was ratified on 19 October 2020. The terms of this agreement provide for a \$7,250 Canadian dollars ("CAD\$") lump sum payment to all active employees, CAD\$500 for all eligible temporary part-time employees, up-front lump sum payments of CAD\$7,250 to all employees on indefinite layoff and a lump sum retirement allowance of CAD\$3,625 for employees who retired during 2020. The total ratification bonus of approximately CAD\$59 million (€38 million) was paid on 20 November 2020. The agreement covers more than 9,200 employees and expires in October 2023.

The lump sum payments, which were made in lieu of future wage increases, are being amortized ratably over the three-year contract period.

Commitments of the Ferrari Group arising from contractual arrangements

Arrangements with key suppliers

From time to time, in the ordinary course of business, the Ferrari Group enters into various arrangements with key third party suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and /or services with fixed and determinable price provisions.

Arrangements with sponsors

Certain of the Ferrari Group's sponsorship contracts include terms whereby the Ferrari Group is obligated to purchase a minimum quantity of goods and/or services from its sponsors.

Future minimum purchase obligations under these arrangements at 31 December 2020 were as follows for the Ferrari Group's continuing operations:

	(€ millions)
Due within one year	68
Due between one and three years	54
Due between three and five years	17
Due beyond five years	—
Total	139

Commitments of the PartnerRe Group

PartnerRe has entered into service agreements and lease contracts that provide for business and information technology support and computer equipment. Future payments under these contracts amount to \$38 million, with \$27 million and \$5 million to be paid during 2021 and 2022 respectively, and the remainder to be paid through 2028.

PartnerRe has entered into certain investments, including investments in variable interest investments ("VIEs"), with unfunded capital commitments. At 31 December 2020, PartnerRe expects to fund capital commitments totaling \$793 million, with \$318 million, \$303 million, \$147 million and \$25 million to be paid during 2021, 2022, 2023 and 2024 respectively.

PartnerRe has committed to a 10-year structured letter of credit facility issued by a high credit quality international bank, which has a final maturity of 29 December 2024. At 31 December 2020 and 2019 PartnerRe's participation in the facility was \$69 million.

At 31 December 2020 the letter of credit facility has not been drawn down and can only be drawn down in the event of certain specific scenarios, which PartnerRe considers remote. Unless canceled by the bank, the credit facility automatically extends for one year, each year until maturity.

Commitments of Juventus

The commitments of Juventus included guarantees received from leading credit institutions of €56 million (€62 million at 31 December 2019) issued to guarantee the payables arising from the acquisition of players' registration rights (€48 million), the infrastructure works under the Agreed Executive Plan of the Continassa Area (€5 million) and other commitments (€3 million).

Pending litigation and contingent liabilities

As a global group with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and tax matters, dealer and supplier relationships and intellectual property rights. The outcome of any proceedings cannot be predicted with certainty. These risks arise from pending legal proceedings or requests received by the Group seeking recovery for damage to property, personal injuries and in some cases include a claim for exemplary or punitive damage. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group's financial position and results. The Group's reinsurance subsidiaries, and the insurance and reinsurance industry in general, are subject to litigation and arbitration in the normal course of their business operations.

In addition to claims litigation, the Group may be subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties. This category of business litigation typically involves, among other things, allegations of underwriting errors or omissions, employment claims or regulatory activity. While the outcome of business litigation cannot be predicted with certainty, the Group will dispute all allegations against the Group and/or its subsidiaries that management believes are without merit.

Contingent liabilities of the FCA Group

Takata Airbag Inflators

Putative class action lawsuits were filed in March 2018 against FCA US in the U.S. District Courts for the Southern District of Florida and the Eastern District of Michigan, asserting claims under federal and state laws alleging economic loss due to Takata airbag inflators installed in certain of its vehicles. FCA is vigorously defending against this action and at this stage of the proceedings, it is not possible to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

Emissions Matters

On 10 January 2019, FCA announced that FCA US had reached final settlements on civil environmental and consumer claims with the U.S. Environmental Protection Agency (“EPA”), U.S. Department of Justice (“DoJ”), the California Air Resources Board, the State of California, 49 other States and U.S. Customs and Border Protection, for which FCA accrued €748 million during the year ended 31 December 2018. Approximately €350 million of the accrual was related to civil penalties to resolve differences over diesel emissions requirements. A portion of the accrual was attributable to settlement of a putative class action on behalf of consumers in connection with which FCA US agreed to pay an average of \$2,800 per vehicle to eligible customers affected by the recall. That settlement received final court approval on 3 May 2019. Nevertheless, FCA continues to defend individual claims from approximately 3,200 consumers that have exercised their right to opt out of the class action settlement and pursue their own individual claims against FCA (the “Opt-Out Litigation”). FCA has engaged in further discovery in the Opt-Out Litigation and participated in court-sponsored settlement conferences, but has reached settlement agreements with less than 100 of these remaining plaintiffs. At 31 December 2020, FCA’s best estimate of a probable loss has been included within the provision previously recognized.

In the U.S., FCA remains subject to diesel emissions-related investigations by the U.S. Securities and Exchange Commission (the “SEC”) and the DoJ, Criminal Division. In September 2019, the DoJ filed criminal charges against an employee of FCA US for, among other things, fraud, conspiracy, false statements and violations of the Clean Air Act primarily in connection with efforts to obtain regulatory approval of the vehicles that were the subject of the civil settlements described above. FCA continues to cooperate with these investigations and present FCA’s positions on concerns raised by these governmental authorities. FCA may also engage in discussions in an effort to reach an appropriate resolution of these investigations. At this time, FCA cannot predict whether or when any settlement may be reached or the ultimate outcome of these investigations and it is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss. FCA also remains subject to a number of related private lawsuits (the “Non Opt-Out Litigation”). In September 2020, FCA settled the diesel emissions-related investigation with the U.S. Securities and Exchange Commission (the “SEC”) for an amount that is not material to the Group and which was accrued in 2020.

FCA has also received inquiries from other regulatory authorities in a number of jurisdictions as they examine the on-road tailpipe emissions of several automakers’ vehicles and, when jurisdictionally appropriate, it continues to cooperate with these governmental agencies and authorities.

In Europe, FCA has been working with the Italian Ministry of Transport (“MIT”) and the Dutch Vehicle Regulator (“RDW”), the authorities that certified FCA diesel vehicles for sale in the European Union, and the UK Driver and Vehicle Standards Agency in connection with their review of several of FCA’s vehicles.

FCA also initially responded to inquiries from the German authority, the Kraftfahrt-Bundesamt (“KBA”), regarding emissions test results for its vehicles, and FCA discussed the KBA reported test results, its emission control calibrations and the features of the vehicles in question. After these initial discussions, the MIT, which has sole authority for regulatory compliance of the vehicles it has certified, asserted its exclusive jurisdiction over the matters raised by the KBA, tested the vehicles, determined that the vehicles complied with applicable European regulations and informed the KBA of its determination. Thereafter, mediations have been held under European Commission (“EC”) rules, between the MIT and the German Ministry of Transport and Digital Infrastructure, which oversees the KBA, in an effort to resolve their differences.

The mediation was concluded with no action being taken with respect to FCA. In May 2017, the EC announced its intention to open an infringement procedure against Italy regarding Italy's alleged failure to respond to EC's concerns regarding certain FCA emission control calibrations. The MIT has responded to the EC's allegations by confirming that the vehicles' approval process was properly performed.

In December 2019, the MIT notified FCA that the Dutch Ministry of Infrastructure and Water Management ("I&W") had been communicating with the MIT regarding certain irregularities allegedly found by the RDW and the Dutch Center of Research TNO in the emission levels of certain Jeep Grand Cherokee Euro 5 models and a vehicle model of another OEM that contains a Euro 6 diesel engine supplied by FCA. In January 2020, the Dutch Parliament published a letter from the I&W summarizing the conclusions of the RDW regarding those vehicles and engines and indicating an intention to order a recall and report their findings to the Public Prosecutor, the EC and other Member States. FCA has engaged with the RDW to present its positions and cooperate to reach an appropriate resolution of this matter. FCA has proposed certain updates to the relevant vehicles that have been tested and approved by the RDW and are now being implemented. In addition, at the request of the French Consumer Protection Agency, the Juge d'Instruction du Tribunal de Grande Instance of Paris is investigating diesel vehicles of a number of automakers including FCA, regarding whether the sale of those vehicles violated French consumer protection laws.

In July 2020, unannounced inspections took place at several of FCA's sites in Germany, Italy and the UK at the initiative of the Public Prosecutors of Frankfurt am Main and of Turin, as part of their investigations of potential violations of diesel emissions regulations and consumer protection laws. FCA are cooperating with the investigations. Several FCA companies and its Dutch dealers were recently served with a purported class action filed in the Netherlands by a Dutch foundation seeking monetary damages and vehicle buybacks in connection with alleged emissions non-compliance of certain FCA E5 and E6 diesel vehicles. A similar claim has been announced in the UK but not yet served on FCA.

FCA is also defending a number of individual consumer claims alleging emissions non-compliance of certain of its vehicles in Germany.

In December 2018, the Korean Ministry of Environment ("MOE") announced its determination that approximately 2,400 FCA vehicles imported into Korea during 2015, 2016 and 2017 were not emissions compliant and that the vehicles with a subsequent update of the emission control calibrations voluntarily performed by FCA, although compliant, would have required re-homologation of the vehicles concerned. In May 2019, the MOE revoked certification of the above-referenced vehicles and announced an administrative fine for an amount not material to the Group. FCA has appealed the MOE's decision. Its subsidiary in Seoul, Korea, is also cooperating with local criminal authorities in connection with their review of this matter and with the Korean Fair Trade Commission regarding a purported breach of the Act on Fair Labeling and Advertisement in connection with the subject vehicles and with the MOE in connection with their review of other FCA vehicles.

The results of the unresolved governmental inquiries and private litigation cannot be predicted at this time and these inquiries and litigation may lead to further enforcement actions, penalties or damage awards, any of which may have a material adverse effect on FCA business, financial condition and results of operations. It is also possible that these matters and their ultimate resolution may adversely affect FCA's reputation with consumers, which may negatively impact demand for its vehicles and consequently could have a material adverse effect on its business, financial condition and results of operations. At this stage, FCA is unable to evaluate the likelihood that a loss will be incurred with regard to the unresolved inquiries and Non Opt-Out Litigation or estimate a range of possible loss.

U.S. Sales Reporting Investigations

On 27 September 2019, the SEC announced the resolution of its investigation which included FCA's agreement to pay a not material amount. FCA has also cooperated with the US Department of Justice investigation into the same issues, the outcome of which remains uncertain. Any resolution of that matter may involve the payment of penalties and other sanctions. At this time, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss in connection with that investigation.

As previously reported, two putative securities class action lawsuits were filed against FCA in the U.S. District Court for the Eastern District of Michigan making allegations with regard to its reporting of vehicle unit sales to end consumers in the U.S. These lawsuits were consolidated into a single action and on 4 October 2018, FCA entered into an agreement in principle to settle the consolidated litigation, subject to court approval, for a not material amount. On 5 June 2019, the Court granted final approval to this settlement.

National Training Center

On 27 January 2021, FCA US announced that it reached an agreement with the U.S. Attorney's Office for the Eastern District of Michigan to resolve its investigation into past misconduct of certain former FCA US employees involving the UAW-Chrysler National Training Center ("NTC"). Pursuant to the agreement, which remains subject to court approval, FCA US agreed to plead guilty to a single count of conspiracy to violate the Labor Management Relations Act and the payment of a fine in an amount that is not material to the financial statements and which had previously been accrued in 2020. FCA US also agreed to implement an independent compliance monitor for three years with respect to the dissolution of the NTC and internal controls as they relate to the trusts being implemented to replace the NTC.

Several putative class action lawsuits have been filed against FCA US in U.S. federal court alleging harm to UAW workers as a result of these acts. The actions have been dismissed both at the trial court stage and on appeal. Three plaintiffs in these lawsuits also filed charges alleging unfair labor practices with the U.S. National Labor Relations Board (the "Board"). The Board issued a complaint regarding these allegations and is seeking a cease and desist order as well as the posting of a notification with respect to the alleged practices. At this stage, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

On 20 July 2020, a group of employees in FCA's Toledo, Ohio Jeep plant filed a lawsuit in U.S. District Court for the Northern District of Ohio against FCA US, the UAW and certain individuals claiming violations of the Racketeer Influenced and Corrupt Organizations (RICO) Act and civil conspiracy. On 20 October 2020, FCA US filed a motion to dismiss and the plaintiffs filed a motion for leave to file a second amended complaint on 13 December 2020. At this stage, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

On 16 October 2020, a group of current and former employees in FCA's Trenton Engine Complex filed a lawsuit in U.S. District Court for the Eastern District of Michigan, making similar claims. At this stage, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

General Motors Litigation

On 20 November 2019, General Motors LLC and General Motors Company (collectively, "GM") filed a lawsuit in the U.S. District Court for the Eastern District of Michigan against FCA US, FCA N.V. and certain individuals, claiming violations of the RICO Act, unfair competition and civil conspiracy in connection with allegations that FCA US paid bribes to UAW officials that corrupted the bargaining process with the UAW and as a result FCA US enjoyed unfair labor costs and operational advantages that caused harm to GM. GM also claimed that FCA US had made concessions to the UAW in collective bargaining that the UAW was then able to extract from GM through pattern bargaining which increased costs to GM and that this was done by FCA US in an effort to force a merger between GM and FCA N.V.

On 8 July 2020, the court dismissed GM's lawsuit with prejudice. On 3 August 2020, GM filed a motion requesting that the court amend or alter its judgement, which the court denied. GM has appealed the dismissal to the U.S. Court of Appeals for the Sixth Circuit. Following dismissal of its Federal court case, GM also filed an action against FCA US and FCA N.V. in Michigan state court, making substantially the same claims as it made in the federal litigation. On 24 November 2020, FCA US and FCA N.V. filed a motion for summary disposition in the state court case and GM filed a motion to compel discovery on 16 December 2020. At this stage, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

Tigershark Engine - EPA Matter

In connection with internal testing, FCA determined that approximately 935,000 vehicles equipped with the 2.4L Tigershark engine may have excess tailpipe emissions. FCA has discussed this issue and reviewed its proposed solution with the EPA. FCA intends to initiate a recall campaign to implement this solution, and as a result FCA has increased its warranty campaign provision by approximately €200 million.

Tigershark Engine - Litigation

In addition, putative class action lawsuits have been filed against FCA US and consolidated into a single action in U.S. District court in Michigan asserting claims under federal and state laws claiming manufacturing and design defects in certain vehicles equipped with the 2.4L Tigershark engine, which has been installed in approximately 1.6 million vehicles sold in the U.S. The claims allege excessive oil consumption and related excess emissions. FCA is evaluating and defending against these actions while FCA works to assess the claims and, if appropriate, any mitigating action FCA could take. At this early stage, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

Corporate Average Fuel Economy ("CAFE") standards

On 31 August 2020, the U.S. Court of Appeals for the Second Circuit vacated a final rule published by the National Highway Traffic Safety Administration ("NHTSA") in July 2019 that had reversed NHTSA's 2016 increase to the base rate of the CAFE penalty from \$5.50 to \$14.00. The base rate applies to each tenth of a mile per gallon ("MPG") that a manufacturer's fleet-wide average MPG is below the CAFE standard, and is multiplied by the number of vehicles in the manufacturer's fleet to arrive at an aggregate penalty. On 14 January 2021, NHTSA published an interim final rule with immediate effect, the result of which would be to apply the increased fine rate that resulted from the Second Circuit's ruling to future model years. In particular, NHTSA's new rule imposes a CAFE penalty base rate of \$5.50 through 2021 Model Year and increases the CAFE penalty base rate to \$14.00 prospectively from the 2022 Model Year. FCA has accrued estimated amounts for any probable CAFE penalty based on the \$5.50 rate for Model Years 2021 and earlier. Several non-governmental organizations and state attorneys general have initiated litigation to overturn NHTSA's interim final rule. If the litigation is successful in overturning the interim final rule, FCA may need to accrue additional amounts due to increased CAFE penalties and additional amounts FCA may owe under certain agreements for the purchase of regulatory emissions credits. The amounts that FCA may accrue could be up to €550 million depending on, among other things, its ability to implement future product actions or other actions to modify the utilization of credits.

U.S. Import Duties

Historically, FCA has paid a 2.5 percent duty on Ram ProMaster City vehicles imported into the U.S. as passenger vehicles rather than the 25 percent duty applicable to vehicles that are imported into the U.S. as cargo vans. The vast majority of these vehicles are converted into cargo vans after importation. In litigation between a competitor and U.S. Customs and Border Protection ("CBP") involving similar vehicles, the U.S. Court of Appeals for the Federal Circuit ruled in June 2019 that vehicles previously imported by the competitor are subject to the 25 percent duty. The competitor sought to appeal the matter to the U.S. Supreme Court, but in June 2020, the U.S. Supreme Court declined to hear the competitor's case.

FCA believes there are facts that distinguish its case from that of the competitor. However, CBP may seek to recover increased duties for its prior imports, plus interest, and may assert a claim for penalties. At this stage, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

Contingent liabilities of the CNH Industrial Group

Follow-up on Damages Claims

In 2011 Iveco S.p.A., the Company's wholly owned subsidiary, active in the commercial vehicle business, and its competitors in the European Union were subject to an investigation by the European Commission (the "Commission") into certain business practices in the European Union (in the period 1997-2011) in relation to M&H trucks. On 19 July 2016, the Commission announced a settlement with Iveco. Following the settlement, CNH Industrial has been named as defendant in private litigation commenced in various European jurisdictions and Israel by customers and other third parties, either acting individually or as part of a wider group or class of claimants. Most of these claims remain at an early stage. Further, on the basis of the letters issued by a significant number of customers indicating that they may commence proceedings in the future, CNH Industrial expects to face further claims based on the same legal grounds in the same and other jurisdictions. The extent and outcome of these claims cannot be predicted at this time.

FPT Emissions Investigation

On 22 July 2020, a number of CNH Industrial's offices in Europe were visited by investigators in the context of a request for assistance by the public prosecutors of Frankfurt am Main, Germany and Turin, Italy in relation to alleged noncompliance of two engine models produced by FPT Industrial S.p.A., a wholly owned subsidiary of CNH Industrial, installed in certain Ducato (a vehicle distributed by the Stellantis group) and Iveco Daily vehicles. CNH Industrial immediately made itself available to these investigators and is providing its full cooperation to properly address the requests received. CNH Industrial has no evidence of any wrongdoing and cannot predict the extent and outcome of these requests and directly or indirectly related legal proceedings.

Contingent liabilities of the Ferrari Group

Takata airbag inflator recalls

On 4 May 2016, the United States National Highway Traffic Safety Administration ("NHTSA") published a Consent Order Amendment (the "Amended Consent Order") to the 3 November 2015 Takata Consent Order regarding a defect which may arise in the non-desiccated Takata passenger airbag inflators mounted on certain Ferrari cars. As a result of such Amended Consent Order, Ferrari filed a Part 573 Defect Information Report on 23 May 2016 with the NHTSA and has initiated a global recall relating to certain cars produced between 2008 and 2011.

In December 2016, the NHTSA issued a Third Amendment to the Coordinated Remedy Order ("ACRO") which included the list of Ferrari vehicles sold in the United States up to model year 2017 to be recalled. As a consequence of the ACRO, Ferrari decided to extend the Takata global recall campaign to all vehicles worldwide mounting non-desiccated Takata passenger airbag inflators. In January 2017 Ferrari, in accordance with the Amended Consent Order and the ACRO, filed with the NHTSA a Part 573 Defect Information Report to include model year 2012 Zone A vehicles. In January 2018, Ferrari, in accordance with the Amended Consent Order and the ACRO, also filed with the NHTSA a Part 573 Defect Information Report to include model year 2013 Zone A vehicles. In January 2019, Ferrari, in accordance with the Amended Consent Order and the ACRO, filed with the NHTSA a Part 573 Defect Information Report to include model year 2014 - 2018 vehicles. In January 2020, Ferrari, in accordance with the Amended Consent Order and the ACRO, filed with the NHTSA a Part 573 Defect Information Report to include vehicles that had received the so-called "like-for-like" repair. As a result of the ACRO and the decision to extend the worldwide Takata airbag inflator recall, Ferrari recognized provisions of €37 million in 2016 for the estimated charges for Takata airbag inflators recalls to cover the cost of the worldwide global Takata recall due to uncertainty of recoverability of the costs from Takata. At 31 December 2019 the provision amounted to €16 million.

Legal proceedings and disputes

The provision for legal proceedings and disputes represents management's best estimate of the expenditures expected to be required to settle or otherwise resolve legal proceedings and disputes. This class of claims relate to allegations by contractual counterparties that the Group has violated the terms of the arrangements, including by terminating the applicable relationships. Judgments in these proceedings may be issued in 2021 or beyond, although any such judgment may remain subject to judicial review. While the outcome of such proceedings is uncertain, any losses in excess of the provisions recorded are not expected to be material to the Ferrari Group's financial condition or results of operations.

In addition the provision for legal proceedings and disputes are recognized within other income (expenses), net.

Contingent liabilities of the PartnerRe Group

At 31 December 2020, PartnerRe was not a party to any litigation or arbitration that it believes could have a material effect on the financial condition, results of operations or liquidity of PartnerRe.

32. Fair value measurement by hierarchy

Assets and liabilities measured at fair value on a recurring basis

The following table shows the fair value hierarchy, based on observable and unobservable input for financial assets and liabilities measured at fair value on a recurring basis at 31 December 2020:

(€ million)	Level 1	Level 2	Level 3	Total
Debt securities and equity instruments measured at FVTOCI	386	33	190	609
Debt securities and equity instruments measured at FVTPL	305	—	482	787
Derivative financial assets	—	797	—	797
Collateral deposits	33	—	—	33
Receivables from financing activities and other financial receivables	—	—	476	476
Trade receivables	—	12	—	12
Other receivables	—	—	69	69
Investments of reinsurance companies measured at FVTPL	14	10,619	3,079	13,712
Money market securities	8,636	—	—	8,636
Total Assets at 31 December 2020	9,374	11,461	4,296	25,131
Derivative financial liabilities	(34)	(751)	(46)	(831)
Total Liabilities at 31 December 2020	(34)	(751)	(46)	(831)
Debt securities and equity instruments measured at FVTOCI	60	38	126	224
Debt securities and equity instruments measured at FVTPL	309	—	400	709
Derivative financial assets	—	173	—	173
Collateral deposits	42	—	—	42
Receivables from financing activities and other financial receivables	—	—	581	581
Trade receivables	—	19	—	19
Other receivables	—	—	69	69
Investments of reinsurance companies measured at FVTPL	74	10,239	3,464	13,777
Money market securities	2,698	—	—	2,698
Total Assets at 31 December 2019	3,183	10,469	4,640	18,292
Derivative financial liabilities	(26)	(442)	—	(468)
Total Liabilities at 31 December 2019	(26)	(442)	—	(468)

In the year 2020, derivative financial assets increased by €531 million primarily due to the weakening of the U.S. dollar against the Euro and of the Brazilian Real against the U.S. dollar. In 2020 derivative financial liabilities increased by €315 million primarily due to fair value losses on interest-rate swaps entered into to hedge interest rates on future bond issuances.

Investments of reinsurance companies at fair value principally are classified as Level 2 and include, among others: U.S. government issued bonds, U.S. government sponsored enterprises bonds, U.S. state, territory and municipal entities bonds, non-U.S. sovereign government, supranational and government related bonds.

Investments classified as Level 3 include, among others: inactively traded fixed maturities including U.S. State, territory and municipal bonds, unlisted or private equities, fund investments, derivative instruments and other invested assets. Fair value is determined using valuation models widely accepted; the valuation technique generally used is discounted cash flow, considering counterparty credit risk.

The fair value of derivative financial assets and liabilities, is measured by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment, as described below.

In particular:

- the fair value of forward contracts, swaps and options hedging currency risk is determined by using valuation techniques common in the financial markets and taking market parameters at the balance sheet date (in particular exchange rate, interest rates and volatility rate);
- the fair value of interest rate swaps and forward rate agreements is determined by taking the prevailing interest rates at the balance sheet date and using the discounted expected cash flow method;
- the fair value of combined interest rate and currency swaps is determined using the exchange rates and interest rates prevailing at the balance sheet date and the discounted expected cash flow and
- the fair value of swaps and options hedging commodity price risk is determined by using valuation techniques common in the financial markets and taking market parameters at the balance sheet date (in particular underlying prices, interest rates and volatility rates).

The fair value of money market securities is based on available market quotations. Where appropriate, the fair value of cash equivalents is determined with discounted expected cash flow techniques using observable market yields (categorized as Level 2).

The fair value of receivables from financing activities, which are classified in Level 3 of the fair value hierarchy, has been estimated using discounted cash flow models. The most significant inputs used in this measurement are market discount rates that reflect conditions applied in various reference markets on receivables with similar characteristics, adjusted in order to take into account the credit risk of counterparties.

The fair value of other receivables, which relates to the contingent consideration receivables from the sale of Magneti Marelli, is classified in Level 3 of the fair value hierarchy and has been estimated using discontinued cash flow models. The most significant inputs used in this measurement are market discount rates.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each year.

The following table provides the reconciliation of the changes in items measured at fair value classified within Level 3 for the year ended at 31 December 2020:

(€ million)	At 1 January 2020	Gains (losses) recognized			Net transfers into/(out of) Level 3	At 31 December 2020
		In the income statement	In other comprehensive income	Increase (decrease)		
Debt securities and equity instruments measured at FVTOCI	126		(19)	179	(96)	190
Debt securities and equity instruments measured at FVTPL	400	29	—	53	—	482
Derivative financial assets	—	—	—	—	—	—
Receivables from financing activities	581	—	—	(105)	—	476
Other receivables	69	—	—	—	—	69
Investments of reinsurance companies measured at FVTPL	3,464	264	—	(660)	11	3,079
Total Assets	4,640	293	(19)	(533)	(85)	4,296
Derivative financial liabilities	—	—	—	(46)	—	(46)
Total Liabilities	0	0	0	(46)	0	(46)

The transfer from Level 3 to Level 1 of debt securities and equity instruments measured at FVTOCI refers principally to the investment in Nikola Corporation as the company became listed during the first half 2020.

The gains (losses) included in the Consolidated Income Statement are recognized in Financial income (expenses) and Cost of revenues. The gains (losses) recognized in Other comprehensive income (loss) are included in the fair value reserve, in the cash flow hedge reserve and in currency translation differences.

Assets and liabilities not measured at fair value on a recurring basis

The carrying value of debt securities measured at amortized cost, financial receivables, current receivables and payables is a reasonable approximation of the fair value as the present value of future cash flow does not differ significantly from the carrying amount.

The carrying value of cash at banks and other cash equivalents usually approximates fair value due to the short maturity of these instruments.

The following table presents the carrying amount and the fair value of financial assets and liabilities not measured at fair value on a recurring basis:

<i>(€ million)</i>	At 31 December 2020		At 31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Dealer financing receivables	8,518	8,506	10,722	10,718
Retail financing receivables	8,586	8,727	9,321	9,272
Finance lease receivables	458	483	458	456
Non-current debt securities	61	63	52	55
Other	420	420	337	337
Total assets	18,043	18,199	20,890	20,838
Financial liabilities				
Notes	(23,517)	(21,800)	(19,031)	(20,212)
Borrowing from banks, payables represented by securities and other financial debt	(15,813)	(16,043)	(10,415)	(10,703)
Asset-backed financing	(10,518)	(10,522)	(11,405)	(11,371)
Lease liabilities	(2,253)	(2,243)	(2,180)	(2,180)
Total liabilities	(52,101)	(50,608)	(43,031)	(44,466)

Non-current debt securities are represented by notes issued by leading counterparties, listed on active markets and therefore their fair value is categorized in Level 1.

The fair values of receivables from financing activities, which are classified in Level 3 of the fair value hierarchy, have been estimated with discounted cash flows models. The most significant inputs used for this measurement are market discount rates that reflect conditions applied in various reference markets on receivables with similar characteristics, adjusted to take into account the credit risk of the counterparties.

Notes that are traded in active markets for which close or last trade pricing is available are classified in Level 1 of the fair value hierarchy. Notes for which such prices are not available are valued at the last available price or based on quotes received from third parties and are classified in Level 2 of the fair value hierarchy.

The fair value of the senior notes of PartnerRe was calculated based on discounted cash flow models using observable market yields and contractual cash flows. The fair value of the debt related to junior subordinated notes at was calculated based on market data valuation models using observable inputs. The fair value of notes is categorized principally in Level 1 and in Level 2.

The fair value of borrowing from banks, payables represented by securities and other financial debt, classified principally in Level 2, has been estimated using discounted cash flow models.

The main inputs used are year-end market interest rates, adjusted for market expectations of the Group's non-performance risk implied in quoted prices of traded securities issued by the Group and existing credit derivatives on Group liabilities. The fair value of the debt that requires significant adjustment using unobservable inputs is classified in Level 3.

The fair value of lease liabilities classified within Level 3 of the fair value hierarchy has been estimated using discounted cash flow models that require significant adjustments using unobservable inputs.

33. Related party transactions

The entities of each consolidated Group put in place transactions with subsidiaries, joint ventures, associates and other related parties, on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

Pursuant to IAS 24 the related parties of the Exor Group are Giovanni Agnelli, the FCA Group, the CNH Industrial Group, the Ferrari Group, the PartnerRe Group, the GEDI Group and their respective unconsolidated subsidiaries, associates or joint ventures, Juventus, The Economist Group and their subsidiaries. In addition, members of the board of directors of Exor and its parent Giovanni Agnelli and their families are also considered related parties.

Transactions carried out by the Group with unconsolidated subsidiaries, joint ventures, associates and other related parties are primarily those of a commercial nature, which have had an effect on revenues, cost of sales, and trade receivables and payables.

The most significant financial transactions with related parties generate, for the FCA Group, receivables from financing activities of the Group's financial services companies from joint ventures and asset-backed financing relating to amounts primarily due to FCA Bank for the sale of receivables which do not qualify for derecognition under IFRS 9.

In accordance with IAS 24, transactions with related parties also include compensation payable to directors, statutory auditors and executives with strategic responsibilities.

The effects of transactions with related parties recognized in the consolidated income statement of the Group for the years ended 31 December 2020 and 2019 are as follows:

(€ million)	Years ended 31 December							
	2020				2019			
	Net revenues	Cost of sales	Selling, general and other (income) expenses	Financial income (expenses)	Net revenues	Cost of sales	Selling, general and other (income) expenses	Financial income (expenses)
Total joint ventures	3,665	3,887	16	(33)	3,757	4,880	(8)	(54)
Total associates	161	136	1	2	164	196	—	1
Total other related parties	2	—	12	—	5	—	13	—
Total unconsolidated subsidiaries	6	4	2	—	—	7	5	—
Total related parties	3,834	4,027	31	(31)	3,926	5,083	10	(53)

Non-financial assets and liabilities originating from related party transactions at 31 December 2020 and 2019 are as follows:

(€ million)	At 31 December							
	2020				2019			
	Trade receivables	Trade payables	Other assets	Other liabilities	Trade receivables	Trade payables	Other assets	Other liabilities
Total joint ventures	323	492	3	29	304	365	2	238
Total associates	23	65	9	—	28	65	9	8
Total other related parties	3	1	—	1	4	—	—	1
Total unconsolidated subsidiaries	5	16	—	—	7	9	—	—
Total related parties	354	574	12	30	343	439	11	247

Financial assets and liabilities originating from related party transactions at 31 December 2020 and 2019 are as follows:

(€ million)	At 31 December			
	2020		2019	
	Receivables from financing activities	Financial debt	Receivables from financing activities	Financial debt
Total joint ventures	277	68	175	194
Total associates	36	4	33	5
Total other related parties	8	—	—	—
Total unconsolidated subsidiaries	12	27	1	24
Total related parties	333	99	209	223

Commitments and guarantees pledged in favor of related parties of the FCA Group

At 31 December 2020 FCA Group had a take or pay commitment with Tofas with future minimum expected obligations as follows:

(€ million)	2021	2022	2023	2024
Future minimum purchase obligations	217	177	94	94

FCA provided guarantees to FCA Bank related to certain dealer financing arrangements FCA Bank had with dealers. The amount of the guarantees outstanding at 31 December 2020 was approximately €5 million. The fair value of these guarantees was immaterial due to the value of vehicles in the dealers' stock pledged to FCA.

Commitments and guarantees pledged in favor of related parties of the CNH Industrial Group

At 31 December 2020 the CNH Industrial Group has pledged guarantees on commitments of its joint ventures, mainly related to Iveco - Oto Melara Società Consortile, for an amount of €211 million (€129 million at 31 December 2019).

Compensation to directors, statutory auditors and key executives of Exor

In 2020 compensation to the directors and statutory auditors of Exor, for carrying out their respective functions in the Parent and in other consolidated companies, is as follows:

<i>(€ thousand)</i>	Exor	Subsidiaries	Total
Total compensation 2020	4,743	5,102	9,845
Total compensation 2019	5,685	6,829	12,514

This amount includes the notional compensation cost arising from long-term share-based compensation and stock grants awarded to the directors. There are no key executives in Exor.

34. Explanatory notes to the consolidated statement of cash flows

Reconciliation of liabilities arising from financing activities for the years ended 31 December 2020 and 2019 is as follows:

<i>(€ million)</i>	Note	2020	2019
At 1 January			
Financial debt	27	43,031	43,240
IFR 16		—	1,615
Total Financial debt		43,031	44,855
Derivatives liabilities (assets) and collateral, net	28	254	(127)
Total Liabilities from financing activities		43,285	44,728
Cash flows		11,747	(2,528)
Foreign exchange effects		(2,757)	243
Fair value changes		(147)	449
Changes in scope of consolidation		158	43
Transfer to (Assets)/Liabilities held for sale		—	(82)
Other changes		(184)	432
Total change		8,817	(1,443)
At 31 December			
Total Liabilities from financing activities		52,102	43,285
Derivatives liabilities (assets) and collateral, net	28	(1)	(254)
Total financial debt	27	52,101	43,031

During the year ended 31 December 2020 the Group paid interest of €1,469 million and received interest of €744 million. During the year ended 31 December 2019 the Group paid interest of €1,718 million and received interest of €702 million. Amounts indicated are also inclusive of interest rate differentials paid or received on interest rate derivatives.

During the year ended 31 December 2020 the Group made income tax payments, net of refunds, totaling €333 million. During the year ended 31 December 2019 the Group made income tax payments, net of refunds, totaling €604 million.

35. Qualitative and quantitative information on financial risks

The Group is exposed to the following financial risks connected with its operations:

- credit risk, principally arising from its normal commercial relations with final customers and dealers, and its financing activities;
- liquidity risk, with particular reference to the availability of funds and access to the credit market and to financial instruments in general;
- financial market risk (principally relating to exchange rates, interest rates and commodity prices), since the Group operates at an international level in different currencies and uses financial instruments which generate interest. The Group is also exposed to the risk of changes in the price of certain commodities and of certain listed shares.

These risks could significantly affect the Group's financial position and results and for this reason, the Group systematically identifies and monitors these risks in order to detect potential negative effects in advance and take the necessary action to mitigate them, primarily through its operating and financing activities and if required, through the use of derivative financial instruments in accordance with established risk management policies.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the Group. The quantitative data reported below does not have any predictive value, in particular the sensitivity analysis on finance market risks does not reflect the complexity of the market or the reaction which may result from any changes that are assumed to take place.

Credit risk

The maximum credit risk to which the Group is potentially exposed at 31 December 2020 is represented by the carrying amounts of financial assets in the financial statements as discussed in Note 17, "Trade and other receivables" and the nominal value of the guarantees provided on liabilities and commitments to third parties as discussed in Note 31, "Guarantees granted, commitments and contingent liabilities".

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Group monitors these exposures and establishes credit lines with single or homogeneous categories of counterparties.

Dealers and final customers for which the Group provides financing are subject to specific assessments of their credit worthiness under a detailed scoring system. To mitigate this risk, the Group can obtain financial and non-financial guarantees. These guarantees are further strengthened where possible by reserve of title clauses on financed vehicle sales to the sales network made by the Group financial services companies and vehicles assigned under finance and operating lease agreements.

For further information regarding the exposure to credit risk and ECLs of trade receivables, other receivables and financial receivables at 31 December 2020, refer to Note 17, "Trade and other receivables".

PartnerRe Group is exposed to additional credit risks due to the nature of its business. With respect to PartnerRe:

The Company controls this exposure by emphasizing investment grade credit quality in the fixed maturity securities it purchases. At 31 December 2020 and 2019, approximately 73% and 74%, respectively, of PartnerRe's fixed maturity portfolio was rated AA (or equivalent rating) or better.

At 31 December 2020 and 2019, approximately 85% and 89% respectively, of PartnerRe's fixed maturity and short term investments were rated A or better and 5% and 3%, respectively, were rated below investment grade or not rated. PartnerRe believes this high quality concentration reduces its exposure to credit risk on fixed maturity investments to an acceptable level. At 31 December 2020 PartnerRe was not exposed to any significant credit concentration risk on its investments, excluding securities issued by the U.S. and Canada governments which are rated AA+ and AAA, respectively. At 31 December 2020, PartnerRe held fixed maturity investments issued by the Canadian government of \$776 million (€632 million). At 31 December 2019, PartnerRe was not exposed to any significant credit concentration risk on its investments, excluding securities issued by the U.S. governments and the World Bank which are rated AA+ and AAA, respectively. At 31 December 2019, PartnerRe held fixed maturity investments issued by the World Bank of \$1,110 (€905 million). At 31 December 2020 and 2019, the single largest corporate issuer accounted for less than 3% and 4%, respectively, and the top 10 corporate issuers accounted for less than 23% and 32%, respectively, of PartnerRe's 's total corporate fixed maturity securities.

PartnerRe holds cash and cash equivalents with several banks and ensures that there are no significant concentrations of credit risk in any one bank.

PartnerRe is exposed to the credit risk of its cedants in the event of their insolvency or their failure to honor the value of the funds held balances for any other reason. However, PartnerRe's credit risk in some jurisdictions is mitigated by a mandatory right of offset of amounts payable by PartnerRe to a cedants against amounts due to PartnerRe. In certain other jurisdictions PartnerRe is able to mitigate this risk, depending on the nature of the funds held arrangements, to the extent that PartnerRe has the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by PartnerRe to cedants for losses payable and other amounts contractually due.

Reinsurance balances receivable from PartnerRe's cedants at 31 December 2020 and 2019 were \$3,121 million (€2,543 million) and \$3,400 million (€3,027 million), respectively, including balances both currently due and accrued. PartnerRe believes that credit risk related to these balances is mitigated by several factors, including but not limited to, credit checks performed as part of the underwriting process and monitoring of aged receivable balances. In addition, as the majority of its reinsurance agreements give PartnerRe the right to offset reinsurance balances receivable from clients against losses payables to them, PartnerRe believes that the credit risk in this area is substantially reduced. Provisions are made for amounts considered potentially uncollectible and the allowance for uncollectible premiums receivable at 31 December 2020 and 2019 amounted to \$9 million (€7 million) and \$7 million (€6 million), respectively.

At 31 December 2020 and 2019, the balance of reinsurance recoverable on paid and unpaid losses was \$904 million (€737 million) and \$889 million (€791 million) respectively. At 31 December 2020 and 2019, 43% and 36%, respectively, of PartnerRe's reinsurance recoverable on unpaid losses were due from reinsurers with an A- or better rating from Standard & Poor's, and the remaining 57% and 64% respectively, was collateralized.

Liquidity risk

Liquidity risk represents the risk that the Group is unable to obtain the funds needed to carry out its operations and meet its obligations. Any actual or perceived limitations on the Group's liquidity may affect the ability of counterparties to do business with the Group or may require additional amounts of cash and cash equivalents to be allocated as collateral for outstanding obligations.

The continuation of challenging economic conditions in the markets in which the Group operates and the uncertainties that characterize the financial markets, necessitate special attention to the management of liquidity risk.

In that sense, measures taken to generate funds through operations and to maintain a conservative level of available liquidity are important factors for ensuring operational flexibility and addressing strategic challenges over the next few years.

The main factors that determine the Group's liquidity situation are the funds generated by or used in operating and investing activities, the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

The Group has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce liquidity risk as follows:

- centralizing the management of receipts and payments where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the Group is present;
- maintaining a conservative level of available liquidity;
- diversifying the means by which funds are obtained and maintaining a continuous and active presence in the capital markets;
- obtaining adequate credit lines; and
- monitoring future liquidity on the basis of business planning.

The Group manages liquidity risk by monitoring cash flows and keeping an adequate level of funds at its disposal. The operating cash management and liquidity investment of the Group are centrally coordinated in the Group's treasury companies, with the objective of ensuring effective and efficient management of the Group's funds. These companies obtain funds in the financial markets from various funding sources.

Certain notes issued by the Group and its treasury subsidiaries included covenants which could be affected by circumstances related to certain subsidiaries; in particular there are cross-default clauses which could accelerate repayments in the event that such subsidiaries failed to pay certain of their debt obligations.

Details of the repayment structure of the Group's financial assets and liabilities are provided in Note 17, "Trade and other receivables", Note 19, "Other assets", Note 27, "Financial debt and other financial liabilities", Note 28, "Other financial assets and other financial liabilities", Note 29, "Trade payables", and Note 30, "Other liabilities".

The Group believes that the Group's total available liquidity, in addition to the funds that will be generated from operating and financing activities, will enable the Group to satisfy the requirements of its investing activities and working capital needs, fulfill its obligations to repay its debt at the natural due dates and ensure an appropriate level of operating and strategic flexibility.

Liquidity is a measure of PartnerRe 's ability to access sufficient cash flow to meet the short-term and long-term cash requirements of its business operations.

PartnerRe aims to be a reliable and financially secure partner to its cedants. This means that PartnerRe must maintain sufficient liquidity at all times so that it can support its cedants by settling claims quickly. PartnerRe generates cash flows primarily from its underwriting and investment operations. Management believes that a profitable, well-run reinsurance organization will generate sufficient cash from premium receipts to pay claims, acquisition costs and other expenses in most years. To the extent that underwriting cash flows are not sufficient to cover operating cash outflows in any year, PartnerRe may utilize cash flows generated from investments and may ultimately liquidate assets from its investment portfolio. Management ensures that its liquidity requirements are supported by maintaining a high quality, well balanced and liquid investment grade investment portfolio, and by matching within certain risk tolerance limits the duration and currency of its investments with that of its net reinsurance liabilities.

Contractual obligations for technical reinsurance reserves at 31 December 2020 were as follows:

(€ million)	Total	< 1 year	1 – 3 years	3 – 5 years	>5 years
Technical reinsurance reserves	12,265	3,586	3,278	1,685	3,716

Financial markets risk

Due to the nature of its business, the Exor Group is exposed to a variety of market risks, including foreign currency exchange rate risk, interest rate risk and commodity price risk.

The Group's exposure to foreign currency exchange rate risk arises both in connection with the geographical distribution of the Group's industrial activities compared to the markets in which it sells its products, and in relation to the use of external borrowing denominated in foreign currencies.

The Group's exposure to interest rate risk arises from the need to fund industrial and financial operating activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing the Group's Net profit, thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group's exposure to commodity price risk arises from the risk of changes in the price of certain raw materials and energy used in production. Changes in the price of raw materials could have a significant effect on the Group's results by indirectly affecting costs and product margins.

These risks could significantly affect the Group's financial position and results and for this reason, these risks are systematically identified and monitored, in order to detect potential negative effects in advance and take the necessary actions to mitigate them, primarily through its operating and financing activities and if required, through the use of derivative financial instruments in accordance with its established risk management policies.

The Group's policy permits derivatives to be used only for managing the exposure to fluctuations in foreign currency exchange rates and interest rates as well as commodities prices connected with future cash flows and assets and liabilities, and not for speculative purposes.

The Group utilizes derivative financial instruments designated as fair value hedges mainly to hedge:

- the foreign currency exchange rate risk on financial instruments denominated in foreign currency; and
- the interest rate risk on fixed rate loans and borrowings.

The instruments used for these hedges are mainly foreign currency forward contracts, interest rate swaps and combined interest rate and foreign currency financial instruments.

The Group uses derivative financial instruments as cash flow hedges for the purpose of pre-determining:

- the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for;
- the interest paid on borrowings, both to match the fixed interest received on loans (customer financing activity), and to achieve a targeted mix of floating versus fixed rate funding structured loans; and

- the price of certain commodities.

The foreign currency exchange rate exposure on forecasted commercial flows is hedged by foreign currency swaps and forward contracts. Interest rate exposures are usually hedged by interest rate swaps and, in limited cases, by forward rate agreements. Exposure to changes in the price of commodities is generally hedged by using commodity swaps and commodity options. In addition, in order to manage the Group's foreign currency risk related to its investments in foreign operations, the Group enters into net investment hedges, in particular foreign currency swaps and forward contracts. Counterparties to these agreements are major financial institutions.

Information on the fair value of derivative financial instruments held at the balance sheet date is provided in Note 28, "Other financial assets and other financial liabilities".

Foreign currency exchange rate risk

The Group is exposed to risk resulting from changes in foreign currency exchange rates, which can affect its earnings and equity. In particular:

- where a Group company incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the operating results of that company;
- the principal exchange rates to which the Group is exposed are EUR/USD, USD/CAD, CNY, GBP, AUD, MXN, CHF, ARS, PLN, TRY, JPY and USD/BRL and EUR/BRL.

The Group's policy is to use derivative financial instruments to hedge a percentage of certain exposures subject to foreign currency exchange rate risk for the upcoming 12 months (including such risk before or beyond that date where it is deemed appropriate in relation to the characteristics of the business) and to hedge the exposure resulting from firm commitments unless not deemed appropriate.

Group companies may have trade receivables or payables denominated in a currency different from their respective functional currency. In addition, in a limited number of cases, it may be convenient from an economic point of view, or it may be required under local market conditions, for Group companies to obtain financing or use funds in a currency different from their respective functional currency. Changes in exchange rates may result in exchange gains or losses arising from these situations. The Group's policy is to hedge, whenever deemed appropriate, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the respective Group companies' functional currency.

Certain of the Group's companies are located in countries which are outside of the Eurozone, in particular the U.S., Brazil, Canada, Poland, Serbia, Turkey, Mexico, Argentina, the Czech Republic, India, China, Australia and South Africa. As the Group's reporting currency is the Euro, the income statements of those entities that have a reporting currency other than the Euro are translated into Euro using the average exchange rate for the period and the assets and liabilities of these consolidated companies are translated into Euro at the period-end foreign exchange rate. The effects of changes in foreign exchange rates are recognized directly in the Cumulative translation adjustments reserve included in Other comprehensive income.

Changes in exchange rates may lead to effects on the translated balances of revenues, costs and assets and liabilities reported in Euro, even when corresponding items are unchanged in the respective local currency of these companies.

The Group monitors its principal exposure to conversion exchange risk and, in certain circumstances, enters into derivatives for the purpose of hedging the specific risk.

There have been no substantial changes in 2020 in the nature or structure of exposure to foreign currency exchange rate risk or in the Group's hedging policies.

For FCA Group, the potential loss in fair value of derivative financial instruments held for foreign currency exchange rate risk management (currency swaps/forwards) at 31 December 2020 resulting from a 10 percent change in the exchange rates would have been approximately €1,557 million (€991 million at 31 December 2019).

For CNH Industrial Group, the potential loss in fair value of derivative financial instruments held for foreign currency exchange rate risk management (currency swaps/forwards, currency options, interest rate and currency swaps) at 31 December 2020 resulting from a 10 percent change in the exchange rates would have been approximately \$512 million corresponding to €417 million (\$392 million corresponding to €349 million at 31 December 2019).

For Ferrari Group, the potential loss in fair value of derivative financial instruments held for foreign currency exchange rate risk management (currency swaps/forwards) at 31 December 2020 resulting from a 10 percent change in the exchange rates would have been approximately €103 million (€75 million at 31 December 2019).

These analyses assume that a hypothetical, unfavorable 10 percent change in exchange rates as at year-end is applied in the measurement of the fair value of derivative financial instruments. Receivables, payables and future trade flows whose hedging transactions have been analyzed were not included in this analysis. It is reasonable to assume that changes in market exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

Interest rate risk

The manufacturing companies and treasuries of the Group make use of external borrowings and invest in monetary and financial market instruments. In addition, Group companies sell receivables resulting from their trading activities on a continuing basis. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments and the employment of funds, thus negatively impacting the net financial expenses incurred by the Group.

In addition, the financial services companies provide loans (mainly to customers and dealers), financing themselves using various forms of direct debt or asset-backed financing (e.g., factoring of receivables). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates can affect the operating result of those companies and the Group as a whole.

In order to manage these risks, the Group uses interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements, when available in the market, with the objective of mitigating, under economically acceptable conditions, the potential variability of interest rates on the Group's Net profit.

In assessing the potential impact of changes in interest rates, the Group segregates fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

The fixed rate financial instruments used by the Group consist principally of part of the portfolio of the financial services companies (principally customer financing and financial leases) and part of debt (including subsidized loans and notes).

For FCA Group, the potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at 31 December 2019, resulting from a hypothetical 10 percent change in market interest rates, would have been approximately €68 million (approximately €83 million at 31 December 2018).

For CNH Industrial Group, the potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at 31 December 2020, resulting from a hypothetical 10 percent change in market interest rates, would have been approximately \$16 million corresponding to €13 million (approximately \$21 million corresponding to €19 million at 31 December 2019).

Floating rate financial instruments consist principally of cash and cash equivalents, wholesale receivables, loans provided by financial services companies to the sales network and part of debt. The effect of the sale of receivables is also considered in the sensitivity analysis as well as the effect of hedging derivative instruments.

For FCA Group, a hypothetical 10 percent change in short-term interest rates at 31 December 2020, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivative financial instruments, would have resulted in increased net financial expenses before taxes, on an annual basis, of approximately €12 million (€23 million at 31 December 2019).

For the CNH Industrial Group, a hypothetical 10 percent change in short-term interest rates at 31 December 2020, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivative financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately \$1 million corresponding to approximately €1 million (\$4 million corresponding to approximately €4 million at 31 December 2019).

These analyses are based on the assumption that there is an unfavorable change of 10 percent proportionate to interest rate levels across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

In addition, the sensitivity analysis applied to floating rate financial instruments assumes that cash and cash equivalents and other short-term financial assets and liabilities which expire during the projected 12-month period will be renewed or reinvested in similar instruments, bearing the hypothetical short-term interest rates.

For PartnerRe Group, it is estimated that the hypothetical case of an immediate 100 basis points decrease in global bond curves would result in an increase in the fair value of investments exposed to interest rate risk of \$436 million (€355 million) and \$400 million (€326 million), respectively whereas an immediate 100 basis point increase would result in a decrease in the fair value of investments exposed to interest rate risk of \$526 million (€429 million) and \$401 million (€327 million).

Commodity price risk

The Group has entered into derivative contracts for certain commodities to hedge its exposure to commodity price risk associated with buying raw materials and energy used in its normal operations.

In connection with the commodity price derivative contracts outstanding at 31 December 2020, a hypothetical 10 percent change in the price of the commodities at that date would have caused a fair value loss of €122 million (€55 million at 31 December 2019). Future trade flows whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in commodity prices will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

Equity price risk

PartnerRe invests a portion of its capital funds in public equity securities. At 31 December 2020 and 2019, the fair market value of these securities was \$1,398 million (€1,139 million) and \$1,223 million (€1,089 million), respectively, excluding funds holding fixed income securities of \$98 million (€80 million) and \$72 million (€64 million) at 31 December 2020 and 2019, respectively. These equity investments are primarily mutual funds and are exposed to equity price risk, defined as the potential for loss in market value due to a decline in equity prices. PartnerRe believes that the effects of diversification and the relatively small size of its investments in equities relative to total invested assets mitigate its exposure to equity price risk. At 31 December 2020, PartnerRe estimates that a 10% and 20% movement in the relevant index would result in a change in the fair value of PartnerRe's public equity portfolio, total invested assets and shareholders' equity by \$106 million (€86 million) and \$213 million (€174 million), respectively and \$23 million (€20 million) and \$47 million (€42 million), respectively at 31 December 2019.

Credit spread risk

PartnerRe's fixed income portfolio, including the fixed maturity portfolio and corporate loan portfolio, is exposed to credit spread risk. Fluctuations in market credit spreads have a direct impact on the market valuation of these securities. PartnerRe manages credit spread risk by the selection of securities within its fixed maturity portfolio. Changes in credit spreads directly affect the market value of certain fixed maturity securities, but do not necessarily result in a change in the future expected cash flows associated with holding individual securities. Other factors, including liquidity, supply and demand, and changing risk preferences of investors, may affect market credit spreads without any change in the underlying credit quality of the security.

At 31 December 2020 and 2019, the fair value of investments exposed to credit spread risk was \$12,970 million (€10,570 million) and \$11,349 million (€10,102 million), respectively. This represents a portion of investments exposed to interest rate risk as discussed above as it excludes certain government securities that are not considered to be sensitive to credit spread risk.

36. Audit Fees

The following table reports fees paid to the independent auditor Ernst & Young, or entities in their network for audit and other services to the Group, for the years ended 31 December 2020 and 2019:

€ million		Years ended 31 December	
		2020	2019
Audit	Parent - Exor N.V.	185	180
	Subsidiaries	35,654	32,541
Other services	Parent - Exor N.V.	85	45
	Subsidiaries	1,553	509
TOTAL		37,477	33,275

Audit fees of Ernst & Young Accountants LLP amounted to €822 thousand (€626 thousand in 2019). No other services were performed by Ernst & Young Accountants LLP.

37. Subsequent events

The Company has evaluated subsequent events through 25 March 2021, which is the date on which the financial statements at 31 December 2020 were authorised for issue. There are no other significant subsequent events which require disclosures other than those already reported on page 58 of the Board Report.

25 March 2021

The Board of Directors

John Elkann

Alessandro Nasi

Andrea Agnelli

Ginevra Elkann

Marc Bolland

Joseph Bae

Melissa Bethell

Laurence Debroux

António Horta-Osório



**Company Financial Statements
at 31 December 2020**

EXOR N.V. – INCOME STATEMENT

€ thousand	Note	2020	2019
Investment income			
Dividends from investments	1	50,418	999,578
Net investment income		50,418	999,578
Impairment and gains (losses) on investments			
Impairment of investments	2	(59,170)	(27,740)
Realized losses on investments		(1,525)	0
Impairment and gains (losses) on investments		(60,695)	(27,740)
Financial income (expenses)			
Financial expenses from third parties	3	(108,525)	(98,175)
Financial income from third parties	4	6,318	14,801
Financial income from related parties	22	1,420	6,070
Financial income from fair value adjustment of financial assets		252	654
Gains (losses) on exchange	5	(6,188)	6,949
Net financial expenses		(106,723)	(69,701)
Net general expenses			
Personnel costs	6	(4,366)	(4,612)
Purchases of goods and services from third parties	7	(10,621)	(4,951)
Purchases of goods and services from related parties	22	(12,403)	(13,551)
Other operating expenses		(48)	(25)
		(27,438)	(23,139)
Revenues from third parties		30	0
Revenues from related parties	22	1,343	316
		1,373	316
Net general expenses		(26,065)	(22,823)
Profit (loss) before income taxes		(143,065)	879,314
Income taxes	8	0	0
Profit (loss) for the year		(143,065)	879,314

EXOR N.V. – STATEMENT OF COMPREHENSIVE INCOME

€ thousand	Note	Years ended 31 December	
		2020	2019
Profit (loss) for the year		(143,065)	879,314
Other comprehensive income (loss) that will not be reclassified to the income statement in subsequent periods			
Gains (losses) on financial investments at fair value through other comprehensive income	10	(12,785)	(6,233)
Related tax effect		0	0
Total other comprehensive income (loss) that will not be reclassified to the income statement in subsequent periods, net of tax		(12,785)	(6,233)
Other comprehensive income (loss) that may be reclassified to the income statement in subsequent periods			
Gains (losses) on cash flow hedging instruments		(4,774)	(4,094)
Related tax effect		0	0
Total other comprehensive income (loss) that may be reclassified to the income statement, net of tax		(4,774)	(4,094)
Total other comprehensive income (loss), net of tax		(17,559)	(10,327)
Total comprehensive income		(160,624)	868,987

EXOR N.V. – STATEMENT OF FINANCIAL POSITION

€ thousand	Note	At 31 December	
		2020	2019
Non-current assets			
Investments accounted for at cost	9	10,061,361	9,851,898
Financial investments at fair value through other comprehensive income	10	172,820	58,114
Debt securities at amortized cost	11	52,496	54,123
Non-current loan at fair value through profit and loss		8,154	0
Intangible assets		329	403
Property, plant and equipment		460	612
Other receivables		271	164
Total Non-current assets		10,295,891	9,965,314
Current assets			
Financial investments at fair value through profit and loss	12	15,172	17,813
Current loan at fair value through profit and loss		4,628	4,353
Cash and cash equivalents	13	471,903	406,929
Other financial assets		1,406	1,512
Tax receivables		3,920	4,095
Financial receivables from related parties	22	300,651	335,375
Financial receivables from third parties		320	332
Trade receivables from related parties	22	53	20
Trade receivables from third parties		0	12
Other receivables		644	683
Total Current assets		798,697	771,124
Total Assets		11,094,588	10,736,438
Equity			
Share capital	14	2,410	2,410
Capital reserves	14	1,244,857	1,244,857
Fair value reserve	14	(21,718)	(8,933)
Cash flow reserve	14	(29,307)	(24,533)
Retained earnings and other reserves	14	6,271,534	5,486,477
Treasury stock	14	(297,579)	(268,992)
Profit (loss) for the year		(143,065)	879,314
Total Equity		7,027,132	7,310,600
Non-current liabilities			
Non-convertible bonds	16	3,820,440	3,163,326
Other payables		0	25
Total Non-current liabilities		3,820,440	3,163,351
Current liabilities			
Non-convertible bonds	16	35,014	227,333
Bank debt and commercial paper	17	160,058	97
Other financial liabilities	18	45,581	27,203
Trade payables and other payables to related parties	22	3,666	4,221
Trade payables to third parties	19	1,000	1,149
Tax payables		571	783
Other payables		1,126	1,701
Total Current liabilities		247,016	262,487
Total Equity and Liabilities		11,094,588	10,736,438

EXOR N.V. – STATEMENT OF CASH FLOWS

€ thousand	Note	Years ended 31 December	
		2020	2019
Cash and cash equivalents, at beginning of year		406,929	8,424
Cash flows from (used in) operating activities			
Profit (loss) for the year^(a)		(143,065)	879,314
Adjustments for:			
Impairment and realized (gains)/losses on investments	2	60,695	27,740
Other non-cash movements		13,007	(6,233)
Notional cost of Exor stock option plan	15	4,625	4,472
Total adjustments		78,327	25,979
Change in working capital:			
Other financial assets, current and non-current		106	(405)
Tax receivables		176	(291)
Trade receivables from related parties	22	(21)	39
Other receivables, current and non-current		(68)	64
Other financial receivables		12	(11)
Other payables, current and non-current		(600)	181
Other financial liabilities, current and non-current		0	1,271
Trade payables and other payables to related parties, excluding items adjusting profit	22	(555)	1,187
Trade payables to third parties		(149)	(272)
Tax payables		(212)	46
Others		1,465	2,982
Change in working capital		154	4,792
Cash flows from (used in) operating activities		(64,584)	910,085
Cash flows from (used in) investing activities			
Property, plant and equipment and intangibles assets		0	0
Investments in subsidiaries, associated and other companies	9	(293,160)	(191,241)
Sale of investments in subsidiaries and other companies	9	24,959	0
Current and non-current loans		(8,430)	(4,353)
Change in financial receivables from related parties	22	34,725	132,759
Net Investments in financial assets at FVTOCI	10	(141,767)	(48,811)
Change in financial assets at FVTPL	12	2,640	(2,171)
Cash flows from (used in) investing activities		(381,033)	(113,817)
Cash flows from (used in) financing activities^(b)			
Issuance of bonds	16	669,393	297,570
Repayment of bonds	16	(200,000)	(151,124)
Proceeds of bank debt	17	664,929	368,500
Repayment of bank debt	17	(504,929)	(598,500)
Net change in short term debt and other financial assets and liabilities		13,878	(22,044)
Buyback program	14	(28,587)	(207,018)
Repayment of lease liabilities		(137)	(132)
Changes in fair value of cash flow hedge derivatives		(4,774)	(4,094)
Dividend paid		(99,581)	(99,696)
Exercise of stock options		399	18,775
Cash flows from (used in) financing activities		510,591	(397,763)
Total change in cash and cash equivalents		64,974	398,505
Cash and cash equivalents, at end of year		471,903	406,929

a. Dividend received for the year ended 31 December 2020 for €50,418 thousand (€999,758 thousand for the year ended 31 December 2019) are included within profit (loss) before taxes.

b. In 2020 Exor paid interest for €95,984 thousand (€95,484 thousand in 2019) and received interest income for €815 thousand (€1,365 thousand in 2019).

EXOR N.V. – STATEMENT OF CHANGES IN EQUITY

€ thousand	Share capital	Capital reserves	Treasury stock	Earnings Reserves	Profit (loss) for the year	Fair value reserve	Cash flow hedge reserve	Total Equity
Equity at 31 December 2018	2,410	1,244,857	(61,984)	5,519,449	42,679	(2,700)	(20,439)	6,724,272
Allocation of prior year result				42,679	(42,679)			0
Buyback of shares			(207,018)					(207,018)
Net increase corresponding to notional cost of Exor stock option plan				5,271				5,271
Exercise of stock options			10	18,765				18,775
Dividend paid				(99,696)				(99,696)
Total comprehensive income					879,314	(6,233)	(4,094)	868,987
Other movements				9				9
Net changes during the year	0	0	(207,008)	(32,972)	836,635	(6,233)	(4,094)	586,328
Equity at 31 December 2019	2,410	1,244,857	(268,992)	5,486,477	879,314	(8,933)	(24,533)	7,310,600
€ thousand	Share capital	Capital reserves	Treasury stock	Earnings Reserves	Profit (loss) for the year	Fair value reserve	Cash flow hedge reserve	Total Equity
Equity at 31 December 2019	2,410	1,244,857	(268,992)	5,486,477	879,314	(8,933)	(24,533)	7,310,600
Allocation of prior year result				879,314	(879,314)			0
Buyback of shares			(28,587)					(28,587)
Net increase corresponding to notional cost of Exor stock option plan				5,348				5,348
Exercise of stock options				399				399
Dividend paid				(99,581)				(99,581)
Total comprehensive income					(143,065)	(12,785)	(4,774)	(160,624)
Other movements				(423)				(423)
Net changes during the year	0	0	(28,587)	785,057	(1,022,379)	(12,785)	(4,774)	(283,468)
Equity at 31 December 2020	2,410	1,244,857	(297,579)	6,271,534	(143,065)	(21,718)	(29,307)	7,027,132

EXOR N.V. – NOTES TO THE COMPANY FINANCIAL STATEMENTS

GENERAL INFORMATION ON THE COMPANY'S BUSINESS

EXOR N.V. (Exor), the “Company” and together with its subsidiaries the “Exor Group” or the “Group”, was incorporated as a public limited company (*naamloze vennootschap*) under the laws of the Netherlands on 30 September 2015, registered in the Dutch Commercial Register under number 64236277, and in 2016 was designated to act as a holding company for Exor Group. The registered office is Gustav Mahlerplein 25, 1082 MS, Amsterdam, the Netherlands, telephone number +31 (0) 202402220.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Date of authorization of issue

The separate financial statements at 31 December 2020 (company financial statements) were approved by the board of directors on 25 March 2021 which also authorized their publication in accordance with Dutch law. At the next shareholders' meeting the board of directors will propose that the shareholders also approve the financial statements. It should be noted that the shareholders will have the possibility to request amendment if needed.

Basis of preparation

The company financial statements of Exor have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU-IFRS”) and Part 9 of Book 2 of the Dutch Civil Code.

The company financial statements of Exor are expressed in Euro, prepared on the going concern assumption under the historical cost convention, except where the use of fair value is required for the measurement of financial instruments accounted for at fair value through other comprehensive income and fair value through profit and loss.

The company financial statements were prepared using the same accounting policies as set out in the notes to the consolidated financial statements at 31 December 2020 (consolidated financial statements) except for the measurement of the investments in subsidiaries and associates that are accounted for at cost.

The accounting policies were consistently applied to all periods presented.

Format of the company financial statements

Exor presents the income statement using a classification based on the nature of the revenues and expenses, with the presentation of the following items that are characteristic of the company's activities taking preference: investment income (expenses) and financial income (expenses). In the statement of financial position the current/non-current distinction has been adopted for the presentation of assets and liabilities.

The statement of comprehensive income presents the total profit or loss recognized in the income statement and increases or decreases in reserves.

The statement of cash flows is presented using the indirect method, which reconciles cash and cash equivalents at the beginning and the end of the year.

The year-end closing date is 31 December of each year and covers a period of 12 months.

The Euro is the company's functional currency since it mainly influences cash inflows and outflows and is the functional currency of Exor's subsidiaries except for Exor Nederland N.V. The Euro is also the presentation currency. In the notes, unless otherwise indicated, the figures are expressed in thousands of Euro.

Standards, amendments and interpretations adopted from 1 January 2020

The following standards and amendments, which were effective from 1 January 2020, were adopted by the Company.

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors which clarify the definition of ‘material’, as well as how materiality should be applied by including in the definition guidance that is included elsewhere in IFRS standards. In addition, the explanations accompanying the definition have been improved and the amendments ensure that the definition of material is consistent across all IFRS standards.

Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures, collectively the “Interest Rate Benchmark Reform”, which modify certain hedge accounting requirements in order to provide relief from potential effects of the uncertainty caused by the interbank offered rates (IBOR) reform, and require companies to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties.

Review of the Conceptual Framework for Financial Reporting which revised the Conceptual Framework for Financial Reporting for companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, with early application permitted.

New standards and amendments effective from 1 June 2020

In May 2020, the IASB issued an amendment to IFRS 16 – Leases to make it easier for lessees to account for Covid-19 related rent concessions such as rent holidays and temporary rent reductions. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment does not affect lessors. The amendment was effective from 1 June 2020.

There were no significant effects from the adoption of these amendments.

Standards, amendments and interpretations not yet effective and not early adopted

The following new standards, amendments and interpretations have been issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union, but are not yet effective for the year ended 31 December 2020, or have been issued by the IASB and not yet adopted by the European Union.

In June 2020 the IASB issued amendments to IFRS 4 – Insurance Contracts which defer the expiry date of the temporary exemption from applying IFRS 9 to annual periods beginning on or after 1 January 2021. The Company does not expect any impact from the adoption of these amendments.

In August 2020 the IASB issued a package of amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases in response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks. The amendments are aimed at helping companies to provide investors with useful information about the effects of the reform on those companies’ financial statements. These amendments complement amendments issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The new amendments relate to:

- changes to contractual cash flows – a company will not be required to derecognize or adjust the carrying amount of financial instruments for changes required by the interest rate benchmark reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the interest rate benchmark reform if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks that arise from the interest rate benchmark reform and how the company manages the transition to alternative benchmark rates.

These amendments are effective on or after 1 January 2021, with early adoption permitted. The Company does not expect any impact from the adoption of these amendments.

The following standards, amendments, clarification and interpretations have been issued by the IASB but not yet endorsed by the EU:

- *Amendments to IFRS 3 – Business Combinations.*
- *Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.*
- *Amendments to IAS 16 – Property, Plant and Equipment.*
- *Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.*
- *Annual improvements to IFRSs 2018-2020 Cycle.*
- *Amendments to IAS 1 – Presentation of Financial Statements.*
- *Amendments to IAS 8 – Accounting Policies, Change in Accounting Estimates and Errors: Definition of Accounting Estimates.*
- *IFRS 17 – Insurance Contracts.*

The Company will introduce any new standards, amendments and interpretations once they are endorsed by the European Union and as of their effective dates. Further information on these standards is provided in Note 2 of the Consolidated Financial Statements.

Investments accounted for at cost

Investments accounted for at cost include investments in subsidiaries and associates stated at cost.

Subsidiaries are entities over which the company has control. Control is achieved when the company has valid rights which give it the ability to use its power over the investee to affect the amount of the investor's returns.

Associates are enterprises over which the company has significant influence, as defined in IAS 28 – Investments in Associates and Joint Ventures, but not control or joint control over the financial and operating policies.

Under the cost method, investments are tested for impairment whenever there is an indication of impairment due to one or more events which occurred after initial recognition which have an impact on the future cash flows of the subsidiaries and associates and on the dividends which they could distribute.

If any such evidence exists, the carrying amount is reduced to its recoverable amount, usually determined on the basis of the higher of the value in use and fair value less costs to sell. Such impairment is recognized in the income statement.

For investments listed on open markets, evidence of impairment is a significant and prolonged decline in the market prices to below the cost of a subsidiary or associate, together with its continuing negative operating performance.

When the company's share of losses of a company exceeds the carrying amount of the investment, the carrying amount is reduced to nil and the share of further losses is recognized in a liability provision only to the extent that the entity has incurred legal or constructive obligations on behalf of the company.

At the end of each reporting period, the company assesses whether there is any objective evidence that an impairment loss on an investment recognized in prior years may no longer exist or may have decreased. When, subsequently, the impairment loss no longer exists or has decreased, a reversal is recognized in the income statement up to the cost of the investment.

A significant or prolonged rise in the market price of the subsidiary or associate, together with its continuing positive operating performance is considered as objective evidence.

Financial assets and liabilities

Financial assets primarily include investments in other companies, derivative financial instruments and debt securities that represent temporary investments of available funds and do not satisfy the requirements for being classified as cash equivalents.

Financial liabilities primarily consist of debt, derivative financial instruments, trade payables and other liabilities.

Classification and measurement

The classification of a financial asset is dependent on the company's business model for managing such financial assets and their contractual cash flows. The company considers whether the contractual cash flows represent solely payments of principal and interest that are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit or loss ("FVTPL").

Financial asset cash flow business model	Initial measurement ⁽¹⁾	Measurement category ⁽³⁾
Solely to collect the contractual cash flows represented by principal and interest (Held to Collect)	Fair Value including transaction costs	Amortized Cost ⁽²⁾
Collect both the contractual cash flows and generate cash flows arising from the sale of assets (Held to Collect and Sell)	Fair Value including transaction costs	Fair value through other comprehensive income ("FVTOCI")
Generate cash flows primarily from the sale of assets (Held to Sell)	Fair Value	Fair value through profit and loss ("FVTPL")

(1) A trade receivable without a significant financing component, as defined by IFRS 15, is initially measured at the transaction price.

(2) Receivables with maturities of over one year, which bear no interest or have an interest rate significantly lower than market rates are discounted using market rates.

(3) On initial recognition, the company may irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortized cost or at FVTOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Factors considered by the company in determining the business model for a group of financial assets include:

- past experience on how the cash flows for these assets were collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and future sales activity expectations;
- how the asset's performance is evaluated and reported to key management personnel;
- how risks are assessed and managed and how management is compensated.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Cash and cash equivalents include cash at banks, units in money market funds and other money market securities, commercial paper and certificate of deposits that are readily convertible into cash, with original maturities of three months or less at the date of purchase. Cash and cash equivalents are subject to an insignificant risk of changes in value and consist of balances across various primary national and international money market instruments.

Money market funds consist of investments in high quality, short-term, diversified financial instruments that can generally be liquidated on demand and are measured at FVTPL. Cash at banks and other cash equivalents are measured at amortized cost.

Investments in other companies are measured at fair value. Equity investments for which there is no quoted market price in an active market and there is insufficient financial information in order to determine fair value may be measured at cost as an estimate of fair value, as permitted by IFRS 9. The company may irrevocably elect to present subsequent changes in the investment's fair value in Other comprehensive income ("OCI") upon the initial recognition of an equity investment that is not held to sell. This election is made on an investment-by-investment basis. Generally, any dividends from these investments are recognized in financial income from investments when the company's right to receive payment is established. Other net gains and losses are recognized in OCI and will not be reclassified to the Income Statement in subsequent periods. Impairment losses (and the reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value in OCI.

Intangible assets with indefinite useful life

Intangible assets with an indefinite useful life consist principally of brands which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

Intangible assets with a definite useful life

Intangible assets with a definite useful life are recognized at purchase cost and amortized on a systematic basis over the asset's useful life, estimated in 5 years. Whenever necessary, intangible assets with a definite useful life are tested for impairment.

Trade receivables and payables

Receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method and measured at net realizable value, that is, less provision for impairment for amounts considered uncollectible. The original carrying amount of the receivables is reinstated in subsequent years if the reasons for impairment no longer exist.

Payables are initially recognized at fair value and subsequently measured at amortized cost.

Receivables and payables in foreign currency, originally recorded at the transaction date exchange rate, are adjusted to the year-end rate and the resulting gain or loss is recognized in the income statement.

Treasury stock

The cost of any treasury stock purchased, as a result of specific shareholder resolutions, is recognized as a deduction from equity and, therefore, the reserve offsetting treasury stock in portfolio is not shown separately. The proceeds from any subsequent sale are recognized as changes in equity.

Share-based compensation

Share-based compensation plans that may be settled by the delivery of shares are measured at fair value at the grant date.

This fair value is recognized in the income statement in personnel costs on a straight-line basis over the period from the grant date to the vesting date with a corresponding entry directly in equity, based upon an estimate of the number of options that is expected to vest. Changes in fair value after the grant date have no effect on the initial measurement.

The compensation component arising from stock option plans linked to shares of EXOR N.V., whose beneficiaries are employees of other companies, is recorded as a capital contribution in favor of the subsidiaries in which the beneficiaries of the stock option plans are employees; consequently, the compensation component is recognized as an increase in the relative value of the investments, with a corresponding entry recorded directly in equity.

Share-based compensation plans that may be settled in cash or by the delivery of other financial assets are recognized as a liability and measured at fair value at the end of each reporting period and when settled. Any subsequent changes in fair value are recognized in the income statement.

Provisions

The company records provisions when it has an obligation, legal or constructive, to a third party, when it is probable that an outflow of company resources will be required to satisfy the obligation and when a reliable estimate of the amount can be made.

The provisions are reviewed at every reporting date and adjusted to reflect the best current estimate. Changes in estimates are reflected in the income statement in the period in which the change occurs.

Debt

Interest-bearing debt is initially recognized at cost which corresponds to the fair value of the amount received including directly attributable costs. Debt is subsequently measured at amortized cost. The difference between amortized cost and the amount to be repaid is recognized in the income statement on the basis of the effective interest rate over the period of the loan.

Debt is classified in current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative financial instruments

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks. All derivative financial instruments are measured in accordance with IFRS 9 at fair value.

Derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which it is designated.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- Fair value hedge (hedge of the exposure to changes in fair value), in which the effects of the hedge are recognized in the income statement.
- Cash flow hedge (hedge of the exposure to variability in future cash flows), in which the effective portion of a gain or loss in fair value is recognized directly in other comprehensive income and the ineffective portion is recognized immediately in the income statement. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in other comprehensive income and is recognized in the income statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in other comprehensive income is recognized in the income statement immediately.

If hedge accounting does not apply, the gains or losses from measuring the derivative financial instrument at fair value are immediately recognized in the income statement.

Financial income and expenses, other revenues and costs

Dividends are recognized in the income statement when the paying company approves distribution, that is, when the right to receive the dividends is established. Dividends in kind are measured at the fair value of the underlying securities at the payment date.

Financial income and expenses are recorded on a prorated basis according to the rate of the effective return.

Revenues from the performance of services are recognized over the period in which the services will be provided. Costs are recorded on the accrual basis.

Income taxes

Current and deferred income taxes are calculated according to the tax laws in force.

Taxes on income are recognized in the income statement except to the extent that they relate to items directly charged or credited to other comprehensive income, in which case the related income tax effect is recognized directly in other comprehensive income.

Foreign currency transactions

The financial statements are prepared in Euro, which is the company's functional and presentation currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign currency exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in the income statement.

Segment reporting

As disclosed in the consolidated financial statements (Note 4), the Group has determined that its information by segment according to IFRS 8 – Operating Segments, coincides with the consolidated data of each of its principal investments, every one of which represents, an investment in a major business segment: FCA, CNH Industrial, Ferrari, PartnerRe, Juventus and GEDI. Such reportable segments are based on the information reviewed by its chief operating decision maker in making decisions regarding allocation of resources and to assess performance.

Use of estimates

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on elements known when the financial statements are prepared, on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the income statement in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical measurement processes and key assumptions used by the company in applying IFRS which may have significant effects on the amounts recognized in the financial statements or for which there is a risk that a significant difference may arise in respect to the carrying amounts of assets and liabilities in the future relate to the measurement of investments.

There were no significant effects on the valuation of assets or liabilities and no significant increases in allowances for credit losses in 2020. Moreover, no material impairment indicators were identified and there were no changes in accounting judgments or other significant accounting impacts relating to Covid-19.

NOTES RELATING TO THE MOST SIGNIFICANT ITEMS IN THE INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION

1. Dividends from investments

€ thousand	2020	2019	Change
Ferrari N.V.	50,212	45,768	4,444
FCA N.V.	0	876,350	(876,350)
CNH Industrial N.V.	0	66,047	(66,047)
The Economist Group	0	11,413	(11,413)
Others	206	0	206
Dividends from investments	50,418	999,578	(949,160)

Given the uncertainty linked to market conditions and restrictions implemented in 2020 due to the Covid-19 pandemic, CNH Industrial N.V. and FCA N.V. have resolved not to distribute an ordinary dividend in 2020 in relation to fiscal year 2019.

In 2019 FCA N.V. distributed to Exor a total amount of €876,350 thousand of which an ordinary dividend of €292,117 thousand and an extraordinary dividend of €584,233 thousand, following the disposal of the investment in Magneti Marelli.

2. Impairment and realized losses on investments

The challenges and uncertainties faced by oilfield services providers in 2020 as a result of reduced spending plans by oil and gas companies, amid lower demand caused by the Covid-19 pandemic and a depressed low oil price environment, have led to credit rating downgrades and outlook revisions across the industry.

The impact is expected to continue in 2021 and, whilst Welltec has remained resilient by adjusting its cost base and adapting to a new oil market landscape, uncertainty remains on a macro level. Oil demand is expected to continue to be affected in 2021 and 2022 by behavioral impacts caused by Covid-19 and it is unlikely to recover before 2023.

Considering Welltec's exposure to a difficult and competitive oil market, with limited revenue visibility and interest expense payments limiting its cash generation, Exor's management performed an internal analysis to evaluate the risks. Considering in particular EV/Ebitda multiples of comparable listed companies, these were adjusted to take into account the different size, scale and liquidity in addition to other company-specific risk factors.

From the analysis carried an impairment of €59,170 million was identified.

In 2019 the amount (€27,740 million) was entirely related to the impairment recorded on The Economist Group, where the investment was tested for impairment, considering the recent performance and the slow-down of the media and publishing industry which might negatively affect the future performance of the business.

The impairment was based on an independent third party evaluation and considered the income approach (discounted cash flow) and market approach (price/earnings and Ebitda multiples).

In 2020 no impairment indicators have been identified on the investment in The Economist Group.

3. Financial expenses from third parties

€ thousand	2020	2019	Change
Interest on bonds	102,152	94,209	7,943
Bank fees and commission	1,723	2,108	(385)
Losses on derivative instruments at FVTPL	1,155	0	1,155
Losses on equity instruments at FVTPL	775	101	674
Interest on bank debt	684	108	576
Other expenses	2,036	1,649	387
Financial expenses from third parties	108,525	98,175	10,350

The increase in interest on bonds is related to the increase in indebtedness due to the issuance of new bonds in April and June 2020, as described in the Note 16.

4. Financial income from third parties

€ thousand	2020	2019	Change
Interest income on debt securities at amortized cost	2,375	2,375	0
Realized gains on financial instruments at FVTPL	1,443	9,866	(8,423)
Bank interest	815	1,312	(497)
Interest income on financial instruments at FVTPL	783	555	228
Other financial income	902	693	209
Financial income from third parties	6,318	14,801	(8,483)

5. Gains (losses) on exchange

Net losses amount to €6,188 thousand (net gains of €6,949 thousand in 2019). The negative effect is mainly due to the negative trend of the US dollar.

6. Personnel costs

Personnel costs amount to €4,366 thousand (€4,612 thousand in 2019) of which €1,027 thousand related to the stock option plan (€967 thousand in 2019). At the end of 2020 the number of employees was 11 (11 at the end of 2019). All employees work in the Netherlands.

7. Purchases of goods and services from third parties

Amounts to €10,621 thousand (€4,951 thousand in 2019) of which €7,397 thousand for consulting, €2,567 thousand for general expenses, €431 thousand for charity contribution and €226 thousand for depreciation. The increase is mainly due to consulting fees related to investment and disinvestment projects (€6,060 thousand) and contributions to cultural and charitable associations (€431 thousand).

8. Income taxes

In 2020 and 2019 there are no income taxes.

The reconciliation between the income tax expense recognized in the income statement and the theoretical tax expense, calculated on the basis of the theoretical tax rate in effect in the Netherlands, is as follows:

€ thousand	2020	2019
Pre-tax profit (loss)	(143,065)	879,314
Theoretical tax (expense) income at 25%	35,766	(219,829)
Tax effect on:		
Participation exemption on dividends received	12,553	249,895
Impairment loss on investments	(14,793)	(6,935)
Fair value reserve	(1,658)	2,407
Non-deductible cost for stock option plan	(1,156)	(1,138)
Cash flow hedge reserve	1,193	1,024
Non-deductible interest	(26,823)	(20,771)
Other	(2,110)	(4)
	(32,794)	224,478
Unrecognized deferred tax assets on differences emerged in 2020	(2,972)	(4,649)
Total tax (expense) income	0	0
	Effective tax rate	0%
Total tax (expense) income	0	0

Based on the final tax assessments issued for the financial years 2015 and 2016, the 2017 and 2018 tax return filed, the 2019 tax return currently being prepared and the 2020 tax provision, Exor losses available for future offset at 31 December 2020 amount to €235,549 thousand.

Under current tax law, losses incurred in the period ending 31 December 2018 can be carried forward for a maximum period of nine financial years. Losses incurred in the period as from 1 January 2019 can be carried forward for six financial years.

Taking aforementioned into account, these losses can in principle be offset against taxable profits up to and including the following dates (assuming the fiscal year continues to be from 1 January through 31 December):

Expiration date	€ thousand
31 December 2024	28
31 December 2025	24,137
31 December 2026	123,976
31 December 2027	87,408
Total	235,549

For these losses no deferred tax asset has been recognized, since as in the opinion of the management it cannot be regarded as more likely than not that there will be suitable profits against which these tax losses can be recovered.

Moreover, based on the 2019 tax return currently being prepared and the 2020 tax provision, Exor has a total amount of €190,376 thousand of interest expenses available for future offset at 31 December 2020 under the so-called earnings stripping rule. Under current tax law, this amount can be carried forward indefinitely. For this credit no deferred tax asset has been recognized.

9. Investments accounted for at cost

€ thousand	31.12.2020		31.12.2019		Change
	% of class of shares	Amount	% of class of shares	Amount	
Fiat Chrysler Automobiles N.V. - common shares	28.54	1,349,725	28.67	1,349,725	0
Fiat Chrysler Automobiles N.V. - special voting shares	99.95	0	91.90	0	0
Fiat Chrysler Automobiles N.V.		1,349,725		1,349,725	0
CNH Industrial N.V. - common shares	26.89	1,694,530	26.89	1,694,530	0
CNH Industrial N.V. - special voting shares	92.55	0	92.55	0	0
CNH Industrial N.V.		1,694,530		1,694,530	0
Ferrari N.V. - common shares	22.91	677,443	22.91	677,443	0
Ferrari N.V. - special voting shares	70.14	0	70.14	0	0
Ferrari N.V.		677,443		677,443	0
Juventus Football Club S.p.A.	63.77	286,929	63.77	286,929	0
The Economist Group	43.40	327,816	43.40	327,816	0
Welltec	22.12	33,912	22.12	93,082	(59,170)
GEDI Gruppo Editoriale S.p.A.	89.62	202,123		0	202,123
Full More Group	77.30	78,573		0	78,573
Exor Nederland N.V.	100.00	5,309,178	100.00	5,321,966	(12,788)
Exor S.A.	100.00	91,300	100.00	91,300	0
Exor Investments Limited	100.00	9,831	100.00	9,106	725
Other		1		1	0
Investments accounted for at cost		10,061,361		9,851,898	209,463

The changes during the year are as follows:

€ thousand	Balance at	Changes in 2020			Balance at
	31.12.2019	Increases	Decreases	Reclass.	31.12.2020
Fiat Chrysler Automobiles N.V. - common shares	1,349,725				1,349,725
Fiat Chrysler Automobiles N.V. - special voting shares	0				0
Fiat Chrysler Automobiles N.V.	1,349,725	0	0	0	1,349,725
CNH Industrial N.V. - common shares	1,694,530				1,694,530
CNH Industrial N.V. - special voting shares	0				0
CNH Industrial N.V.	1,694,530	0	0	0	1,694,530
Ferrari N.V. - common shares	677,443				677,443
Ferrari N.V. - special voting shares	0				0
Ferrari N.V.	677,443	0	0	0	677,443
Juventus Football Club S.p.A.	286,929				286,929
The Economist Group	327,816				327,816
Welltec	93,082		(59,170)		33,912
GEDI Gruppo Editoriale S.p.A.		211,502	(23,400)	14,021	202,123
Full More Group		81,658	(3,085)		78,573
Exor Nederland N.V.	5,321,966		(12,788)		5,309,178
Exor S.A.	91,300				91,300
Exor Investments Limited	9,106	725			9,831
Other	1				1
Investments accounted for at cost	9,851,898	293,885	(98,443)	14,021	10,061,361

Exor, through the wholly owned subsidiary Giano Holding S.p.A. ("Giano") acquired the control of GEDI Gruppo Editoriale S.p.A. ("GEDI") at the end of April 2020, following the acquisition of the stake in GEDI owned by CIR (43.78% of the issued share capital) for a consideration of €102 million at a price of €0.46 per share. Immediately after this first transaction, Giano also acquired GEDI shares from Mercurio S.p.A., Sia Blu S.p.A. and Giacaranda Caracciolo di Melito Falck, at a price of €0.46 per share, for a total consideration of €26 million.

The interest previously held by Exor in GEDI (€14 million, equal to 5.99% of share capital) was measured at fair value at the date of acquisition of control, reclassified from financial investment at FVTOCI to financial investment at cost and the cumulative positive fair value of €2 million has been recognized in the fair value reserve.

After acquired control over GEDI, Giano launched a mandatory tender offer in accordance with Italian law to acquire all GEDI shares, with the completion of the first phase on 30 June 2020, sell out phase on 30 July 2020 and squeeze out phase on 10 August 2020 (with a further investment of €83 million), reaching the 100% of the outstanding capital of GEDI. On the same date, Borsa Italiana ordered the delisting of the ordinary shares of GEDI from the Market Telematico Azionario (MTA).

In accordance with the agreements signed among the entities, CIR and Mercurio each acquired from Exor, as the same price as in the mandatory tender offer equal to €0.46 per share, a stake in Giano corresponding to the 5% in transparency of the issued share capital of GEDI. The total consideration was €23 million.

As envisaged in the tender offer documentation, on 23 December 2020, Giano was merged with and into GEDI and consequently, Giano ceased to exist. At 31 December 2020 Exor held 439,339,893 GEDI shares (89.62% of issued share capital) for a total consideration of €202.1 million.

At the end of December 2020, following an agreement with Hermès International announced on 9 December 2020, Exor acquired a 77.3% stake in Shang Xia. The acquisition was made through subscription for a reserved capital increase of the holding Full More Group.

The decrease in the carrying value of Welltec is related to an impairment, as described in Note 2.

A comparison between the carrying amounts and trading prices of listed investments is as follows:

	Number	Carrying amount		Market price at 30 December 2020	
		Per share (€)	Total (€/000)	Per share (€)	Total (€/000)
Fiat Chrysler Automobiles N.V. - common shares	449,410,092	3.003	1,349,725	14.6600	6,588,352
CNH Industrial N.V. - common shares	366,927,900	4.618	1,694,530	10.3250	3,788,531
Ferrari N.V. - common shares	44,435,280	15.246	677,443	188.6500	8,382,716
Juventus Football Club S.p.A.	848,246,906	0.338	286,929	0.8146	690,982
Total			4,008,627		19,450,580

10. Financial investment at FVTOCI

€ thousand	31.12.2020		31.12.2019		Change
	% of class of shares	Amount	% of class of shares	Amount	
Via Transportation Inc	10.13	162,986	—	—	162,986
GEDI Gruppo Editoriale S.p.A.		—	5.99	13,930	(13,930)
Other	n/a	9,834	n/a	44,184	(34,350)
Financial investment at FVTOCI		172,820		58,114	114,706

Other financial investment at FVTOCI mainly refers to listed equity instruments. The changes during the year are as follows:

€ thousand	Financial investment at FVTOCI			
	Via	GEDI	Other	Total
Balance at 31.12.2018	0	10,537	3,372	13,909
Increase			50,438	50,438
Fair value adjustments	0	3,393	(9,626)	(6,233)
Balance at 31.12.2019	0	13,930	44,184	58,114
Increase	182,965			182,965
Fair value adjustments	(19,979)	91	6,848	(13,040)
Reclassification		(14,021)		(14,021)
Sale			(41,198)	(41,198)
Balance at 31.12.2020	162,986	0	9,834	172,820

During 2020 Exor invested a total amount of \$200 million to acquire a stake in Via Transportation, a highly successful, rapidly growing technology company specializing in the dynamic, data-driven optimization of public mobility systems in cities all around the world. The fair value adjustment at 31 December 2020 is only due to currency translation. In fact the cost of the investment is considered an appropriate estimate of the fair value in accordance with IFRS 9.

11. Debt securities at amortized cost

These amount to €52,496 thousand (€54,123 thousand at 31 December 2019) and are represented by bonds issued by leading counterparties, maturing after 12 months. The bonds are measured at amortized cost.

12. Financial investments at FVTPL

These amount to €15,172 thousand (€17,813 thousand at 31 December 2019) and represent investments in debt securities listed in active markets.

13. Cash and cash equivalents

These amount to €471,903 thousand (€406,929 thousand at 31 December 2019) and represent current account bank balances in Euro USD, GBP, JPY and HKD repayable on demand and time deposits in GBP and Euro matured in January and March 2021. The balance/deposits in Euro represents 94.27% of the total.

The associated credit risks should be considered limited since the counterparties are leading financial institutions.

14. Equity

Share capital

At 31 December 2020 the total issued capital of EXOR N.V. was equal to Euro 2,410,000, divided into no. 241,000,000 shares each with a nominal value of Euro 0.01.

EXOR N.V. adopted a loyalty voting structure designed to incentivize long-term share ownership, on the basis of which for each EXOR N.V. ordinary share held without interruption for a period of five years, shareholders will be entitled to five voting rights at the end of that period, and for each EXOR N.V. ordinary share held without interruption for a period of ten years, shareholders will be entitled to ten voting rights at the end of that period. No special voting shares had been issued and none are outstanding at 31 December 2020.

Reserves

At 31 December 2020 Exor does not have any legal, statutory or non-distributable reserves, except for the fair value reserve and cash-flow reserve.

€ thousand	31.12.2020	31.12.2019	Change
Capital Reserves	1,244,857	1,244,857	0
Earnings reserves and other reserves:			
Retained earnings	6,230,103	5,450,394	779,709
Stock option reserve	41,431	36,083	5,348
Total earnings reserves and other reserves	6,271,534	5,486,477	785,057
Fair value reserve	(21,718)	(8,933)	(12,785)
Cash-flow hedge reserve	(29,307)	(24,533)	(4,774)
Total reserves	7,465,366	6,697,868	767,498

Reconciliation of equity and net profit

The reconciliation of equity as per the consolidated financial statements to equity as per the company financial statements is provided below.

€ million	31.12.2020	31.12.2019
Equity attributable to owners of the parent in the consolidated financial statements	13,090	15,025
Difference between the carrying amounts of investments and the corresponding equity at year-end, net of consolidation adjustments	(7,714)	(5,485)
Change in other comprehensive income reserve in the consolidated financial statements	1,736	1,103
Share of the (profit) loss of consolidated companies and companies accounted for by the equity method, net of consolidation adjustments	(179)	(3,330)
Other adjustments	94	(2)
Equity in the company financial statements	7,027	7,311

The reconciliation of net profit as per the consolidated financial statements to net profit/loss as per the company financial statements is provided below.

€ million	2020	2019
Net loss (profit) attributable to owners of the parent in the consolidated financial statements	(30)	3,053
Share of the profit (loss) of consolidated companies and companies accounted for by the equity method, net of consolidation adjustments	(179)	(3,330)
Dividends received from consolidated companies and companies accounted for by the equity method	94	1,179
Adjustments of gains/losses on disposals and impairments and reversals of investments	(34)	(29)
Other adjustments	6	6
Net (loss) profit in the company financial statements	(143)	879

Treasury stock

At 31 December 2020 Exor holds the following treasury stock:

	Amount		% of class	
	No. of shares	Per share (€)		Total (€ thousand)
Balance at 31 December 2018	6,709,893	9.24	61,984	2.784
Buyback of treasury shares	3,646,822	56.77	207,018	
Exercise of stock options	(944,500)		(10)	
Balance at 31 December 2019	9,412,215	28.57	268,992	3.910
Buyback of treasury shares	605,029	47.25	28,587	
Exercise of stock options	(24,000)			
Balance at 31 December 2020	9,993,244	29.78	297,579	4.147

Buyback program

In 2018 the Exor Board of Directors approved a share buyback program for a total amount up to €300 million. The repurchases were carried out in compliance with applicable rules and regulations, including the Market Abuse Regulation 596/2014 and the Commission Delegated Regulation (EU) 2016/1052. In 2020 Exor purchased 605,029 ordinary shares for a total amount of €28,587 thousand.

15. Long-term incentive plans

2012 Long-term incentive plans

The plan, denominated “Company Performance Stock Options”, vested 1,019,200 options of which 450,000 to the Chairman and Chief Executive Officer of the Company and 569,200 to other beneficiaries; this allows them to purchase a corresponding number of Exor ordinary shares at a price per share of €16.59 and €16.62, respectively. The options are exercisable until 2021. At the end of 2020 the options outstanding, vested and not exercised, are 450,000 granted to the Chairman and Chief Executive Officer of the Company and 252,000 to other beneficiaries. During 2020, 24,000 options were exercised by other beneficiaries.

Stock Option Plan Exor 2016

The Stock Option Plan Exor 2016 has a maximum of 3,500,000 options corresponding to the same number of shares. The number of stock options outstanding at 31 December 2020, of which 586,839 exercisable, is 2,937,135 (average exercise price of €32.38 per share).

Changes during 2020 and 2019 were as follows:

	2020		2019	
	Number of options	Weighted average exercise price (€)	Number of options	Weighted average exercise price (€)
Outstanding at the beginning of the year	2,937,135	32.38	2,937,135	32.38
Granted during the year	0	0	0	0
Forfeited during the year	0	0	0	0
Exercised	0	0	0	0
Expired	0	0	0	0
Outstanding at the end of the year	2,937,135	32.38	2,937,135	32.38
Exercisable at the end of the year	586,939	0	0	0

The cost of the plan is as follows:

€ thousand	2020		2019	
	Options outstanding	Cost	Options outstanding	Cost
Chairman and Chief Executive Officer of Exor N.V.	2,013,950	3,596	2,013,950	3,586
Key employees of Exor N.V.	530,727	1,027	530,727	967
Key employees of companies in the Holdings System	392,458	725	392,458	718
Total	2,937,135	5,348	2,937,135	5,271

The cost for the year recorded in the stock option reserve amounts to €5,348 thousand (€5,271 thousand in 2019) including €3,596 thousand (€3,586 thousand in 2019) classified as compensation to the Chairman and Chief Executive Officer and €1,027 thousand (€967 thousand in 2019) as personnel costs.

The cost relating to the key employees of companies in the Holdings System for €725 thousand (€718 thousand in 2019) was recognized as an increase in the carrying amount of the investment in Exor Investments Limited.

All the share-based incentive plans will be serviced exclusively by treasury stock without any new share issues and therefore will not have any dilutive effect on issued capital.

16. Non-convertible bonds

Issue date	Maturity date	Issue price	Coupon	Rate	Nominal value	Balance at (€/000)	
						31.12.2020	31.12.2019
11/12/2013	11/12/2020	99.05	Annually	Fixed 3.375%	€ 200,000	0	200,626
3/12/2015	12/2/2022	99.50	Annually	Fixed 2.125%	€ 750,000	749,394	748,379
10/8/2014	10/8/2024	100.09	Annually	Fixed 2.500%	€ 650,000	653,051	652,852
12/7/2012	31/01/2025	97.84	Annually	Fixed 5.250%	€ 100,000	103,870	103,658
22/12/2015	22/12/2025	100.78	Annually	Fixed 2.875%	€ 450,000	451,054	451,317
20/05/2016	20/05/2026	99.65	Semiannually	Fixed 4.398%	€ 170,000	138,790	151,563
18/01/2018	18/01/2028	98.52	Annually	Fixed 1.750%	€ 500,000	501,576	500,669
05/09/2011	05/09/2031	100.00	Semiannually	Fixed 2.800% (a)	¥ 10,000,000	79,618	82,552
14/10/2019	14/10/2034	100.00	Annually	Fixed 1.750% (b)	€ 500,000	477,182	297,570
15/02/2018	15/02/2038	98.18	Annually	Fixed 3.125%	€ 200,000	201,647	201,472
29/4/2020	29/4/2030	98.49	Annually	Fixed 2.25%	€ 500,000	499,272	0
Total						3,855,454	3,390,659
– Current portion						35,014	227,333
– Non-current portion						3,820,440	3,163,326

a) To protect against currency fluctuations, a hedging transaction was put in place using a cross currency swap. The cost in Euro is fixed at 6.012% per year.

b) In 2020 the nominal value has been increased from €300 million to €500 million.

On 29 April 2020 Exor issued bonds for a nominal amount of €500 million, maturing on 29 April 2030 with a fixed annual coupon of 2.25%. The bonds are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, with a BBB+ credit rating assigned by Standard & Poor's

On 19 June 2020 Exor announced the reopening of its €300 million bonds issued on 14 October 2019 and due on 14 October 2034, increasing the amount by €200 million, with settlement date 23 June 2020. The new bonds, issued through a private placement to institutional investors with a fixed annual coupon of 1.75%, are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, with a BBB+ credit rating assigned by Standard & Poor's.

Exor intends to repay the bonds in cash at maturity using available liquid resources and undrawn credit lines. Exor may from time to time buy back bonds on the market also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, Exor's financial situation and other factors which could affect such decisions.

The bonds contain covenants that are common in international practice for bond issues of this type. In particular, they contain negative pledge clauses (which require that the bonds benefit from any existing or future pledges of assets of the issuer granted in connection with other bonds or debt securities having the same ranking) and provide for periodic disclosure.

The 2011-2031 bonds also establish other covenants such as respecting a ratio between financial debt and net asset value (0.5) calculated in accordance with the bond issuance prospectus and maintaining a rating by one of the major agencies. Non-compliance with these covenants allows the bondholders to ask for the immediate redemption of the bonds.

Standard events of default are envisaged in the case of serious non-fulfillment such as failure to pay interest. These covenants were complied with at 31 December 2020.

Finally, a change of control of Exor would give the bondholders the right to ask for early redemption of the bonds.

The bonds were rated BBB+ by Standard & Poor's, in line with EXOR N.V.'s long-term debt rating.

The changes in non-convertible bonds may be analyzed as follows:

€ thousand	2020	2019
Total at 1 January	3,390,659	3,236,358
Cash flows, net	462,011	146,798
Foreign exchange effects	2,950	5,403
Other changes	(166)	2,100
Total at 31 December	3,855,454	3,390,659

The analysis of the non-convertible bonds by due date at 31 December 2020 and 2019 is as follows:

€ thousand	31.12.2020	31.12.2019	Change
Due within one year	35,014	227,333	(192,319)
Due between one and five years	1,947,102	1,396,138	550,964
Due beyond five years	1,873,338	1,767,188	106,150
Non-convertible bonds	3,855,454	3,390,659	464,795

17. Bank debt and commercial paper

€ thousand	31.12.2020	31.12.2019
Commercial paper	160,000	—
Bank overdrafts	21	97
Advance interest on commercial paper	37	—
Total at 31 December	160,058	97

On 15 May 2018 Exor established its first Euro-Commercial Paper Program (ECP Program) allowing it to issue short-term notes with maturity of up to 364 days and a maximum amount outstanding of €500 million.

The program enables Exor to achieve greater diversification of its funding sources in the capital markets and enhance its liquidity management. In 2020 Exor issued €252 million nominal value of commercial paper and repaid €92 million. At 31 December 2020 the outstanding amount is €160 million, of which €130 million mature in January 2021 and €30 million in February 2021. At 31 December 2019 the liability of €97 thousand was related to bank overdrafts.

At 31 December 2020 Exor has irrevocable credit lines in Euro of €485 million, of which €335 million expiring after 31 December 2021, as well as revocable credit lines of €547 million. In 2020 Exor drawn and repaid uncommitted credit lines for €413 million.

At 31 December 2019 Exor had irrevocable credit lines in Euro of €435 million, expiring after 31 December 2020, as well as revocable credit lines of €587 million. At the same date Exor also had credit lines in foreign currency for a total of \$50 million (€45 million) expiring before 31 December 2020.

The loan contracts relating to irrevocable credit lines provide for covenants to be observed that are typical of the practices in the sector for this type of debt. In particular, some of the main covenants on certain contracts refer to periodical disclosure obligations, prohibition of new real guarantees on the assets of the company without the consent of the creditor and non-subordination of the credit line. Finally, clauses provide for early repayment in the event of serious default such as failure to pay interest or events that are especially detrimental such as insolvency proceedings.

In the event of a change of control of Exor, some lender banks would have the right to ask for the early repayment of the irrevocable credit lines for a total of €300 million, which however were unutilized at 31 December 2020.

Exor's long-term and short-term debt ratings from Standard & Poor's are "BBB+" and "A-2", respectively, with a "stable outlook".

The changes in bank debt may be analyzed as follows:

€ thousand	2020	2019
Total at 1 January	97	260,128
Cash flows	159,961	(260,031)
Foreign exchange effects	0	0
Total at 31 December	160,058	97

18. Other financial liabilities

€ thousand	31.12.2020	31.12.2019
Cross currency swap	33,460	25,952
Fees and commission on undrawn credit line	111	326
Lease liability	431	567
Other	11,579	358
Total at 31 December	45,581	27,203

The increase is related to advances received.

19. Trade payables to third parties

These amount to €1,000 thousand (€1,149 thousand at 31 December 2019) and refer to trade payables to suppliers due within one year.

20. Fair value measurement

IFRS 13 establishes a hierarchy that categorizes into three levels the inputs of the valuation techniques used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement.

Levels used in the hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the company can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the assets and liabilities.

Assets and liabilities that are measured at fair value on a recurring basis

The following tables show the fair value hierarchy, based on observable and unobservable inputs, for financial assets and liabilities measured at fair value on a recurring basis:

€ thousand	Note	Level 1	Level 2	Level 3	31.12.2020
Assets at fair value					
Financial investments at FVTOCI	10	9,834		162,986	172,820
Financial investments at FVTPL	12	15,172			15,172
Non current loan al FVTPL				8,154	8,154
Current loan at FVTPL				4,628	4,628
Total assets		25,006	0	175,768	200,774
Liabilities at fair value					
bank debt and commercial paper	17		160,058		160,058
Other financial liabilities	18		33,460		33,460
Total liabilities		0	193,518	0	193,518

€ thousand	Note	Level 1	Level 2	Level 3	31.12.2019
Assets at fair value					
Financial investments at FVTOCI	10	55,750		2,364	58,114
Financial investments at FVTPL	12	17,813			17,813
Current loan at FVTPL				4,353	4,353
Total assets		73,563	0	6,717	80,280
Liabilities at fair value					
Bank debt and commercial paper	17		97		97
Other financial liabilities	18		25,952		25,952
Total liabilities		0	26,049	0	26,049

In 2020 there were no transfers between Levels in the fair value hierarchy.

When market quotations are not available for measuring the fair value of financial assets available-for-sale and held for trading, the market rates have been used, adjusted where necessary to take into account the credit quality of the counterparty, as well as the fund quotations (NAV) provided by the managers of the same funds, and widely accepted valuation models; the valuation technique which is generally accepted is discounted cash-flow, considering counterparty credit risk.

The fair value of other financial liabilities that are composed of derivative financial instruments is measured by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment. In particular, the fair value of cross currency swaps is determined using the discounted cash flow method, by taking the prevailing exchange rates and interest rates at the balance sheet date, adjusted, where necessary, to take into account Exor's credit quality.

Assets and liabilities not measured at fair value on a recurring basis

The nominal value of cash and cash equivalents usually approximates fair value due to the short duration of these instruments which include mainly bank current accounts and time deposits.

For financial instruments represented by short-term receivables and payables, for which the present value of future cash flows does not differ significantly from the carrying amount, it is assumed that the carrying amount is a reasonable approximation of the fair value. In particular, the carrying amount of trade receivables and payables and other current assets and liabilities approximates their fair value.

The following table represents the carrying amount and fair value for the most relevant categories of financial assets and liabilities not measured at fair value on a recurring basis:

€ thousand	Note	31.12.2020		31.12.2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Debt securities at amortized cost	11	52,496	55,750	54,123	55,812
Other financial assets		1,406	1,406	1,512	1,512
Total assets		53,902	57,156	55,635	57,324
Financial liabilities					
Non-convertible bonds	16	3,855,454	4,203,008	3,390,659	3,652,775
Other financial liabilities	18	12,121	12,121	1,251	1,251
Total liabilities		3,867,575	4,215,129	3,390,985	3,653,101

Debt securities at amortized cost are represented by bonds issued by leading counterparties (maturing in 2022); these are quoted on active markets and therefore their fair value is categorized in Level 1.

Non-convertible bonds are listed in active markets and their fair value is measured with reference to year-end quoted prices and therefore they are classified within Level 1 of the fair value hierarchy, with the exception of the unlisted Japanese yen bond issue (nominal equivalent amount at 31 December 2020 equal to €79,058 thousand) maturing in 2031 classified in Level 2 of the fair value hierarchy, whose fair value was measured using a discounted cash flow model.

21. Information on financial risks

Credit risk

The maximum nominal exposure to credit risk to which Exor is exposed at 31 December 2020 is represented by the carrying amounts of financial assets in the financial statements. Nevertheless, the Company seeks to mitigate such risk by investing a part of its liquidity in securities issued by leading bank and corporate counterparties selected according to their credit quality. At 31 December 2020 there are no financial assets past due and not written down, as was the case at 31 December 2019.

Liquidity risk

Outgoing cash-flows from current operations are funded mostly by incoming flows from ordinary activities and cash availability.

Liquidity risk could thus arise only in the event of investment decisions in excess of cash availability which are not preceded by sufficient liquidation of assets or by the availability of suitable sources of funding that can be readily used. In this sense, Exor operates so as to have irrevocable credit lines available with expiration dates and amounts consistent with its investment plans.

Market risk

Exor is principally exposed to currency, interest rate and price risks.

Currency risk

At 31 December 2020 a portion of receivables from related parties is denominated in USD (€51 million) and in HKD (€5 million), a portion of cash and cash equivalents (€24 million) in GBP and a portion of financial investment at FVTOCI in USD (€163 million) and in Japanese yen (€10 million). Such assets are aligned to year-end exchange rates, with a negative effect in the income statement and in the net equity of €2,851 thousand and €19,979 thousand, respectively.

At 31 December 2019 a portion of receivables from related parties (€159 million) were denominated in USD, a portion of cash and cash equivalents (€138 million) in USD and GBP and a portion of financial investment at FVTOCI (€42 million) in Japanese yen. Such assets were aligned to year-end exchange rates.

The currency risk related to the liabilities to which Exor is exposed regards the note issued in 2011 for Japanese yen 10 billion (€79 million at 31 December 2020, €82 million at 31 December 2019) which carries a fixed rate in yen of 2.80% and a term of 20 years and the note in US dollars issued in 2016 for \$170 million (€138 million at 31 December 2020, €151 million at 31 December 2019) which carries a fixed rate of 4.398% and a term of 10 years.

In order to protect itself from the effects of fluctuations in the €/Yen exchange rate, Exor put in place a cross currency swap with a leading credit institution as a result of which Exor will pay a fixed rate of 6.012% on the Euro equivalent face amount of the Japanese yen note for its entire term.

Sensitivity analysis for currency risk

Considering currency risk exposure at the reporting date, if the exchange rates had been 10% favorable or unfavorable, the financial receivables in USD would be €5,659 thousand higher or €4,630 thousand lower, the investment at FVTOCI in USD would be €27,163 thousand higher or €7,408 thousand lower, the cash and cash equivalents would be €3,001 thousand higher or €2,456 thousand lower and the note in USD would be €12,554 thousand lower or €15,344 thousand higher.

Interest rate risk

The analysis of debt by interest rate shows that the rates are between 0.1% and 6.012% for the current year.

At 31 December 2020 there was no bank debt exposed to interest rate risk.

Price risk

Exor is exposed to price risk originating from investments in equity classified in the following categories:

- investments accounted for at cost
- financial investments at FVTOCI

Sensitivity analysis for price risk

Considering price risk exposure at the reporting date, if the prices of financial investments at FVTOCI had been 5% higher or lower, the fair value reserve would be €8.641 thousand higher or lower.

22. Related party transactions

With regard to the year 2020, the transactions between EXOR N.V. and the related parties identified in accordance with IAS 24 have been carried out in compliance with applicable laws, on the basis of the principle of reciprocal economic gain.

At 31 December 2020 related party transactions mainly include the following payables and receivables:

- a) Financial receivables related to a loan granted to Exor S.A. for €244.5 million including interest at 0.2% (€0.5 million).
- b) Financial receivables related to a loan granted to Exor Nederland N.V. for \$62.5 million (€50.9 million) including interest at USD Libor 1 months + 0.2% (€1 million).
- c) Financial receivables related to a loan granted to Full More Group Ltd for HKD50 million (€5,2 million), interest at HKD Hibor 12 months +0.2% is due at the termination date.
- d) Trade and other payables (€3.6 million) related to accounting, IT and logistic services, consulting related to investments and the compensation of the board of directors.

The economic effects of related party transactions in 2020 are as follow:

- a) Dividends received from Ferrari N.V. for €50.2 million.
- b) Purchase of goods and services from related parties:
 - i. Services received from subsidiaries amount to €2,130 thousand related to accounting, IT and logistic services, €3,555 thousand for consulting related to investments and €105 thousand for other services.
 - ii. Board members and Chairman and Chief Executive Officer compensations for €475 thousand and €5,272 thousand respectively. Board membership fees for €372 thousand and Chairman and Chief executive Officer compensation for €631 thousand have been waived.
 - iii. Charitable contribution to Fondazione Giovanni Agnelli for €500 thousand and to Ferrari for €311 million.
- c) Interest income on the loan granted to Exor Nederland for €1 million and on the loan granted to Exor S.A. for €0.5 million.

At 31 December 2019 related party transactions included the following payables and receivables:

- a) Financial receivables related to a loan granted to Exor S.A. for €176.2 million including interest at 0.20% (€0.3 million).
- b) Financial receivables related to a loan granted to Exor Nederland N.V. for \$178.8 million (€159.2 million) including interest at USD Libor 1 months + 0.2% (€5.8 million).
- c) Trade and other payables (€4.2 million) related to accounting, IT and logistic services, consulting related to investments and the compensation of the board of directors.

The economic effects of related party transactions in 2019 were as follow:

- a) Dividends received from FCA N.V. for €876.4 million, CNH Industrial N.V. for €66 million, Ferrari N.V. for €45.8 million and The Economist Group for €11.4 million.
- b) Purchase of goods and services from related parties:
 - i. Services received from subsidiaries amount to €2,821 thousand related to accounting, IT and logistic services, €4,018 thousand for consulting related to investments and €304 thousand for other services.
 - ii. Board members and Chairman and Chief Executive Officer compensations for €510 thousand and €5,396 thousand respectively. Board membership fees for €177 thousand have been waived.

- iii. Charitable contribution to Fondazione Giovanni Agnelli for €500 thousand.
- c) Interest income on the loan granted to Exor Nederland for €5.8 million and on the loan granted to Exor S.A. for €0.3 million.

23. Earnings per share

Earnings per share information is provided in Note 12 to the consolidated financial statements.

24. Audit fees

Audit fee information is provided in Note 36 to the consolidated financial statements.

25. Remuneration

Information on the remuneration of the members of the board of directors is included in the Remuneration report sections of the Board Report.

26. Commitments and contingencies

At 31 December 2020 guarantees issued totaled €8 million, unchanged compare 31 December 2019.

27. Subsequent events

The Company has evaluated subsequent events through 25 March 2021, which is the date on which the financial statements at 31 December 2020 were authorized for issuance. There are no other significant subsequent events which require disclosures than those already reported on pag. 58 of the Board Report.

On 25 March 2021, the Board of Directors approved a distribution to the holders of common shares of €0.43 per common share, corresponding to a total distribution to shareholders of approximately €100 million, considering the shares outstanding and entitled to receive the dividend as of the present date. The distribution will be made from the profit of the year and from the retained earnings reserve, which are distributable under Dutch law. The distribution remains subject to the adoption of the Company's 2020 annual accounts at the annual general meeting of shareholders to be held in May 2021.

25 March 2021

The Board of Directors

John Elkann

Alessandro Nasi

Andrea Agnelli

Ginevra Elkann

Marc Bolland

Joseph Bae

Melissa Bethell

Laurence Debroux

António Horta-Osório

EXOR N.V. – OTHER INFORMATION

INDEPENDENT AUDITORS' REPORT

The report of the Company's independent auditors, Ernst & Young Accountants LLP, the Netherlands, is set forth at the end of this Annual Report.

APPROPRIATION OF PROFIT AND DIVIDENDS

Dividends will be determined in accordance with articles 28 and 29 of the Articles of Association of EXOR N.V. The relevant provisions of the Articles of Association read as follows:

1. The Board may decide that the profits realized during a financial year are fully or partially appropriated to increase and/or form reserves.
2. Out of the profits remaining after application of Article 28.1, with respect to the financial year concerned, primarily and insofar as possible, a dividend is paid in the amount of one per cent (1%) of the amount actually paid on the Special Voting Shares in accordance with Article 13.5. These dividend payments will be made only in respect of Special Voting Shares for which such actual payments have been made. Actual payments made during the financial year to which the dividend relates, will not be counted. No further distribution will be made on the Special Voting Shares. If, in a financial year, no profit is made or the profits are insufficient to allow the distribution provided for in the preceding sentences, the deficit will be not paid at the expense of the profits earned in following financial years.
3. The profits remaining after application of Articles 28.1 and 28.2 will be put at the disposal of the General Meeting for the benefit of the holders of Ordinary Shares. The Board will make a proposal for that purpose. A proposal to pay a dividend to holders of Ordinary Shares will be dealt with as a separate agenda item at the General Meeting of Shareholders.
4. Distributions from the company's distributable reserves are made pursuant to a resolution of the Board and will not require a resolution from the General Meeting.
5. Provided it appears from an unaudited interim statement of assets signed by the Board that the requirement mentioned in Article 28.10 concerning the position of the company's assets has been fulfilled, the Board may make one or more interim distributions to the holders of Shares.
6. The Board may decide that a distribution on Ordinary Shares will not take place as a cash payment but as a payment in Ordinary Shares, or decide that holders of Ordinary Shares will have the option to receive a distribution as a cash payment and/or as a payment in Ordinary Shares, out of the profit and/or at the expense of reserves, provided that the Board is designated by the General Meeting pursuant to Article 6.2. The Board shall determine the conditions applicable to the aforementioned choices.
7. The company's policy on reserves and dividends shall be determined and can be amended by the Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.
8. No payments will be made on treasury shares and treasury shares shall not be counted when calculating allocation and entitlements to distributions.
9. All distributions may be made in United States Dollars.
10. Distributions may be made only insofar as the company's equity exceeds the amount of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.
11. Dividends and other distributions will be made payable pursuant to a resolution of the Board within four weeks after adoption, unless the Board sets another date for payment. Different payment release dates may be set for the Ordinary Shares and the Special Voting Shares.
12. A claim of a Shareholder for payment of a distribution shall be barred after five years have elapsed after the day of payment.

Independent auditor's report

To: the shareholders and the audit committee of EXOR N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of EXOR N.V. (herein referred to as the "Company" and together with its subsidiaries the "group"), based in Amsterdam, the Netherlands.

In our opinion the financial statements give a true and fair view of the financial position of EXOR N.V. as at December 31, 2020 and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The consolidated and Company statement of financial position as at December 31, 2020
- ▶ The following statements for 2020: the consolidated and Company income statement, the consolidated and Company statements of comprehensive income, cash flows and changes in equity
- ▶ The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

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

We are independent of EXOR N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Our audit approach

Our understanding of the business

EXOR is one of Europe's largest diversified holding companies, its subsidiaries operate through Fiat Chrysler Automobiles N.V. and its subsidiaries (FCA or the FCA Group (subsequently renamed Stellantis)), in the automotive industry, CNH Industrial N.V. and its subsidiaries (CNH Industrial or the CNH Industrial Group) in agricultural equipment, construction equipment and commercial vehicles, PartnerRe Ltd and its subsidiaries (PartnerRe or the PartnerRe Group) in the reinsurance sector, Ferrari N.V. and its subsidiaries (Ferrari or the Ferrari Group) in luxury performance sports car, GEDI Gruppo Editoriale S.p.A. and its subsidiaries (GEDI or the GEDI Group) in the media sector and Juventus Football Club S.p.A. (Juventus) in the professional football sector. The group is structured in various reportable segments and related group entities and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. In 2020 and the beginning of 2021 we were forced to perform our procedures to a greater extent remotely due to the COVID-19 measures. This limits our observations and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€400 million (2019: €400 million)
Benchmark applied	Approximately 0.3% of Revenues
Explanation	Due to the global impact of COVID-19 pandemic on the automotive, capital goods and insurance sector, which resulted in an increased volatility of earnings-based measures, we changed, based on our professional judgment, our benchmark to determine materiality from EBIT to revenues. We consider this a better measure of the Company's performance and an indicator for recovery following the impact of COVID-19.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee that misstatements in excess of €20 million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

EXOR N.V. is the parent of a group of entities. The financial information of this group is included in the consolidated financial statements of EXOR N.V. The Company is organized along seven reportable segments, being Fiat Chrysler Automobiles, CNH Industrial (CNHi), Ferrari, PartnerRe, Juventus Football Club, GEDI and the Holdings System (EXOR), along with certain other corporate functions which are not included within the reportable segments.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. Group entities are considered significant because of their individual financial significance or because they are more likely to include significant risks of material misstatement due to their specific nature or circumstances.

All significant group entities were included in the scope of our group audit. Accordingly, we identified five reportable segments of EXOR N.V.'s group entities, which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Other procedures are performed on one reportable segment.

- ▶ The group consolidation, financial statements and disclosures as well as the group audits of Fiat Chrysler Automobiles N.V. (FCA), CNHi, Juventus Football Club, GEDI and EXOR are audited directly by the EXOR group engagement team in addition to the other procedures the group team is responsible for
- ▶ The group engagement team virtually met with the PartnerRe component audit team. We reviewed the audit files of the component auditor and determined the sufficiency and appropriateness of the work performed, with a specific focus on the key audit matters relevant to the Company

All component audit teams included in the group scope received detailed instructions from the group engagement team including key risk areas and significant accounts and the group engagement team reviewed their deliverables. By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Because of the international travel restrictions and social distancing due to the COVID-19 pandemic, we needed to restrict or have been unable to visit management and/or component auditors. Due to these restrictions we intensified communication with significant component teams in terms of virtual sessions to ensure we obtained sufficient audit evidence to conclude on our audit.

Teaming, use of specialists and internal audit

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the automotive and reinsurance industry. We included specialists in the areas of IT audit, treasury, share based payments and income tax and have made use of our own valuation experts and actuaries.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the Company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatement of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, human resources and regional directors) and the audit committee. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Furthermore, as EXOR N.V. is a global Company, operating in multiple jurisdictions, we considered the risk of bribery and corruption. In our process of identifying fraud risks, we considered whether the COVID-19 pandemic gives rise to specific fraud risk factors resulting from a dilution in the effectiveness of controls as a result of the general disruption associated with remote working, illness and workforce reductions, supply chain failures and pressure to make emergency procurements, management overrides and workarounds becoming the norm, manual invoicing and manual payments, abuse of government schemes intended to support companies during the pandemic.

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 to the financial statements. We have also used data analytics to identify and address high-risk journal entries. Our audit procedures to address the assessed fraud risks did not result in a key audit matter.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluated our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures and reference is made to note 31 to the financial statements.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern

We performed the following procedures in order to identify and assess the risks relating to going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management made a specific assessment of the Company's ability to continue as a going concern and to continue its operations for at least the next twelve months. We discussed and evaluated this assessment with management exercising professional judgment and maintaining professional skepticism, and specifically focusing on the process followed by management to make the assessment, management bias that could represent a risk, the impact of current events and conditions have on the Company's operations and forecasted cash flows, with a focus on whether the Company will have sufficient liquidity to continue to meet its obligations as they fall due. We consider, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Company to cease to continue as a going concern.

General audit procedures

Our audit further included among others:

- ▶ Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

Last year's key audit matter Recoverability of the Italian deferred tax assets for FCA, is not considered a key audit matter for this year due to the impairment recorded in the current year. FCA reviewed its business and operations to take into consideration the estimated impacts and effects of the COVID-19 pandemic, including the estimated impact on the macroeconomic environment, the market outlook and the current operations. As such, FCA assessed its ability to generate sufficient taxable income in the future that would allow realization of net deferred tax assets in Italy. As a result of this assessment, FCA recorded an impairment after which the remaining balance of the Italian deferred tax assets is no longer deemed material for the consolidated financial statements.

Last year's key audit matter on the valuation of goodwill for CNHi is not considered a separate key audit matter after the full impairment of the goodwill relating to the Construction segment, recorded in the current year. The impairment was triggered by the COVID-19 pandemic and its impact on the overall macro-economic environment.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill and other non-current assets with indefinite useful lives

Note 2 and Note 13 in the annual report

Risk

At December 31, 2020 the recorded amount of Goodwill and intangible assets with indefinite useful lives was €16,767 million, detailed as follows:

Goodwill and intangible assets with indefinite useful lives (€/million)	December 31, 2020	December 31, 2019
FCA	13,055	14,257
CNH Industrial	1,744	2,476
Ferrari	785	785
PartnerRe	722	791
GEDI	298	-
Other minors	163	62
TOTAL	16,767	18,371

The majority of these assets relate to goodwill (€13,146 million) and brands, trademarks and other intangible assets with indefinite useful lives (€3,621 million). Goodwill and intangible assets with indefinite useful lives are allocated to operating segments and to Cash Generating Units (CGU) within the operating segments, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes in accordance with IAS 36. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or more frequently, if there is an indication that an asset may be impaired.

Valuation of goodwill and other non-current assets with indefinite useful lives

Note 2 and Note 13 in the annual report

Risk
(continued)

With reference to FCA, at December 31, 2020 the recorded amount of goodwill and other non-current assets with indefinite useful lives was €13,055 million, primarily allocated to the FCA four car mass market operating segments (North America, APAC, LATAM and EMEA). The amount of goodwill allocated to APAC and LATAM was €1,074 million and €515 million, respectively.

Auditing management's annual goodwill impairment test was complex and highly judgmental due to the significant estimation required to determine the Value-In-Use (VIU) of the Group of cash generating units (CGUs) to which Goodwill has been allocated. In particular, the determination of the VIU was sensitive to significant assumptions, such as changes in the discount rate, revenue growth rate, operating margin and terminal value, which are affected by expectations about future market or economic conditions, including uncertainties due to the COVID-19 pandemic, particularly those in APAC and LATAM regions for FCA.

Our audit
approach

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Group's goodwill and other non-current assets with indefinite useful lives impairment assessment process, including controls over management's review of the significant assumptions described above.

To test the determination of the Value in Use of the Group's CGUs, we performed audit procedures that included, among others, evaluating the CGUs identified in the current year and testing the allocation of assets and liabilities to the carrying value of each CGU. We assessed the impairment methodology applied by the Group and obtained an understanding of the analysis performed by management for the purposes of the impairment assessment. We assessed the cash flow forecasts for each CGU as compared to the Group's business plan, including comparisons to industry forecasts and sector data, and evaluated the historical accuracy of the Group's forecasts by comparison to actual results.

We assessed the operational margins, discount rates and long-term growth rates applied within the model, with the support of valuation specialists, by performing independent calculations and sensitivity analyses for each CGU, as well as the adequacy of the disclosures made by the Group in this area, in particular those related to reasonably possible changes in key assumptions that could lead to an impairment of goodwill.

Key
observations

Based on the results of our work, we agree with the Company's conclusion that no impairment of goodwill is required at year-end.

With regards to APAC and LATAM regions for FCA, as the carrying amount of goodwill is sensitive to certain assumptions, primarily the expected margins for the terminal period and the impact of COVID-19 pandemic, we agree with the additional disclosure in the consolidated financial statements.

Recoverability of non-current assets with definite useful lives with reference to EMEA, LATAM and Maserati

Note 2, Note 13 and Note 14 in the annual report

<p>Risk</p>	<p>With regard to FCA Group, at December 31, 2020, the non-current assets with definite useful lives amounted to €40,101 million. Non-current assets with definite useful lives include property, plant and equipment (€27,582 million) and intangible assets (€12,519 million). Intangible assets with definite useful lives mainly consist of capitalized development expenditures. The Company reviews the carrying amount of non-current assets with definite useful lives when events or circumstances indicate that an asset may be impaired. If indications of impairment are present, the carrying amount of the asset is reduced to its recoverable amount which is the higher of fair value less costs of disposal and its value in use. The recoverable amount is determined at the cash generating unit (CGU) level. The disclosures on non-current assets with definite useful lives are included in notes 2, 13 and 14 of the consolidated financial statements.</p> <p>Auditing management's assessment of the recoverability of non-current assets with definite useful lives with reference to EMEA, LATAM and Maserati was complex and highly judgmental due to the materiality, the uncertainties involved in and potential volatility of the forecast volumes, contribution margin and other factors, such as the impacts of the COVID-19 pandemic, used in estimating future cash flows of the CGUs to which the assets belong. Changes in the assumptions used could potentially materially affect the recoverability of EMEA, LATAM and Maserati non-current assets with definite useful lives.</p>
<p>Our audit approach</p>	<p>The procedures designed to address the matter in our audit included, among others, obtaining an understanding, evaluating the design and testing the operating effectiveness of controls over the Company's non-current assets with definite useful lives impairment assessment process, including controls over management's review of the significant assumptions described above.</p> <p>To test the determination of the recoverable amount of the CGUs, we involved valuation specialists to assist in evaluating the methodology used by the Company, including the impairment test model developed and the discount rates (Weighted Average Cost of Capital) applied, by performing independent calculations and sensitivity analyses for each CGU. We evaluated the key assumptions applied in determining the recoverable amount and evaluated the CGUs identified, tested the allocation of assets to the carrying value of each CGU and assessed the cash flow forecasts for each CGU, in particular by comparing volumes with those forecasted per automotive industry market research reports and margin with that actual of other vehicles from the same brand and/or segment. We evaluated the historical accuracy of the Company's forecasts by comparison to actual results and assessed the adequacy of the disclosures made by the Company in this area.</p>

Recoverability of non-current assets with definite useful lives with reference to EMEA, LATAM and Maserati

Note 2, Note 13 and Note 14 in the annual report

Key observations	<p>We concur with the Group's methodology used in performing the impairment test of EMEA, LATAM and Maserati segments as of December 31, 2020.</p> <p>As the recoverability of the carrying amount of non-current assets with definite lives in EMEA, LATAM and Maserati depends on the development and launch of additional vehicles, we agree with the additional disclosure made in the Notes to the consolidated financial statements.</p>
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Income taxes - recoverability of the deferred tax assets (with particular reference on the DTA for CNHi)

Note 2 and Note 10 in the annual report

Risk	<p>Net deferred tax assets and liabilities as at December 31, 2020 amounted to negative €64 million, detailed as follow:</p>		
	Net deferred tax assets and liabilities (€/million)	December 31, 2020	December 31, 2019
	Deferred tax assets on temporary differences	8,925	9,063
	Deferred tax liabilities on temporary differences	(8,352)	(8,077)
	Deferred tax assets on tax losses carried forward	6,346	5,901
	Unrecognized deferred tax assets	(6,983)	(6,353)
	TOTAL	(64)	522
	Detailed as follows		
	Deferred tax assets	2,192	2,584
	Deferred tax liabilities	(2,256)	(2,062)
	<p>At December 31, 2020, the Group had deferred tax assets on deductible temporary differences of €8,925 million and on tax losses carried forward of €6,346 million, of which €6,983 million were not recognized.</p>		

Income taxes - recoverability of the deferred tax assets (with particular reference on the DTA for CNHi)

Note 2 and Note 10 in the annual report

Risk
(continued)

With reference to CNH Industrial, the recognized and unrecognized amounts related to Italy are €437 million and €74 million respectively. The analysis of the recoverability of deferred tax assets, in particular those of the Italian jurisdiction, were considered a significant risk in our audit because the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions, including the effect of COVID-19.

The Group's disclosures related to income taxes are included in Note 2 and Note 10 to the consolidated financial statements.
Group.

Our audit
approach

We obtained an understanding of the income tax process and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. We performed substantive audit procedures on the recognition of deferred tax amounts based on different local tax regulations and on the analysis of the recoverability of the deferred tax assets. We have involved EY tax specialists to support us in these procedures.

We have evaluated and challenged the robustness of the Company's assumptions, judgements and estimates in relation to the likelihood of generating sufficient future taxable income based on budgets that take into account the impact of the COVID-19 pandemic and strategic business plans, principally by performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognized.

We also assessed the forecasting quality by comparing forecasts as included in tests prepared in prior years to the actuals.

We have assessed the adequacy of the financial statements disclosure in Note 2 and Note 10 regarding recognized deferred tax assets.

Key
observations

Based on the procedures performed, we concluded that the deferred tax asset balance for the Italian tax jurisdiction, at December 31, 2020, is fairly stated.

Provisions for product warranties and recall campaigns (with particular reference on North America segment for FCA - Ferrari)

Note 2 and Note 25 in the annual report

Risk

Other provisions of the year 2020 amounted to €15,176 million, detailed as follows:

Other provisions (€/million)	December 31, 2020	December 31, 2019
Warranty and recall campaigns provision	6,634	7,232
Other risks	8,542	9,695
TOTAL	15,176	16,927

At December 31, 2020 the provision for product warranties amounted to €6,634 million, of which €5,716 million related to FCA Group and €107 million to Ferrari Group. The most significant amounts related to the FCA North America segment. The Company establishes provisions for product warranty obligations, including the estimated cost of service and recall actions in the North America region, at the time the vehicle is sold. The estimated future costs of these actions, which are recorded in cost of sales in the consolidated income statement, are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for the vehicles. The disclosures on warranty provisions are included in Note 2 and Note 25 to the consolidated financial statements.

Auditing management's provision for product warranty and recall campaign was complex in consideration of the judgment required to develop assumptions around future costs to be incurred for warranty provisions. The complexity is driven by numerous uncertainties, especially related to the North America region's warranty and campaign provisions, the number of vehicles affected by a service or recall action and the nature of the corrective action that may result in adjustments to the established reserves. Due to the materiality, the uncertainty, and potential volatility of these estimated future costs and other factors, changes in assumptions used could materially affect the result of the Company's financial statements.

Provisions for product warranties and recall campaigns (with particular reference on North America segment for FCA - Ferrari)

Note 2 and Note 25 in the annual report

<p>Our audit approach</p>	<p>The procedures designed to address the matter in our audit included, among others, obtaining an understanding, evaluating the design and testing the operating effectiveness of controls over the Company's warranty process. We involved actuarial specialists to assist us to evaluate and test the Company's methodology, the assumptions developed by management in determining the warranty provisions, and to perform sensitivity analyses and calculate an independent range of reasonably probable outcomes for the North America product warranty and recall campaigns provision, including evaluating current year development against expectations.</p> <p>We performed other audit procedures to evaluate the data applied in the model including, among others, (i) vouching of the warranty payments made in the year and (ii) obtaining external third-party confirmations in respect of the completeness and accuracy of current year claims. We assessed the adequacy of the disclosures made by the Company in this area.</p>
<p>Key observations</p>	<p>Based on the results of our procedures, including our assessment that the Group's provision was within the range of possible outcomes independently determined by EY actuaries, we are satisfied that the provision for product warranty and recall campaigns is fairly stated at December 31, 2020.</p>

Valuation of investments of reinsurance companies (PartnerRe)

Note 2 and Note 26 in the annual report

<p>Risk</p>	<p>At December 31, 2020 the investments of reinsurance companies amounted to €14,422 million (€14,664 million as at December 31, 2019), entirely related to the PartnerRe Group. Reinsurance investments include fixed income securities, short-term investments, equities, accrued interest, non-foreign exchange derivatives, other invested assets and funds held by reinsurance companies.</p> <p>The Group elects the fair value option for all of its fixed maturities, short-term investments, equities and certain other invested assets (excluding those that are accounted for using the cost or equity methods of accounting). Other invested assets consist primarily of investments in non-publicly traded companies, private placement equity and fixed maturity investments, derivative financial instruments and other specialty asset classes. The remaining other invested assets are recorded based on valuation techniques depending on the nature of the individual assets. The valuation techniques used by the Company are generally commensurate with standard valuation techniques for each asset class.</p>
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Valuation of investments of reinsurance companies (PartnerRe)

Note 2 and Note 26 in the annual report

<p>Risk (continued)</p>	<p>The valuation of internally modelled investments of reinsurance companies was significant to our audit because the process is complex and judgmental and based on assumptions that are affected by expected market or economic conditions. Due to the application of valuation techniques for the valuation of investments and the more complex assumptions applied, this imposes a higher risk to the Company.</p>
<p>Our audit approach</p>	<p>The procedures designed to address the matter in our audit included, among others, obtaining an understanding, evaluating the design and testing the operating effectiveness of controls over the Group's valuation of investments in reinsurance companies.</p> <p>We involved our EY valuation specialists to audit the models and assumptions used to value a sample of securities that are internally modeled either by the Company or a third party specialist. We tested the data used in these models to determine it was reasonable and supportable.</p> <p>We obtained an understanding of management's valuation methodology for their various classes of fixed maturity and public equity securities. For a sample of securities that exhibited characteristics of having higher estimation uncertainty, we utilized our EY valuation specialists to assist in testing the valuation. For all other securities, we independently obtained corroborative pricing from alternative pricing sources to management.</p> <p>Additionally, we performed "back testing" which consists of comparing actual sales of securities to the recent fair values recorded by management. We utilized our EY valuation specialists to test the valuation of a sample of derivatives including foreign exchange forwards and options, mortality swaps and interest rate swaps.</p> <p>We assessed the adequacy of the disclosures made by the Group in this area.</p>
<p>Key observations</p>	<p>Based on the results of our procedures, including review by our valuation experts, we are satisfied that the valuations of investments of reinsurance companies and are appropriate disclosed in the financial statements at December 31, 2020.</p>

Valuation of technical reinsurance reserves (PartnerRe)

Note 2 and Note 18 in the annual report

<p>Risk</p>	<p>At December 31, 2020 the recorded amount of the technical reinsurance reserves was €13,336 million (€13,543 million as at December 31, 2019), entirely related to the PartnerRe Group.</p> <p>Non-life and health technical reinsurance reserves include amounts determined from loss reports on individual treaties (case reserves), additional case reserves when PartnerRe's loss estimate is higher than reported by the cedants (ACRs) and amounts for losses incurred but not yet reported to PartnerRe (IBNR).</p> <p>Such reserves are estimated by management based upon reports received from ceding companies, supplemented by PartnerRe's own actuarial estimates of reserves for which ceding Company reports have not been received, and based on PartnerRe's own historical experience. To the extent that PartnerRe's own historical experience is inadequate for estimating reserves, such estimates may be determined based upon industry experience and management's judgment. The estimates are continuously reviewed and the ultimate liability may be in excess of, or less than, the amounts provided. Any adjustments are reflected in the periods in which they are determined, which may affect PartnerRe's operating results in future periods.</p> <p>Due to the application of valuation techniques for the valuation of investments and the more complex assumptions applied, this imposes a higher risk to the Company.</p>
<p>Our audit approach</p>	<p>The procedures designed to address the matter in our audit included, among others, obtaining an understanding, evaluating the design and testing the operating effectiveness of controls over the Group's technical reserves estimation process.</p> <p>We performed substantive testing on claims, case reserve estimates and the inputs used to determine IBNR. We have substantively tested the Company's ceded recoverable amounts through verifying managements calculation of ultimate losses relating to significant retrocession contracts. We also reviewed key contracts with assistance from our actuarial team to verify the losses related to the catastrophes were covered and therefore recoverable.</p> <p>We involved actuarial specialists to assist us to evaluate and test the Group's methodology, including independently re-project the reserves. We reviewed the Company's third party actuarial review completed during the year on non-life reserves and considered how those results compared to our independent evaluation.</p> <p>We assessed the adequacy of the disclosures made by the Group in this area.</p>
<p>Key observations</p>	<p>Based on the results of our procedures, including our assessment that the Group's reserves were within the range of possible outcomes independently determined by EY actuaries, we are satisfied that the technical reinsurance reserves and are appropriate disclosed in the financial statements at December 31, 2020.</p>

Report on other information included in the annual report

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

- ▶ The Board Report, including the Remuneration Report
- ▶ Other information as required by Part 9 of Book 2 of the Dutch Civil Code

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

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 and Section 2:135b and 2:145 sub-section 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Board Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the general meeting as auditor of EXOR N.V. on March 2, 2016 to perform the audit of its 2016 financial statements and have continued as its statutory auditor since then.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of management and the audit committee for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The audit committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The *Our audit approach* section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

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

In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the audit committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, March 25, 2021

Ernst & Young Accountants LLP

signed by P.W.J. Laan