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
Per share[(c)] – €	*102.08*	*98.60*
Market Capitalization	15,959	16,648
Per share[(d)] – €	*66.22*	*69.08*
Issued capital and reserves attributable to owners of the parent	13,090	15,025
Per share[(e)] – €	*56.67*	*64.88*

(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
Per share	***0.43***	*0.43*

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:
• 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**	• 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 LTV[2] 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]
	• 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.	22.9% 35.8%	29.8%
PartnerRe	• 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.	100.0% 99.7%	23.9%
STELLANTIS	• 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.	14.4% 14.4%	23.4%[3]
CNH INDUSTRIAL	• 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.	26.9% 42.5%	13.5%
JUVENTUS	• 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).	63.8% 63.8%	2.5%
The Economist	• 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.	43.4% 20.0%[4]	1.0%
GEDI GRUPPO EDITORIALE	• 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.	89.6% 89.6%	0.7%
SHANG XIA	• 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.	77.3% 77.3%	0.3%

PARTNERSHIPS

Investment	Description	Economic rights[1]	% on GAV[2]
via	• 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%
Welltec®	• 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 form 47.9% to 48.7%.

Significant financial data[a]

€ million	FCA	CNH INDUSTRIAL	PARTNERRE	FERRARI	JUVENTUS	GEDI[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.

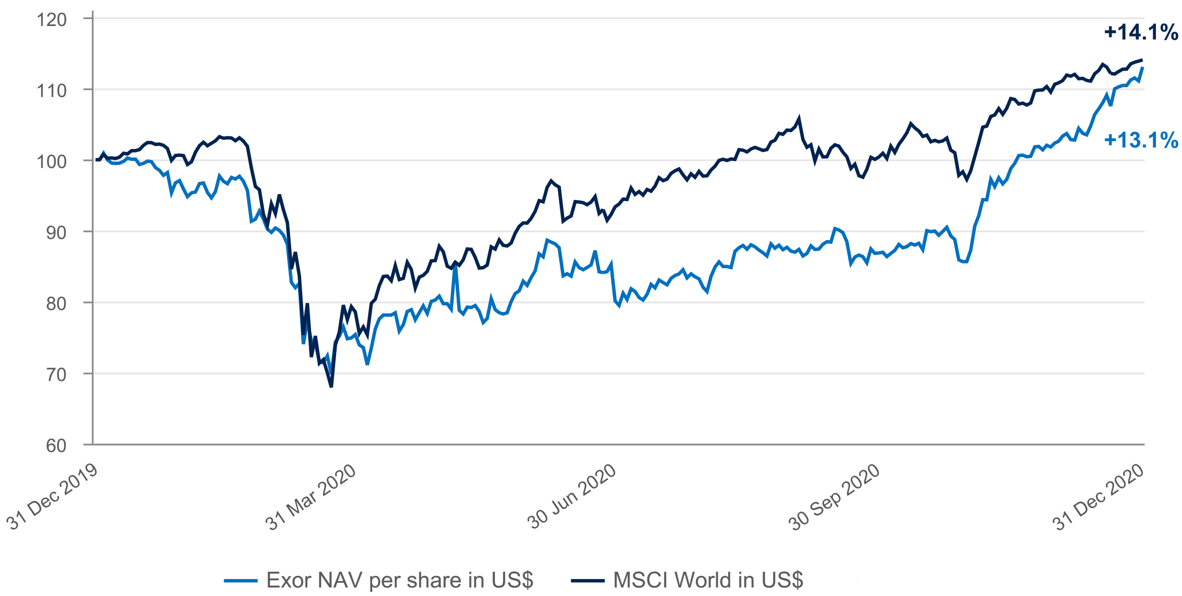
Items included in the calculation of Gross Asset Value and Gross Debt which are denominated in foreign currencies are converted at the official exchange rates at the corresponding reporting date.

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.

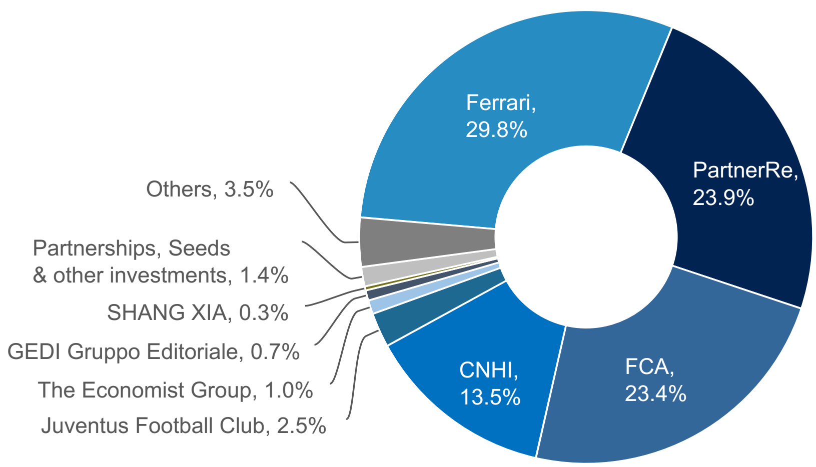
Change in NAV per share compared to the MSCI World Index in U.S. Dollar



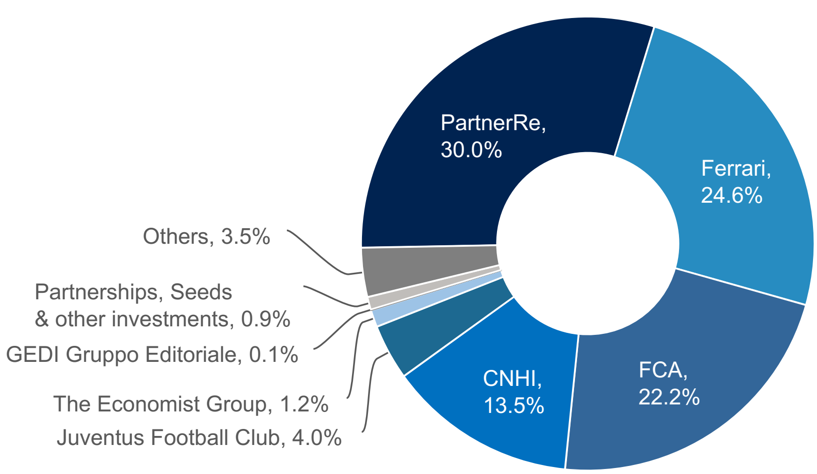
Gross Asset Value composition

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:

	31/12/2020		31/12/2019	
€ million	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
Difference		*10,785*		*8,095*

(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.

<u>Consolidation of GEDI Gruppo Editoriale</u>

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.

<u>Consolidation of Shang Xia</u>

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).

	Result[a]		EXOR's share		
€ million	2020	2019	2020	2019	Change
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 31/12/2020 (€ million)	Balance at 31/12/2019 (€ million)	Change
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:

	Year		Change	
€ million	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.

	Year		Change	
Units[1]	**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.

	Year		Change		
				at current	at constant
€ million	**2020**	2019	amount	currency	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.

	Year	
$ million	**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 2020	2019	Change 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).

	Year	
€ million	**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
Less: operating activities not attributable to industrial activities	29	74
Less: Capital expenditures for industrial activities	8,598	8,383
Add: Net intercompany payments between continuing operations and discontinued operations	—	(200)
Add: Discretionary pension contribution, net of tax	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:

	Year		
$ million	2020	2019	Change
Revenues	**25,984**	28,024	(2,040)
Revenues in €	***22,749***	*25,033*	*(2,284)*
Adjusted EBIT of Industrial Activities[1]	**416**	1,376	(960)
Net (loss) income	**(695)**	906	(1,601)
of which attributable to owners of the parent	***(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.

	Year		
$ million	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 Cvoid-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 adjusted EBIT margin*	*2019 adjusted EBIT margin*
$ million	**2020**	2019			
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).

	Year	
$ million	**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 form 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	**(16,874)**	(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:

	I Half		
€ million	**2020/2021**	2019/2020	Change
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.

	Year		
€ million	**2020**	1905	Change
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

	Year		
€ million	**2020**	2019	Change
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:

		Dividends	
Investee company	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 Company[2] 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.