

# Annual Report 2020



*mobility  
matters*

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This annual report covers the period from 1 January to 31 December 2020.

Stern Groep N.V. has a formal semi-annual reporting cycle. This 2020 annual report is published on 12 March 2021.



Total  
employees  
(FTEs)

**1,557**

2019: 1,858



Men  
(FTEs)

**1,401**

2019: 1,664



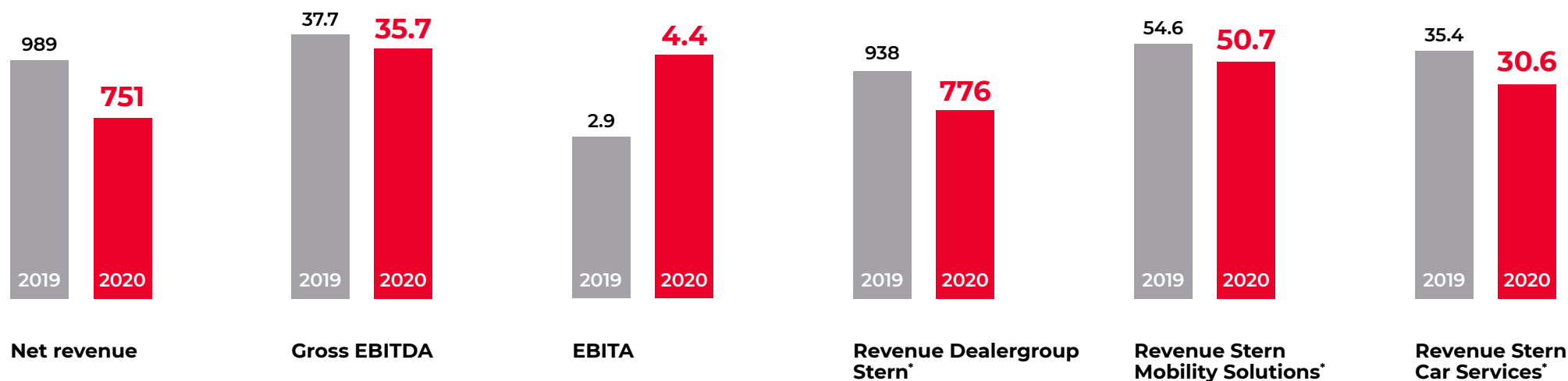
Women  
(FTEs)

**156**

2019: 194

## Key figures

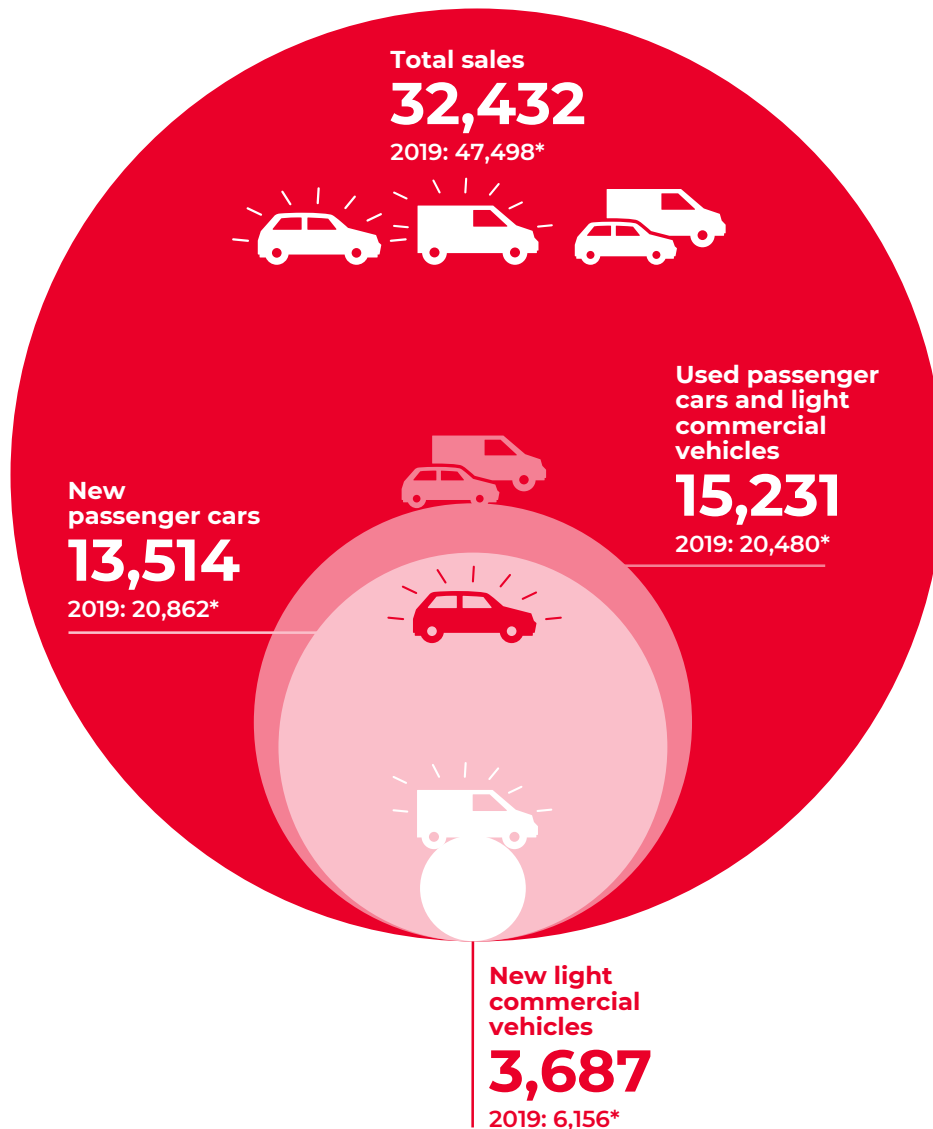
x €1 million



\*Revenue before elimination of inter-company and internal revenue



# Sales



## Stern Mobility Solutions



**Fleet under management**

**9,693**

2019: 11,071



**Rental days sold**

**560,162**

2019: 756,297



**Mobility contracts**

**46,410**

2019: 57,560



**Private lease**

**3,707**

2019: 3,801

## Stern Car Services



**Damage cases settled**

**21,007**

2019: 25,298



**Number of delivery destinations**

**3,496**

2019: 2,741



**Interiors sold**

**2,064**

2019: 2,108



**Number of packages carried**

**172,317**

2019: 176,209

\* Including Heron Auto

# Foreword

Stern was not able to meet its operational targets during this first year of the COVID-19 pandemic, but it has used this period to implement its strategic objectives ahead of schedule, further strengthen its balance sheet and increase its cash position.

The transformation of Stern into a modern online mobility platform, supported by a network of physical branches, passed a turning point in 2020.

The conditional rebranding of all our operations into a single strong retail brand was achieved in mid-2020, along with the launch of the new online platform that will form the basis for the further digitalisation of Stern. Other investments had to be put on hold at the beginning of the year due to the COVID-19 pandemic, but the realisation of our strategic projects on the other hand was accelerated.

The effects of the long-term trends in automotive retail have been intensified as a result of the pandemic. Manufacturers, importers and dealers are looking for a new balance between provision of digital services and a network of physical outlets and workshops. In addition, knowledge and recognition of individual needs and preferences of customers are needed to make the digital and physical customer journey a relevant and personal experience and thus achieve a position of preference. These developments are placing unprecedented pressure on traditional relationships in our industry. One thing that is certain is that the number of physical locations will decline drastically in the coming years. Stern started the optimisation of its own dealer network several years ago, because a well-thought-out reduction in the number of branches involves many factors and thus takes time.

We wish to express our appreciation to our enthusiastic teams for their loyalty and perseverance in this turbulent period. 2021 is expected to be a very different year, with further surprises, challenges and opportunities, in which personal mobility, a focus on excellent service and our own brand value will play a central role.

**Henk van der Kwast**  
Chief Executive Officer



**H.H. van der Kwast** (1954, Chief Executive Officer) has been associated with Stern and its legal predecessors since 1993, and has been a director under the articles of association and Chief Executive Officer of Stern Group since June 2000.

Mr van der Kwast is also a major shareholder via Merel Investments B.V. Mr van der Kwast invested in the RIVA businesses in Amsterdam in 1993, which were making significant losses at the time, and over the past 28 years has built Stern into one of the larger automobility retailers in the Netherlands.

Mr van der Kwast is a Dutch citizen.

# Group Council

**1. Henk van der Kwast**  
Chief Executive Officer

**2. Huub van den Brule**  
Director Stern 2

**3. Finus Porsius**  
Financial director

**4. Dwight de Weerd**  
Director Stern 1

**5. Gerrit Klock**  
Director Stern 3

**6. Marco Vlaar**  
Director Stern  
Mobility Solutions

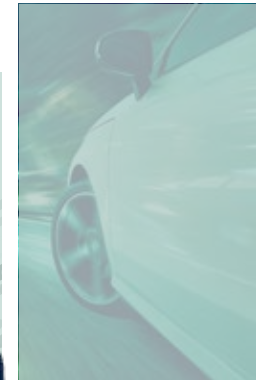
**7. Bastiaan Geurts**  
Chief Customer Officer

**8. Matthieu Snel**  
Director Stern 4 and 5

**9. Loes van Dalen**  
Director Human Resources

**10. Olivier Hoffmann**  
Group controller

**11. Guus Baris**  
Director SternPoint



# 5-year overview

(Figures x € 1,000, unless otherwise stated)

	2020	2019 <sup>5</sup>	2018	2017	2016		2020	2019 <sup>5</sup>	2018	2017	2016
Revenue details*											
Net revenue	751,057	876,873	1,106,402	1,124,677	1,097,630	Per share of € 0.01					
Operating result	(16,254)	2,061	7,247	12,690	18,737	Equity <sup>2</sup>	22.09	26.90	27.34	28.08	27.66
EBITA	4,430	2,921	7,247	12,690	18,737	Result after tax <sup>3</sup>	(4.82)	3.77	0.09	1.32	2.00
Result after tax	(27,369)	21,377	486	7,499	11,348	Dividend	–	3.50	–	1.00	1.00
Return on equity						Highest price	17.90	19.20	19.96	25.15	19.89
(profit after tax/equity) (in %)	(18.7)	13.9	0.3	4.9	7.4	Lowest price	7.92	12.20	13.65	17.64	16.20
						Price at year-end	11.70	14.40	14.30	20.00	17.72
Balance sheet details						Number of shares					
Intangible assets	2,314	22,395	30,572	30,502	30,011	Entitled to profit	5,925,000	5,925,000	5,925,000	5,925,000	5,925,000
Property, plant and equipment	103,847	120,966	327,490	297,056	280,294	Outstanding at end of financial year <sup>4</sup>	5,675,000	5,675,000	5,675,000	5,675,000	5,675,000
Lease assets	94,645	108,026	–	–	–	Average outstanding <sup>2</sup>	5,675,000	5,675,000	5,675,000	5,675,000	5,675,000
Financial non-current assets	27,032	27,219	32,545	34,902	34,652	Total market capitalisation at year-end	66,397	81,720	81,153	113,500	100,561
Equity	125,387	152,639	155,161	159,348	156,994	Number of employees at year-end	1,674	2,004	2,305	2,323	2,262
Non-current liabilities	113,532	145,423	246,894	209,194	9,011	Number of FTEs at year-end	1,557	1,858	2,099	2,106	2,051
Balance sheet total	433,403	573,419	675,404	625,113	623,853						
Solvency of car leasing operations (in %) <sup>1</sup>	–	–	12.5	12.5	12.5						
Solvency of car rental operations (in %) <sup>1</sup>	–	–	20.0	20.0	20.0						
Solvency of other activities (in %) <sup>1</sup>	28.9	26.6	32.3	34.0	32.6						

<sup>1</sup> Based on normative solvency.

<sup>2</sup> Based on number of outstanding shares

<sup>3</sup>Weighted proportionally over time.

<sup>4</sup>Adjusted for stock dividend in 2014.

<sup>5</sup> Excluding Heron Auto B.V.

\* From continued operations.



## Profile

Stern Groep N.V. is one of the large automotive groups in the Netherlands. Stern is a listed company, financially solid and generates annual revenue over € 750 million with more than 1,550 (FTE) employees. 90% of its employees are male and 10% are female. 80% of the employees have permanent contracts. The shares of Stern Groep N.V. are listed on Euronext Amsterdam.

With Dealgroupp Stern, Stern has near-national coverage and represents 18 leading car brands including Mercedes-Benz, Renault, Nissan, Ford, Volvo, Land Rover, Kia and Opel. Stern has 64 locations in its network. Total sales of new and used passenger cars and light commercial vehicles amount to nearly 32,500 units.

Stern also offers services such as leasing, rental, insurance, finance, extended warranty, (brand-certified) car body repairs, light commercial vehicle interiors and lettering and car parts.

Stern distinguishes itself by means of strong relationships with its customers and suppliers, committed and expert employees with specific knowledge and an extensive portfolio of relevant products and ancillary services. This enables us to respond effectively to current social and technological developments.



### Mission

Stern wants to give people more feeling of freedom.



### Ambition

Stern has set itself the goal of becoming the most valued and recommended mobility partner in the Netherlands.



### Vision

Stern believes that mobility is a primary necessity for life, and that people prefer individual mobility. Nothing provides a sense of freedom like deciding the time and location of departure and planning your own route.



### Core values

#### Engaged

We are sincerely interested in our customers and their mobility needs.

#### Inventive

We adopt a pragmatic approach and like to help customers with non-traditional solutions.

#### Loyal

We value our relationships and look to maintain them over the long term.



## Portfolio of car brands



Mercedes-Benz



# Mobility services



## Private lease

Stern offers private lease solutions for the retail market, based on expected mileage and the contract term. A private lease from Stern is a more cost-effective option than the purchase of a new car in most cases.



## Business lease

Stern offers various types of business lease. A full operating lease is the most popular option, in which Stern takes responsibility for complete maintenance of the car or fleet. Stern also offers financial leases or used car lease solutions.



## Short lease

Stern offers short-term leases of a car or light commercial vehicle for terms from 1 to 24 months. The vehicle is provided from inventory and after one month the lease can be terminated on a daily basis. A short lease is a quick and flexible option.



## Car rental

With a fleet of approximately 3,000 cars, Stern meets the needs of consumers and businesses for temporary mobility in the form of car rental. Additionally, the company provides replacement transport and service rental for the customers of the group companies.



## Used cars

Unlike its competitors in the used-car market, Stern offers additional services such as a warranty and breakdown assistance. Stern also adds unique value in the form of free periodic vehicle inspection (APK), a 30-day exchange guarantee and a fixed competitive all-in price.



## Car body repairs

The network of Stern branches includes a large number of locations specialising in car body repair services. Repairs are carried out according to factory guidelines and only original parts are used. A large number of Dutch insurers have selected Stern as their preferred car body repair company.



## Insurance

Stern offers car insurance for private persons and businesses with extensive cover, maximum security and clear terms and conditions. Customers have a choice between various forms of third-party, third-party, fire and theft or comprehensive insurance. Additional car-related insurance products are also available.



## Parts

Stern's parts service delivers original parts throughout most of the Netherlands, with parts for all the Stern brands delivered several times a day. The delivery service brings the parts ordered directly to the stated address, or arrangements can be made to collect the parts from a Stern branch.



## Financing

Stern offers car-related consumer and business financial products, such as hire purchase and financial lease. These products are exclusively available to customers who purchase or have previously purchased a car or other vehicle from a Stern company.



## Light commercial vehicle interiors

Stern provides installation services for special light commercial vehicle interiors. Stern provides both standard and customised light commercial vehicle interiors. Dealergroup Stern makes extensive use of these services for its customers.



## Bodywork

Stern provides external and internal bodywork solutions for light commercial vehicles. Whether this concerns specific customised bodywork or construction of a standard product, we assist the customer in searching for the best solution to every transport need.



## Lettering

Stern can provide lettering for any vehicle, including passenger cars, delivery vans and trucks. Anyone looking to personalise their passenger car or light commercial vehicle with a business logo or other customised lettering can rely on Stern for a professional design.

# Shareholder information

At 3 March 2021

Stern Group issues only ordinary shares. The shares are either in bearer form or registered, at the option of the holder. The authorised share capital is € 900,000, divided into 9,000,000 ordinary shares of € 0.10. The issued capital amounts to € 592,500, consisting of 5,925,000 shares.

At year-end 2020, Stern held 250,000 (2019: 250,000) of its own shares, which are deducted from the other reserves. There are no shares with special controlling rights attached. Each share entitles the holder to cast one vote. There are no limitations on the exercise of the voting rights attached to shares. No depositary receipts for shares are issued.

The shares are listed on Euronext Amsterdam, where they are freely tradable.

## Shares

Number issued	5,925,000
Number outstanding	5,675,000
Free float	44.6%

## Share ownership by the Management Board

H.H. van der Kwast (via Merel Investments B.V.)	722,101
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## Share ownership by the Supervisory Board

D.R. Goeminne	25,000
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## Policy on bilateral contacts

Stern Group considers good relationships with each of its shareholders to be important and devotes much attention in this respect to careful communication with shareholders. Stern Group also considers it important that its shareholders - large or small - have equal access to information and Stern Group ensures this in various ways. Stern Group regularly issues press releases (with both financial and strategic information) and information provided during analyst meetings is published simultaneously on its website.

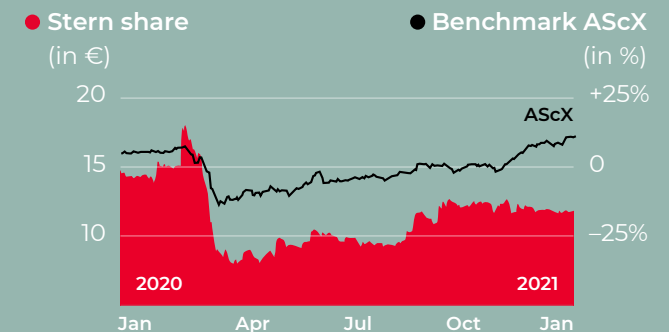


## Shareholders

Stern Group is aware of the following holdings of 3% or more on the basis of the number of shares outstanding on 3 March 2021:

25.0%	● NPM Capital N.V.
12.7%	● Merel Investments B.V.
9.4%	● Bibiana Beheer B.V.
8.9%	● Otus Capital Management Ltd.
8.2%	● Teslin Participaties Coöperatief U.A.
3.2%	● J.H. Langendoen
32.5%	● Shareholding < 3%

## Price development/benchmark



**Shareholder meetings and analyst meetings in 2021**

General Meeting	06 May 2021
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**Key dates in 2021 and 2022**

General Meeting	06 May 2021
Publication of first half results 2021	19 August 2021
Publication of annual figures 2021	10 March 2022
General Meeting	12 May 2022

## Dividend

**Dividend policy**

Shareholders need a solid dividend return. The current dividend policy was approved by the General Meeting of 24 May 2012. Due to the volatility of some of its business activities, Stern Group uses a generous solvency ratio of 15% for the operations of Stern Mobility Solutions and 30% for the other group businesses. The excess solvency represents the maximum dividend that can be distributed by Stern Group.

The dividend policy continues to be adjusted for the effects of IFRS 15 and 16 on the result and the balance sheet.

**Payment**

No dividend will be distributed in accordance with the conditions for use of the NOW-3 compensation for salary costs scheme.





## Trends and strategy

Social and technological developments affect both supply and demand for the products and services that Stern offers, and also affect the value Stern can add as an automotive retailer. The following is an account of the key trends and developments, and the strategy that Stern is pursuing in this context.

### Digitalisation is changing consumer behaviour

The first place people generally go to meet their mobility needs is online, where information that previously was only available from a dealer is easily available. The number of people that complete purchase or lease transactions entirely online without viewing the car at a location is growing. This trend has accelerated, as a result of the measures taken in response to the corona pandemic.

The digital transformation was already a strategic priority for Stern, but we brought our current digitalisation agenda forward in 2020 to adequately respond to the increased acceptance of online shopping among consumers.

### Digitalisation is sharpening relationships in the distribution chain

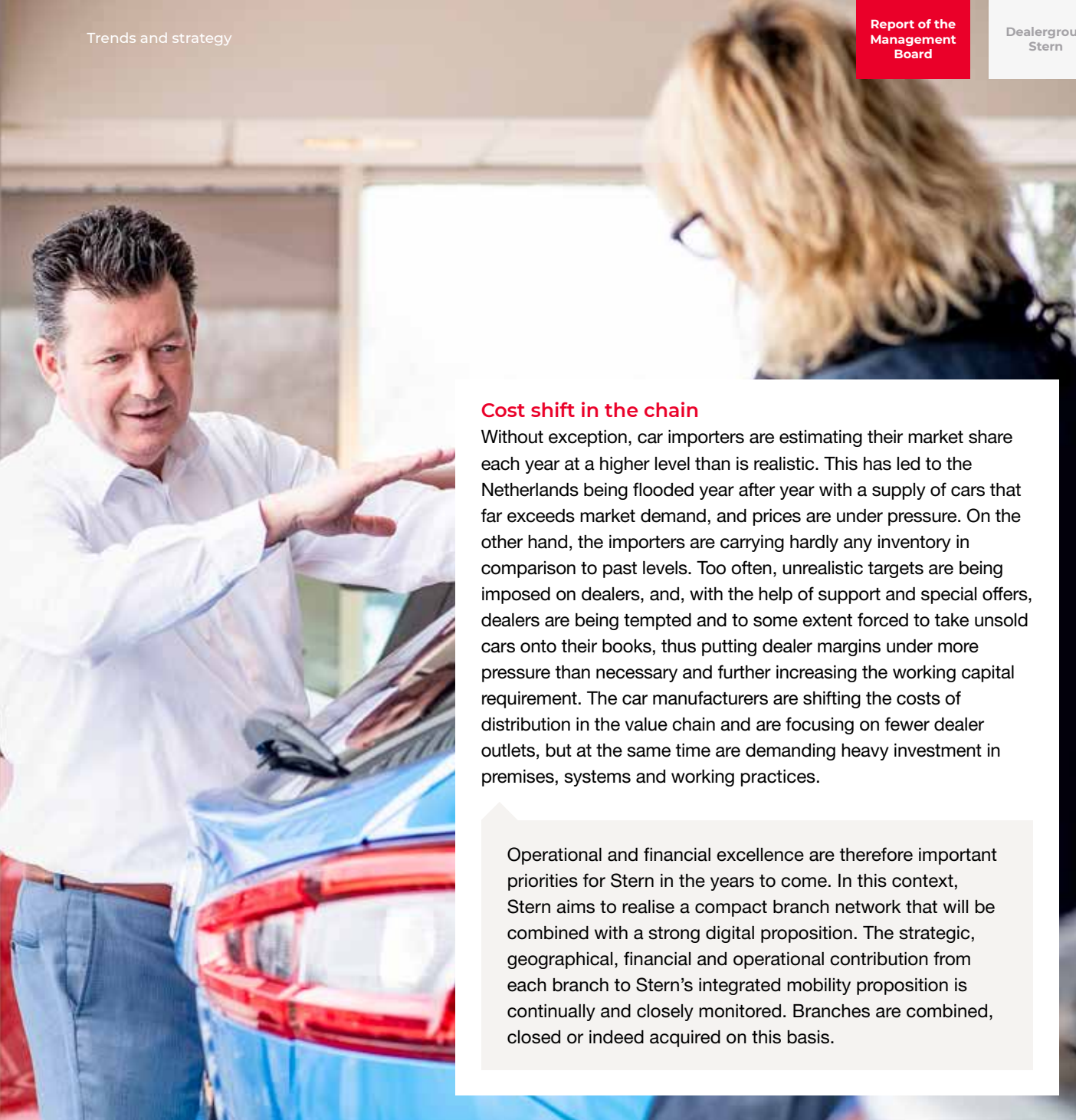
Traditionally, the dealer has been the last link in the distribution chain and could therefore rely on direct customer contact. Technological developments are now allowing car manufacturers to build relationships with the end users. Universal lease companies are also working on building direct relationships with customers.

More than ever therefore, Stern is striving to create its own added value for its customers. Dealer outlets are becoming experience centres and the collection, monitoring and analysis of customer data and car data have now become strategic priorities, as these data are essential for retaining added value in the chain and beyond. Knowledge and recognition of individual needs and preferences of customers are needed to offer a relevant and personal experience in the digital journey and thus achieve a position of preference.

### Sustainability

Now that the effects of climate change are becoming increasingly clear, sustainability is one of the most important themes of our times. Living and consuming cleanly without harming the climate are becoming increasingly important. Sustainable mobility is now a high priority both nationally and in many cities, and involves more than reducing CO<sub>2</sub> emissions. Air quality, noise, safety and accessibility are also key issues. Governments are encouraging demand for cleaner transport solutions and are imposing restrictions on the combustion engines that cause the most pollution.

Stern has accordingly reduced its own CO<sub>2</sub> footprint by 28% and obtained the Erkend Duurzaam Premium certificate at the end of 2019. In the coming years, Stern will also encourage customers to make sustainable choices, in collaboration with its partners.



### Cost shift in the chain

Without exception, car importers are estimating their market share each year at a higher level than is realistic. This has led to the Netherlands being flooded year after year with a supply of cars that far exceeds market demand, and prices are under pressure. On the other hand, the importers are carrying hardly any inventory in comparison to past levels. Too often, unrealistic targets are being imposed on dealers, and, with the help of support and special offers, dealers are being tempted and to some extent forced to take unsold cars onto their books, thus putting dealer margins under more pressure than necessary and further increasing the working capital requirement. The car manufacturers are shifting the costs of distribution in the value chain and are focusing on fewer dealer outlets, but at the same time are demanding heavy investment in premises, systems and working practices.

Operational and financial excellence are therefore important priorities for Stern in the years to come. In this context, Stern aims to realise a compact branch network that will be combined with a strong digital proposition. The strategic, geographical, financial and operational contribution from each branch to Stern's integrated mobility proposition is continually and closely monitored. Branches are combined, closed or indeed acquired on this basis.

### Car technology is strengthening the position of the brand channel

The development of car technology means that new cars require less maintenance, but at the same time this is so brand-specific that car drivers are increasingly bound to the brand channel for maintenance, repairs and car body repairs. So while the total after-sales market is contracting slightly, the market share of brand dealers in after-sales is increasing as a result of this development.

Brand-certified repairers are also benefiting from this development. This is the reason for SternPoint's acquisition of a sizeable portfolio of brand certifications, and the basis for the success of Stern Parts in the sale and logistics of brand parts.

### From ownership to use

Interest in private lease is growing because of convenience and low rates. More and more consumers are becoming aware of the total cost of their mobility needs. This explains the rapidly growing share of private lease, whereby car drivers pay all their relevant costs by means of a monthly payment. Consumer focus is thus shifting from only the purchase transaction to service during the term of the lease agreement. These private lease solutions are being offered by lease companies that use their purchasing power to be able to offer a competitive lease price and also to demand favourable conditions from importers and dealers.

With its partner ALD, Stern is well positioned to meet this growing demand for leasing of both new and used cars.

### Electrification of the fleet

The number of models that are fully powered by electricity is increasing, however the proportion of these vehicles in the total fleet in the Netherlands is still small. 100% electric cars have significantly fewer parts subject to wear and tear than cars powered by a combustion engine. While the technological developments in this field seem to be proceeding rapidly, conventional cars will continue to dominate our streets for many years to come. Over time however, the electrification of the fleet will also become visible in the workshops of the car companies.

Operational excellence, or control of the effectiveness, efficiency and flexibility at our workshops, has thus been an important priority for Stern for many years, and this will certainly continue to be the case. The average distance travelled by car in the Netherlands fell sharply in 2020, leading to a noticeable decline in the need for maintenance. It is still not clear whether this need for maintenance will return to its former level in 2021. The electrification of the fleet in the coming years will however certainly lead to permanently lower demand for maintenance. In this context, Stern is applying extra focus to increased sales of used cars.

### Alternative transport solutions

The process of urbanisation is increasing pressure on infrastructure in urban areas. Traffic jams, lack of parking space and emissions are forcing local authorities to take measures to improve living conditions in urban areas. Although the effect is so far small, consumer interest in alternative transport solutions such as electric bicycles, scooters and small electric business vehicles is growing. Outside the urban areas however, the car will continue to have an important role, especially if the providers of public transport services rationalise their networks.

In the past year, the corona pandemic increased demand for small used cars, as many people preferred an individual mobility solution to using public transport during that time. What is clear is that people are looking for certainty, with a high degree of flexibility. Stern is responding to this by increasingly offering numerous different types of contract online.



# SWOT

## Strengths

- Financial position
- Broad mobility proposition
- Large customer group
- Experienced employees with extensive technical expertise
- Broad portfolio of leading car brands
- Relationships with car manufacturers
- Diverse data on customers, products, processes, etc.
- Network of car body repair businesses with national relevance
- Nationwide branch network for car rental

## Opportunities

- More and better customer contact through digitalisation
- Creation of value by careful accumulation and enrichment of data
- Increase efficiency and lead conversion through data analysis
- Entering into national or international partnerships
- Accelerate growth of volume of OEM (Original Equipment Manufacturer) parts sales
- Success of brand-certified car body repairs
- Internationalisation of car distribution
- Used car market much larger than the market for new cars

## Weaknesses

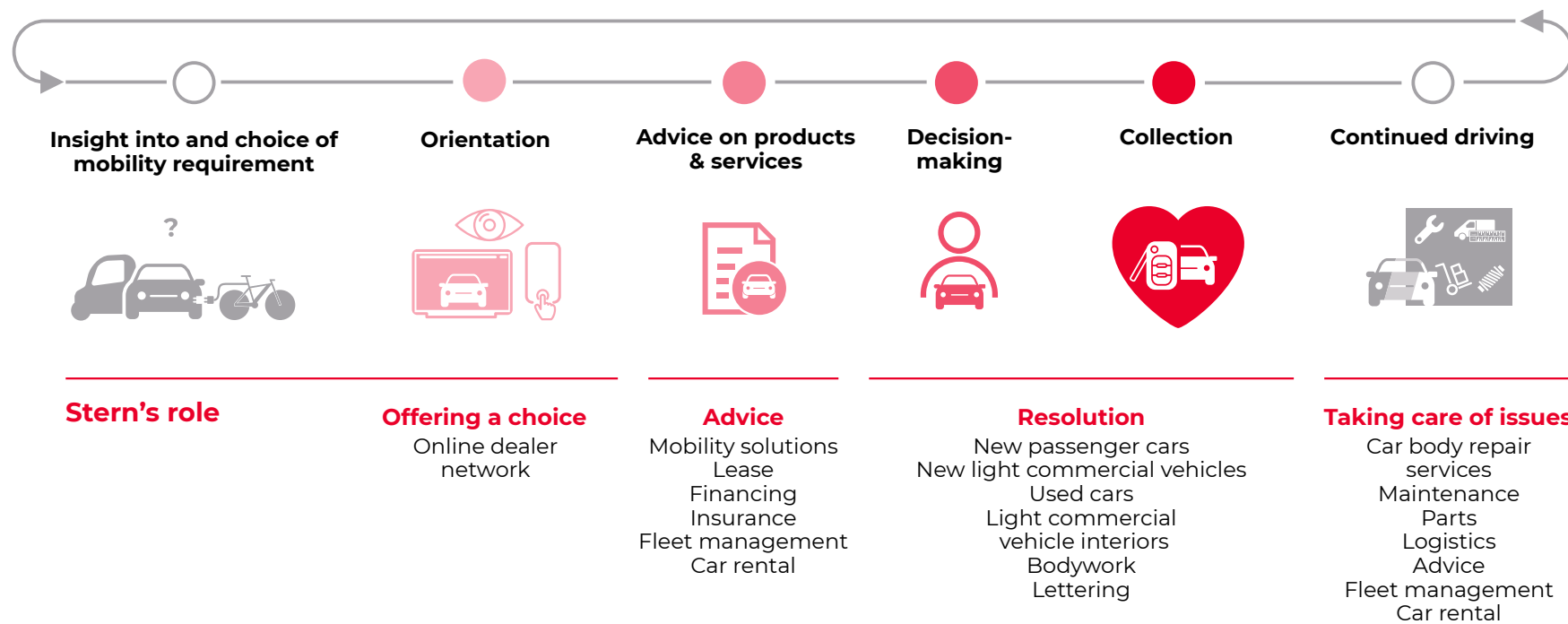
- Low market share per brand for some brands
- Transaction-oriented culture
- Many different ICT systems
- Return from dealerships compared to capital requirement too low

## Threats

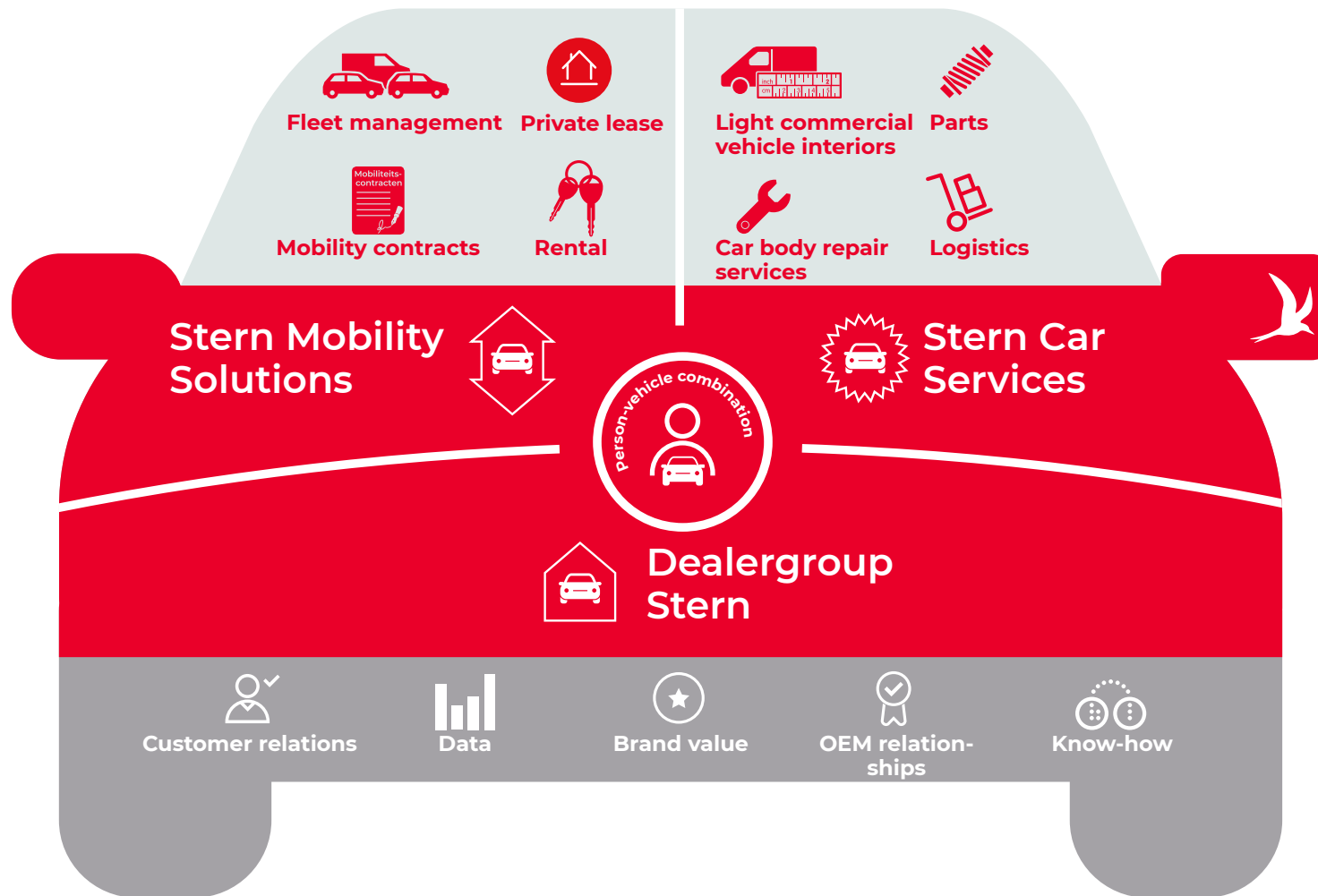
- Cyclical nature of car sales
- Investment pressure from importers
- Potential for car manufacturers to communicate directly with car drivers
- Digitalisation is attracting new providers
- Continuing margin pressure
- Declining maintenance needs for cars over time
- Popularity of alternative transport solutions
- Limited potential for growth in the Netherlands



# Customer Journey



# Business model



# Report of the Management Board

Looking back at 2020, we cannot avoid starting with the impact of COVID-19 on life in general and Stern in particular. In both private life and in business, last year was completely different from preceding years for everyone.

We have had to get used to working at a distance from each other, communicating while wearing a mask, working from home and government press conferences announcing either restrictions or the easing of restrictions. The pandemic has had a significant impact, also on some of our plans. For instance, the corona measures forced us to suspend the merger talks with Hedin Automotive we started in early 2020 until further notice, as both parties took the view that a merger of such size and complexity demanded regular and personal contact between all those involved.

Closures of schools, cafés and restaurants, empty hotels and offices led to a sharp decline in the distance driven in the Netherlands in 2020. This was also visible in lower revenue from the workshops of Dealergroup Stern and SternPoint, as well as lower demand at SternRent. Deliveries of new cars were also lower at national level due to the temporary closure of car manufacturers, suspension of sales at some leasing companies and closures of showrooms. Overall, a combination of circumstances with sharply negative effect on revenue and profit.

Looking deeper however, one can see that we are still in play, we have adhered to the execution of our strategy, and we have further strengthened our already strong financial position. We achieved the rebranding of all our dealer businesses ahead of schedule and launched a modern digital platform for our customers halfway through the year. These were two crucial steps in a year in which consumers definitively embraced online shopping, and which were essential for the realisation of our ambition to be the most valued and recommended provider of individual mobility solutions in the Netherlands. The financial effects of the crisis on businesses and their employees will only become clear during the course of 2021. Despite revenue that was well below budget, Stern's financial position is stronger than ever and we are in a position to withstand even

significant setbacks. In combination with our position in the Dutch market and our vision of mobility and the provision of automotive services, Stern became an even more attractive partner in 2020.

Saving unnecessary and avoidable costs has been and will continue to be a current theme, along with optimising efficiency in our processes. Much of these savings will continue to be invested in digital solutions that enable us to provide better services to customers both online and in branch. And we will continue to do this in order to meet our customers' wishes and expectations. This will indeed assign tangible added value to the Stern brand. Our new strategic plan for 2021 – 2023 is accordingly titled *Focus on Service & Brand Value*. We are concentrating on what adds value to our brand.

We have a carefully constructed group that has pursued an integrated market approach for many years in which our various operations complement each other, with the car as the connecting element. Customers can buy, finance, lease, maintain and repair, hire, convert, apply vehicle lettering, restore, appraise and re-sell new and used cars (and in the last few years, other personal mobility solutions as well). Our added value lies in our ability to understand, analyse, follow and predict the mobility needs of our customers and then respond to these needs simply, quickly and satisfactorily.

Stern is a platform that sells third-party products – from car and other manufacturers – as well as selling cars from its own inventory. Stern benefits from the after sales service and repairs that follow from these sales. For this, we work together with specialists inside and outside the industry. ALD Automotive and Bovemij provide multiple white-label lease, finance and insurance products that are resold by Stern dealers. Stern is thus the link between a growing number of private and business customers and the products of several manufacturers and service providers.

Unquestionably, all the social and technological developments will bring about major changes in both the demand for and supply of mobility solutions, and also the way in which demand and supply find each other. For instance, demand for and supply of mobility solutions will also be more than ever determined by the growing awareness of environmental factors. This will affect the products that we will offer on our platform and the way in which Stern monitors the impact of its own business on society at large.

Online shopping has now definitely become the norm as a result of COVID-19. The search by manufacturers, importers and dealers for a new balance between provision of digital services and a network of physical outlets and workshops has thus noticeably intensified. In addition, knowledge and recognition of individual needs and preferences of customers are needed to make the digital and physical customer journey a relevant and personal experience and thus achieve a position of preference. These developments are placing unprecedented pressure on traditional relationships in our industry. Certainly, the number of physical locations will undergo a drastic decline in the coming years. Stern started the optimisation of its own dealer network several years ago because a well-thought-out reduction in the number of branches involves many factors and thus takes time.

Moreover, the size of the fleet in the Netherlands has continued to grow in recent years. Nonetheless, management means foresight. Stern believes that all these trends and developments will ultimately radically change the traditional way in which people buy and use cars. Car businesses throughout Europe will be forced to reconsider how they add value for customers and adjust their business models accordingly. This will require heavy investment in digitalisation, acquiring new expertise and learning new competences. And most of all, focus. Focus on what constitutes the value of the company.

As we had already concluded last year, we are working on building a modern version of Stern, so that we are strong and lean and continue to be adaptable. The importance of all these features has only grown as a result of COVID-19. As One Stern, we are working further on the transformation into a modern, flexible and customer-oriented provider of mobility solutions.

Our employees have a key part to play in achieving this. For our customers and relations, they are the trusted faces of Stern. Only with their enthusiasm, will Stern succeed in building a distinctive brand that has value for customers and its own employees. Our key priorities for 2021 are: the expansion and refinement of a modern online platform, increased volume and margin on sales of used cars and parts, more workshop completions with the same resources and further optimisation of the Stern dealership network through hard decisions with respect to brands and branches. Now that the

integration of Stern is a fact, we also intend to further simplify our organisational structure during the year.

Stern was not able to meet its operational targets during this first year of the pandemic, but it has used this period to implement its strategic objectives (such as One Stern and digitalisation) ahead of schedule, further strengthen its balance sheet and further optimise its cash position. This was possible thanks to the employees who continue to fulfil their roles during this turbulent period. 2021 is expected to be a very different year, with further surprises, but personal mobility will play even more of a central role. Stern is ready.

## Financial situation

The Management Board takes the view that use of the going concern assumption is appropriate with respect to the financial reporting of Stern Groep N.V.

The Volkswagen-Audi operations (Heron Auto) were sold on 2 January 2020. To simplify comparison between the figures for 2020 and 2019, two columns have been added to the consolidated statement of income (page 90 of this report) with the 2019 pro forma figures for Heron Auto shown as discontinued operations in one column and a second column showing only the Heron Auto figures. In the following disclosure, the 2020 figures are compared with these 2019 pro forma figures.

### Result after tax

The result after tax in 2020 came to a loss of € 27.4 million, a decline of € 48.6 million on the previous year. The result in 2019 was affected by a positive amount of approximately € 22.8 million due to the sale of SternLease and the settlement of Mango Mobility.



The development of the result in 2020 was due firstly to the loss of revenue as a result of COVID-19 and secondly the resulting non-recurring non-cash write-down of goodwill for Dealergroup Stern of € 20.0 million already recognised in the 2020 semi-annual figures. A non-cash write-down of € 6.7 million on the tax assets resulting from tax losses carried forward was also recognised at the end of 2020.

Without this impairment of goodwill and the impairment of the deferred tax asset (collectively amounting to an expense of € 26.7 million), the result in 2020 would have been close to break-even, despite the hugely negative effect of COVID-19 on profit in 2020.

### Operating profit on continued operations before impairment of goodwill (EBITA)

The operating profit on continued operations before impairment of goodwill was € 4.5 million in 2020 compared to € 2.9 million in 2019. For the connection between these EBITA figures and the figures shown in the financial statements, see the table on page 23 of this financial report. The EBITA were affected by non-recurring items in both 2020 and 2019.

In 2020, these included:

- the expense of € 1.3 million for the formation of a provision for two legal proceedings pending for some considerable time (the Shares Plan under the Work-Related Expenses Scheme (Werkkostenregeling, or 'WKR'), which originates from 2012 and 2013 and the settlement of the ESF subsidy case, which originates from 2009 and 2010);
- the non-recurring consultancy costs and other expenses amounting to € 0.3 million in connection with the merger negotiations with Hedin Automotive, which have now been put on hold for the time being;
- a book loss on sales of premises of € 0.3 million.

The non-recurring expense in 2020 therefore amounted to € 1.9 million. In addition to these non-recurring items, COVID-19 had a sharply negative effect on profits.

The EBITA in 2019 were affected by the following non-recurring items:

- the reorganisation costs of Dealergroup Stern and Holdings of € 4.3 million;
- the book gain on sales of premises of € 1.0 million;
- a gain from the buy-out of a lease contract of € 1.2 million.

The net non-recurring expense in 2019 therefore amounted to € 2.1 million.

After adjustment for these non-recurring items, operating EBITA in 2020 came to € 6.4 million, and in 2019 € 5.0 million. This increase of € 1.4 million was realised despite the sharp net negative effects on the revenue and margins of the various segments of Stern due to COVID-19. Despite the significant cost savings and the subsidy for salary costs under the NOW scheme, COVID-19 had a sharply negative net effect on profit in 2020.

The Management Board uses alternative performance indicators that are not defined in IFRS. These are used because they provide additional insight into the company's performance. EBIT is defined in the financial statements. The EBIT and EBITA thus derived used in the Report of the Management Board are therefore traceable. The pro forma 2019 figures in which Heron Auto is classified as a discontinued operation are also presented.

### Profit/(loss) from discontinued operations

The composition of this item is as follows:

(for 2019 Heron Auto pro forma as a discontinued operation)

(x € 1,000)	2020	2019
Profit from sale of SternLease and Mango Mobility	(436)	29,798
Operating profit SternLease B.V. to 31 May 2019	–	4,283
Operating profit Heron Auto B.V.	–	249
Operating profit/(loss) Stern Electric/Mango Mobility	(382)	(3,160)
	(818)	31,170
Tax on profit	–	(8,345)
<b>Total</b>	<b>(818)</b>	<b>22,825</b>

The mobility scooter operations were sold by Mango Mobility at the end of 2019.

The buyer paid part of the purchase price in 2019, with a loan of € 1.2 million granted for the remainder. The remaining e-mobility operations were continued for a limited period in 2020, with the name of Mango Mobility being changed to Stern Electric at the beginning of January 2020. A large part of the e-mobility inventory was sold in 2020 through the only remaining e-mobility location in Utrecht. The lease for this location has been terminated and expired in mid-2020. The remaining e-mobility product inventory, including the warranty obligations, was sold in the second half of 2020, bringing an end to Stern's e-mobility operations.

Stern Electric made a loss in 2020 of € 0.8 million, which includes the operating profit of Stern Electric, with the majority of the loss due to the write-down of the remaining inventory and the write-down of the loan provided to the buyer of the mobility scooter operations at the end of 2019. The buyer had a very difficult year as a result of COVID-19, but nonetheless paid off € 0.4 million of the loan. The remaining receivable at year-end 2020 stands at € 0.8 million, but part of this has been written down for reasons of prudence.

## Revenue

The development of revenue broken down by segment was as follows:

### Revenue per segment (for 2019 Heron Auto pro forma as a discontinued operation)

(x € 1,000)	2020	2019	Index
Dealgroupp Stern (including BPM)	827,490	1,037,570	79.8
Less: BPM	(51,415)	(99,111)	51.9
Dealgroupp Stern	776,075	938,459	82.7
Stern Mobility Solutions	50,657	54,647	92.7
Stern Car Services	30,600	35,384	86.5
Gross revenue	857,332	1,028,490	83.4
Elimination of IC revenue	(69,002)	(92,703)	74.4
Elimination of internal revenue	(37,273)	(58,914)	
Net revenue	751,057	876,873	85.7
Revenue Heron Auto B.V.	–	112,462	
	751,057	989,335	75.9

Total revenue in 2020 was € 238.3 million (24.1%) lower than in 2019 (including Heron Auto). On the basis of the pro forma 2019 figures, total revenue in 2020 was € 125.1 million (14.3%) lower.

Gross revenue at Dealgroupp Stern declined marginally on balance by € 162.4 million (17.3%) to € 776.1 million. After the sale of the lease operations, the Stern Mobility Solutions segment now consists exclusively of the rental operations of Stern Autoverhuur. Revenue declined by € 4.0 million (7.3%) to € 50.7 million, mainly due to lower sales of returned rental cars.

Revenue at Stern Car Services declined significantly by € 4.8 million (13.5%) to € 30.6 million, partly due to the sale of the car body repairs centre at Hoorn at the beginning of 2020.

### Gross operating result (EBIT)

The breakdown of the operating profit into segments is as follows:

#### Operating result (EBIT), for 2019 Heron Auto pro forma as a discontinued operation

(x € 1,000)	2020	2019
Dealergroup Stern	8,793	4,865
Stern Mobility Solutions	(947)	1,494
Stern Car Services	(1,304)	213
Other	(2,112)	(3,651)
	<b>4,430</b>	2,921
Interest on lease by cost of sales	(661)	(860)
Impairment of goodwill Dealergroup Stern	(20,023)	–
	<b>(16,254)</b>	2,061

**Operating profit at Dealergroup Stern** Net revenue at Dealergroup Stern (after BPM but before elimination of IC revenue) declined by € 162.4 million (17.3%) to € 776.1 million. Revenue from sales (new and used cars) was down by € 148.1 million, and the associated margin declined by € 4.5 million. The relative margin on sales improved in comparison to 2019.

Revenue from after-sales (workshops and parts) was down € 14.2 million (8.0%), with a decline in the associated margin of € 9.4 million (10.2%).

**Employee expenses** at Dealergroup Stern were € 15.3 million (20.1%) lower than in 2019, despite the CLA increases of 3.1% with effect from 1 February 2020. The number of FTEs

at Dealergroup Stern at year-end 2020 was 1,198, a decrease of 108 (8.3%) compared to year-end 2019 (1,306). The employee expenses for 2020 include income from the NOW scheme of € 7.4 million.

**Operating expenses** at Dealergroup Stern were € 3.0 million (6.2%) lower than in 2019, partly due to the closure of 10 branches in H2-2019 and the closure of a further 2 branches in 2020 (see page 25).

Dealergroup Stern realised **operating profit** (EBIT) of € 8.8 million in 2020 before the impairment of goodwill, or 1.1% of revenue excluding BPM (2019: € 4.9 million or 0.5% of revenue excluding BPM).

**The gross operating result of Stern Mobility Solutions** came to € 0.9 million negative, a decline of € 2.4 million compared to 2019 (€ 1.5 million positive). These figures include the interest on the cost price recognised in the financial statements (€ 0.7 million in 2020 and € 0.9 million in 2019). The lower gross operating profit was due to a much smaller average fleet in 2020. The average size of the fleet in 2020 was 2,128 vehicles, compared to an average of 2,767 in 2019, a decline of 639 (23.1%). The utilisation ratio of the fleet was slightly lower at 72.3% (2019: 74.9%).

The total number of rental days in 2020 came to 560,000, a decrease of 25.9% on 2019 (when rental days amounted to 756,000). **Employee expenses** were € 1.2 million (20.5%) lower than in 2019. The employee expenses for 2020 include income from the NOW scheme of € 0.4 million. The number of FTEs at year-end 2020 was 82, a decrease of 5 (5.4%) compared to year-end 2019. **Operating expenses** were 13.2% lower than in 2019.

**The operating result of Stern Car Services** came to € 1.3 million negative, an decrease of € 1.5 million on 2019.

There has been a fall in demand at the car body repair shops since the second half of March 2020 as a result of the measures in connection with COVID-19. The overall distance travelled by car in the Netherlands has declined since the government measures came into force on 17 March, leading to fewer accidents. Demand for car body repairs picked up again somewhat in the second half of 2020, but is still well below the previous level. Revenue at Stern Car Services was down 13.5% compared to 2019. **Employee expenses** were € 2.0 million (13.8%) lower than in 2019, despite the CLA increases (3.5% with effect from 1 July 2020). The employee expenses for 2020 include income from the NOW scheme of € 1.4 million. The number of FTEs at year-end 2020 was 236, a decrease of

12 (4.8%) compared to year-end 2019. Operating **expenses** were € 0.2 million (2.2%) lower than in 2019.

The additional referral of car body repairs from ALD Automotive under the partnership agreement entered into on the sale of SternLease BV at the end of May 2019 was in line with general market conditions, and therefore also lower.

**The operating profit of the Other** segment was € 2.1 million negative in 2020 compared to € 3.6 million negative in 2019, an improvement of € 1.5 million. The results in both 2020 and 2019 were affected by a number of non-recurring items already mentioned above. For the Other segment in 2020, this amounted to a net non-recurring expense of € 2.1 million. In 2019, this segment booked non-recurring income of € 2.2 million. The figure for 2020 also includes income from the NOW scheme of € 1.8 million. The net effect of non-recurring items in 2020 was similar to that in 2019. A significant portion of the negative result for this segment concerns holding costs that were not recharged. Stern has intentionally decided not to recharge all the holding costs to the segments, meaning that the Other segment will realise a negative operating profit by definition.

### Operating profit before depreciation and amortisation (EBITDA)

The result before interest, tax and depreciation and amortisation on property, plant and equipment and intangible assets (EBITDA) is as follows:

#### EBITDA for Heron Auto in 2019 presented pro forma as a discontinued operation

(x € 1,000)	2020	2019	Index
Dealer group Stern	27,557	24,518	112.4
Stern Mobility Solutions	6,411	10,754	59.6
Stern Car Services	(630)	911	(69.2)
Other	2,371	1,490	159.1
EBITDA (gross)	35,709	37,673	94.8
<b>By cost of sales</b>			
Depreciation and interest lease and rental	(7,965)	(10,059)	79.2
<b>EBITDA (net)</b>	27,744	27,614	100.5

In accordance with the provisions of IFRS, interest and depreciation expenses for the rental operations are recognised under cost of sales. EBITDA in 2020 amounted to € 27.7 million, an increase of 0.5% compared to 2019.

**Other income** includes rental income of € 1.4 million (2019: € 3.4 million), dividend received and the revaluation of the interest in Bovemij Verzekeringsgroep N.V. € 4.7 million (2019: € 0.2 million) and a book gain of € 0.4 million on the sale of a Renault branch in Zaandam. In 2019, this included the book gain on the sale of four premises of € 1.0 million. In 2020, a book loss of € 0.3 million was realised on the sale of three premises. This amount is recognised as additional depreciation.



**Result from participating interests** The result from participating interests of € 0.1 million in 2019 consists of Stern's share in the minority holdings in a number of cooperatives for fleets managed by Stern. In anticipation of the sale of SternLease B.V. to ALD Automotive at the end of May 2019, the lease contracts of most cooperatives were transferred to SternLease B.V. All the cooperatives were liquidated in 2020.

**Financial expenses** Financial expenses in 2020 came to € 5.5 million, a decline of € 1.2 million compared to 2019. In 2020, this includes € 3.1 million in costs relating to IFRS 16 (2019: € 3.4 million).

The decrease in financial expenses was due to the changed finance structure of Stern Groep N.V. after the sale of SternLease B.V. at the end of May 2019. Use of credit facilities from the banks and suppliers has now been sharply reduced as a result of the tight monitoring of use of working capital by Dealergroup Stern, supported by the lower level of inventory as a result of COVID-19.

**Tax on profit from continued operations** Tax on profit in 2020 amounted to an expense of € 4.8 million (2019: income of € 3.1 million). The expense in 2020 consisted of € 1.9 million from regular tax income and a non-recurring tax expense of € 6.7 million. For reasons of prudence, we downwardly adjusted our estimates of profit in future years in our valuation of the deferred tax at year-end 2020, partly due to the potential consequences of COVID-19. This led to this non-recurring write-down of € 6.7 million. The tax gain in 2019 concerned a regular tax gain of € 1.1 million and a non-recurring tax gain of € 1.9 million. This non-recurring gain was mainly due to the government's change to the corporate income tax rate in past years (20.5% at year-end 2018, 21.7% at year-end 2019). These changes affected the valuation of the deferred tax asset resulting from tax losses carried forward.

**Statement of financial position** The balance sheet total at the end of 2020 stood at € 433 million, a decline of € 140 million compared to year-end 2019. The main changes concerned:

- A decrease of approximately € 40 million due to the sale of Heron Auto B.V. on 2 January 2020;
- A decrease of € 20.0 million due to lower inventory;
- A decrease of € 20.0 million due to the impairment of the goodwill of Dealergroup Stern;
- A decrease of € 30.0 million due to lower trade receivables;
- A decrease in the rental fleet of € 12.0 million;
- A decrease in the IFRS 16 leased assets of € 13.0 million.

The **sale of Heron Auto B.V.** was completed in the first half of 2020. No book profit has been recognised in 2020 as a result of this sale. The difference between the sale proceeds and the carrying amount has been reserved in the statement of financial position at the end of June 2020 for potential setbacks with respect to warranties issued, mainly relating to repurchase commitments on used cars.

The semi-annual figures for 2020 include a **non-cash impairment of goodwill** of € 20.0 million on the intangible assets relating to the goodwill of the segment Dealergroup Stern. In note 13 to the 2019 financial statements, we had already noted that the difference between the value in use and the carrying amount of the cash-generating unit Dealergroup Stern was only € 1.0 million at year-end 2019. This calculation was based on an estimate of the future profits of Dealergroup Stern based on our knowledge at the end of January 2020 (in other words, before COVID-19), and a WACC of 5.3%. This calculation was performed again for the 2020 semi-annual figures on the basis of scenarios relating to estimates of the future profits of Dealergroup Stern, this time on the basis of WACC of 6.3% instead of 5.3%. This higher WACC has a much greater effect on the value in use of Dealergroup Stern than the limited negative adjustment of the final result of Dealergroup Stern. Based on this impairment test, the goodwill of Dealergroup Stern of approximately € 20.0 million was completely written off in the 2020 semi-annual figures.

The sharp decline in **trade receivables** was due to the temporary halt in deliveries of cars to private customers and lease companies resulting from the COVID-19 measures announced by the government. The receivable on lease companies at year-end 2020 is sharply lower as a result of this halt in deliveries.

Demand for rental cars has fallen sharply as a result of the measures introduced by the government with effect from 17 March 2020. The rental fleet was reduced by around 1,000 vehicles immediately at that time in order to keep the utilisation ratio at the desired level. After the government's easing of the COVID-19 measures, we saw a renewed increase in demand for rental cars, followed by another sharp decline after the introduction of the hard lockdown starting on 15 December 2020.

At 30 June 2020, the **rental fleet** consisted of 1,968 vehicles (€ 35.3 million), representing a 23.5% decline in numbers since year-end 2019 (€ 47.7 million).

**IFRS 16 Lease Assets** were € 13.3 million (12.4%) lower on year-end 2019, mainly due to the closure of the 10 dealer branches in 2019 (with part of these contracts continuing into 2020) and the closure of three branches in 2020.

The annual **impairment test** of goodwill was carried out for the goodwill of the segment Stern Mobility Solutions (the rental operations) at the end of 2020. This test did not reveal an impairment (the goodwill at year-end 2020 was € 2.0 million). In addition, the valuation of the **deferred tax asset** was assessed, resulting in a non-recurring write-down of € 6.7 million as stated above. Details of the impairment test of goodwill (note 13) and the deferred tax asset item (note 10) are provided in the financial statements.

**Equity** declined in the year by € 27.3 million to € 125.4 million at year-end 2020.

The decline was due to the deduction from the profit after tax in 2020 of € 27.3 million (including the impairment of goodwill of Dealergroup Stern of € 20 million and the non-recurring write-down of the deferred tax assets of € 6.7 million) and the positive change in value of the interest-rate swaps of € 0.1 million.

**Solvency** Stern Group's overall solvency at year-end 2020 stood at 28.9% (2019: 26.6%).

At year-end 2020, the solvency ratio relevant to the bank covenants was 39.7% (2019: 31.1%). The minimum solvency level agreed with the banks is 30.0%.

The current dividend policy was established by the General Meeting in May 2012.

There will be no proposal to distribute dividend for 2020, as use was made of the NOW-3 scheme. When applying for NOW-3, the Management Board had to undertake not to pay any bonuses to the management and not to propose any distribution of dividend for the 2020 financial year.

**Shares and earnings per share** The number of issued shares remained unchanged in the reporting year at 5,925,000. At year-end 2020, the company had 250,000 of its own – not cancelled – shares in portfolio. This is the same as at year-end 2019. The weighted average number of outstanding shares in 2020 was 5,675,000 (2015: 5,675,000). Based on the weighted average number of outstanding shares, earnings per share in 2020 amounted to € 4.81 negative (2019: € 3.77 million positive). Earnings per share from continued operations in 2020 were € 4.67 negative (2019: € 0.26 negative).

**Equity per share** Equity per share, calculated on the basis of the number of outstanding shares, came to € 22.10 at year-end 2020 (year-end 2019: € 26.90).

## Financing

Stern Groep N.V. has facilities at credit institutions amounting to € 57.0 million for retail activities, € 17.3 million of which was used at 31 December 2020 (2019: a limit of € 60.0 million with € 46.7 million drawn down).

The banks providing finance are ABN Amro (36.67%), ING (36.67%) and Rabobank (26.67%). This facility was reduced to € 54.0 million in mid-2021. The facility is secured by a pledge on the trade receivables, the inventory of new passenger cars and commercial vehicles paid for and the business inventory. The facilities run until 31 May 2022 and the interest rate is 3-month Euribor plus a spread.

Regarding the facilities at credit institutions, agreements have been made with respect to minimum levels for ratios (adjusted for goodwill and the effects of IFRS 16 and IFRS 15) relating to solvency and the interest coverage ratio (ICR). The solvency ratio must be at least 30%. The bank covenants stipulate a minimum ICR of 3.00.

This concerns a 12-month ICR that is calculated (or tested) quarterly on the basis of EBITDA and the net interest expense over the past 12 months. The ICR is the result of EBITDA divided by net interest expense. Up to € 1.25 million in non-recurring expenses on a 12-month basis may be omitted from the calculation of the ICR.

The bank covenants state that new reporting standards (that is, new in relation to the standards applied in the 2017 financial statements) will not affect the calculated ratios. Stern Groep N.V. operated within the agreed ratios during 2020.

In addition to its facilities with the banks, Stern has a financing facility of € 97.0 million available from **Mercedes-Benz Financial Services** (MBFS) for the financing of the rental fleet and all the used-car inventory of Stern.

In addition to the captive finance company of Stern1M, Mercedes-Benz Financial Services is also an important partner for the finance of the entire inventory of used passenger cars and light commercial vehicles of Dealergroup Stern and the rental fleet of SternRent.

Based on a borrowing base, Stern has a credit facility with a limit of € 55.0 million for the financing of its entire used inventory and a limit of € 42.0 million for the financing of its rental fleet. Both these facilities have an unlimited term and a notice period of 13 months. The limit is reset each year after a credit review by MBFS.

Agreements were made with MBFS in 2020 regarding the temporary adjustment of the limits in connection with the effects of COVID-19. The limit for the financing of the rental cars has been reduced, and the limit for financing of used cars has been increased by the same amount.

Dealergroup Stern uses various credit lines at finance companies of the car manufacturers (captives) for the financing of the inventory of newly registered and unregistered passenger cars, light commercial vehicles and demonstration cars. The total available facility at year-end 2020 was approximately € 170 million.

The financing costs and terms and conditions of the captive financing companies vary, and are increasingly related to the performance of related car dealerships with respect to sales of financial mobility products of the captive or the car brand in question. An interest-free period applies to all captives that varies depending on the brand concerned. Where possible, the use of credit at the captive finance companies is optimised with the available Stern facility with its banks, in order to obtain the lowest possible interest expense for Stern.

### Investments

Stern Group made investments amounting to € 34.0 million in 2020, a large part of which (€ 22.0 million) concerned the purchase of rental cars. The other investments concerned renovation of premises and investments in Corporate Identity required by the importers.

Divestments in the rental fleet in 2020 amounted to € 36.0 million.

Sales in 2020 included three premises and a plot of land with a total carrying amount of € 8.8 million. A loss of € 0.3 million was realised on these sales.

### Working capital

We tightened our cash flow management immediately once the impact of COVID on our revenue development became clear. The main tools for this were cost monitoring and postponement of investments.

Our working capital was much lower than normal as a result of the decline in car sales during the year. Our use of the credit facility was accordingly limited during the year, with no use at all of the credit lines in the 2020 semi-annual figures, partly due to our making use of the option offered by the government to defer payments of tax. The deferred tax was paid in July 2020. No use was made of the option to defer tax payments at year-end. Only € 17.4 million of the credit facility of € 57 million was used on 31 December 2020. Cash flow from operating activities came to € 45.5 million in 2020, a sharp improvement on 2019 (€ 8.7 million).

## Brand value

# The power of a single brand

**One**  
Stern

2020 featured the rebranding of all our dealer branches into one brand: Stern. The project has been led by Henk Hiensch, who in his day job is brand manager for Abarth, Alfa Romeo, Fiat, Jeep and Subaru. He tells us about how he dealt with this sizeable operation and the underlying reasons for it.



**Henk Hiensch**  
Project leader

**18**  
car brands

“The aim of the Monobrand project was to create one strong and recognisable image to support our ambition to be a brand that offers added value to both customers and employees,” says Henk. “In 2019 I was a participant in Stern’s management development programme, which focuses on both personal growth and encouraging internal cooperation between the many different Stern businesses. As part of the programme, all the participants were asked to contribute to a Stern-wide project. At that time, I was asked whether I would be interested in leading a project for the rebranding of all our dealer businesses.

Until last year, our dealer businesses all had different names – however with one consistent underlying principle, they were all names after 5-letter names for birds (in Dutch), such as Arend (Eagle) and Havik (Hawk). This originated in the days when Stern was one of the first multi-brand dealers in the Netherlands, a business selling multiple car brands. This was the reason to come up with different dealer names for the different brands, as in those days importers and customers were not familiar with the idea that multiple car brands could be sold by one dealership.”

### One strong brand

But times change. Consumers are now comfortable with nationally and internationally operating businesses that offer several brands, products or services under one roof. Henk: “It is now an advantage to operate as a single strong brand. Under one name, in all our branches in the Netherlands, we now offer services such as car rental, car body repairs or bodywork as well as our

*"We have successfully completed the physical transition to one brand on time and on budget."*

**18**  
car brands

**One**  
Stern



18 car brands. This is increasing our brand awareness and under the name of Stern we can offer our entire portfolio of products and services everywhere, both offline and online."

### Many benefits

Henk sees many benefits from profiling Stern as a single brand: "This is recognisable for customers, and they know the level of quality they can expect. In addition, our network has become much larger, as almost everywhere we are now close to our customers. What remains are the personal customer relationships that people have with a branch. Since we can now offer our entire brands portfolio at every branch, customers can now come to us for a brand for which previously they may have gone to a competitor. This has also increased collegiality and togetherness among employees, as we are now working as one brand. And finally, this is also more practical and efficient. We only have to communicate as one single brand, which offers procurement benefits and reduces complexity - now we only need one type of work order, for instance."

### More than a flag or a name on the licence plate

Henk says that a strong brand of course consists of more than just a name and a logo: "This goes further than having one flag and one licence plate holder. It is mostly up to our employees to bring the brand to life and express its values. We have devoted attention to this aspect as well. For instance, we have chosen a brand personality in which everyone can have input: we see Stern as 'a good neighbour', which is honest and fair and honours its agreements. A good neighbour is interested and wants to help, also after a deal is concluded. This is how we reflect our core values: committed, inventive and loyal. For example, we have an exchange warranty for used cars: if the customer is not satisfied with their purchase, they can exchange the car for another. We are thus flexible and solution-oriented, and we keep our promises. This is how you can create added value for the customer, as a result of which price becomes less of an issue for them."

### From service to signage

The transition of all dealerships into a single brand of course also involves many practical issues, as numerous communication media had to be converted to Stern. This was done in close cooperation between the Marketing, Building Management and ICT departments and the dealerships. Henk: "This covered both internal and external communication. Actually the internal communication was the most important, as we had to give our employees the right feeling and this was the opportunity to send out the right message. Simple, consistent and with the power of repetition: One Stern. We did this in many forms, including video messages, posters and gadgets for our employees.

We made a detailed inventory of all communications at the dealerships, but also at the car body repair workshops and the car rental operations, to see what adjustments were needed. This ranged from business cards, posters, door stickers and service to work clothing and signage. We used this opportunity to optimise our branding by deciding whether a particular expression needed to be replaced or not.

We went live on 1 July 2020, both offline and online, as all our websites were converted to [www.stern.nl](http://www.stern.nl) on that date. Naturally, we did not wait until the day to inform our customers, we informed them of the changes and the benefits for them in advance."

### The project is not complete

"We have successfully completed the physical transition to one brand on time and on budget. But the project is anything but complete, as together with our employees, we have to give further substance to the Stern brand and the added value for our customers in the years to come. We will be closely monitoring progress in this respect using market research," says Henk.





## Dealergroup Stern

The Stern CRM package, a uniform customer information system that helps to deliver a personalised service to private and business customers, came into operation in 2020. A single new online platform ('One Stern') was also launched in mid-2020. This platform has replaced all our existing websites.



**New passenger cars**  
(number)

**13,514**

2019: 20,862

**Market share**

**3.8%**

2019: 4.7%\*



**New light  
commercial vehicles**  
(number)

**3,687**

2019: 6,156

**Market share**

**6.1%**

2019: 8.1%\*



**Used passenger cars  
and light commercial  
vehicles**  
(number)

**15,231**

2019: 20,480



**Locations**  
(number)

**48**

2019: 52



**Employees**  
(FTEs)

**1,183**

2019: 1,451

\* Including Heron Auto



## Passenger cars



**Number**  
**2,325**  
2019: 2,667

**Market share**  
**16.5%**  
2019: 13.9%



**Number**  
**2,003**  
2019: 2,647

**Market share**  
**9.9%**  
2019: 10.1%



**Number**  
**4,479**  
2019: 5,950

**Market share**  
**23.1%**  
2019: 23.5%



**Number**  
**956**  
2019: 1,057

**Market share**  
**5.9%**  
2019: 6.5%



**Number**  
**73**  
2019: 78

**Market share**  
**5.8%**  
2019: 6.0%



**Number**  
**211**  
2019: 276

**Market share**  
**4.3%**  
2019: 6.9%



**Number**  
**897**  
2019: 1,578

**Market share**  
**4.4%**  
2019: 4.9%



**Number**  
**1,817**  
2019: 2,269

**Market share**  
**6.8%**  
2019: 9.0%

## Other brands

**Number**  
**753**  
2019: 1,435

Smart, Dacia, Nissan, Jaguar, Alfa Romeo,  
Jeep, LEVC, Mitsubishi and Subaru



## Light commercial vehicles



Mercedes-Benz

Number

**1,372**

2019: 2,577

Market share

**14.0%**

2019: 22.4%



RENAULT

Passion for life

Number

**411**

2019: 564

Market share

**6.3%**

2019: 6.5%



Number

**53**

2019: 84

Market share

**6.3%**

2019: 7.6%



Number

**1,641**

2019: 2,086

Market share

**18.5%**

2019: 20.1%



Number

**69**

2019: 110

Market share

**2.1%**

2019: 2.3%



O P E L

Number

**141**

2019: 275

Market share

**2.9%**

2019: 4.2%

## Note on revenue at Dealergroup Stern

The optimisation of the dealer network of Dealergroup Stern continued in 2019 with the aim of achieving permanent cost savings. Businesses are merged, divested or closed on the basis of analysis of the value added by brands and individual branches. The number of locations was reduced by five at the beginning of 2020 as a result of the sale of Heron Auto (the dealer of the brands Volkswagen, Audi, Seat and Skoda operating in the western part of Noord-Holland). A further two branches were closed (Jaguar LandRover at Heemskerk and Ford at Lisse) and the Renault branch at Zaandam was sold with goodwill in the course of 2020. At year-end 2020, the number of locations of Dealergroup Stern was 48 (year-end 2019: 56). In order to maintain market share for the brands for sales of new passenger cars and new light commercial vehicles despite the reduction in the number of branches, further investment was made in 2020 in both the corporate identity (CI) of the existing branches and digital solutions to support the sales and service processes.

The revenue of Dealergroup Stern before elimination of intercompany and internal revenue from sales of new and used passenger cars and light commercial vehicles was as follows:

### Revenue from cars at Dealergroup Stern before elimination of intercompany and internal revenue and BPM. 2019 figures for Heron Auto stated pro forma as a discontinued operation

(x € 1,000)	2020	2019	Index
New passenger cars	351,793	444,011	79.2
New light commercial vehicles	107,678	190,398	56.6
Used passenger cars and light commercial vehicles	203,329	224,234	90.7
	<b>662,800</b>	<b>858,643</b>	<b>77.2</b>

356,000 new passenger cars were registered in the Netherlands in 2020, a decline of 20.2% compared to 2019 (446,000). Of the brands carried by Dealergroup Stern, 140,000 new passenger cars were registered in the Netherlands in 2020, a decrease of 20.8% compared to 2019 (177,000).

The number of fully electric cars registered in the Netherlands in 2020 was 73,000 compared to 62,000 in 2019, an increase of 17.6%. 20.5% of the new passenger cars registered in the Netherlands in 2020 were thus fully electric. After Norway (54.0%), the Netherlands is among the leaders in Europe in this respect. This is partly due to tax facilitation in the Netherlands, as the additional tax liability for business use is lower than for petrol or diesel powered cars. In 2020, purchases of electric cars of up to € 30,000 were eligible for a government subsidy of € 4,000. As things look at the moment, this subsidy will not be available in 2021.

In 2020, Dealergroup Stern sold 1,085 fully electric cars, an increase of 7.3% compared to 2019 (1,011).



Only 21.0% of the new passenger cars registered in the Netherlands in 2020 were sold directly to private customers (2019: 20.7%). Most of these cars were sold to lease companies, fleet customers and rental companies. Five years ago, the proportion sold to private customers was still around 37%. Sales to private customers are declining, mainly due to the continuing strong growth of private lease, and sales to lease companies are rising.

Revenue from new passenger cars at Dealergroup Stern declined by 20.8% compared to 2019. 13,514 **new passenger cars** were delivered by Dealergroup Stern in 2020, an increase of 4,443 (24.7%) compared to 2019. Market share was thus 3.8% (2019: 4.0%). The government announced the hard lockdown, which also applied to the dealer showrooms, on 14 December 2020. This lockdown was effected by Dealergroup Stern immediately on the following day. From then on, there has been intensive contact between BOVAG and the Ministry of Economic Affairs. On 23 December 2020, this resulted in approval by the Ministry for deliveries and returns of cars outside the dealers' own locations.

Between Christmas and the New Year, Dealergroup Stern negotiated with parties regarding the arrangements for locations where deliveries and returns could take place. This led to the temporary rental of a number of IKEA car parks at multiple locations in the Netherlands. Deliveries could then be effected in accordance with the RIVM guidelines from these temporarily rented car parks with effect from 4 January 2021. Some of our fellow dealerships chose to continue deliveries of cars in the last two weeks of 2020. This is the main reason for the modest decline in Dealergroup Stern's market share, cars not delivered by Dealergroup Stern in the final two weeks of 2020 were delivered to customers in the first two weeks of 2021.

The **average sale price** (excluding BPM and VAT) of a new passenger car for Dealergroup Stern in 2020 was € 22,300, an increase of 6.8% compared to 2019 (€ 20,900). The increase was due to the higher proportion of electric cars and SUVs, which are the more expensive models. As a result of the changes to the BPM tables effected by the government in mid-2020, the increase in BPM on smaller cars (the A/B/C segments) was relatively higher than for larger cars. This led to consumers preferring more expensive models (in terms of prices net of BPM), as retail prices including BPM for smaller models

are close to the retail prices including BPM for more expensive models (in terms of prices net of BPM). The average BPM on new passenger cars (petrol and diesel powered) is also set to increase further in 2021 due to adjustments to the BPM tables with effect from 1 January.

The **relative margin** on new passenger cars was slightly higher in 2020 than in 2019, despite the further increase in the proportion of deliveries to lease companies and fleets. Dealergroup Stern was more successful in meeting the targets set by the importers in 2020, as a result of which higher bonuses were achieved.

Revenue from new light commercial vehicles and trucks at Dealergroup Stern was down 43.4%. Dealergroup Stern delivered 2,009 fewer **new light commercial vehicles and trucks** (35.2%) than in 2019, and the market share was thus 6.1% (2019: 7.5%). The average sale price of a new light commercial vehicle or truck in 2020 was € 29,200, a decrease of 12.6% compared to 2019. The relative margin was slightly higher in 2020 than in 2019. The decline in market share compared to 2019 was largely due to a large non-recurring taxi deal in 2019, which was related to the ending of the BPM exemption for taxis with effect from 2020. Adjusted for this taxi deal and taking account of the suspension of deliveries due to COVID-19 from 15 December 2020, market share remained more or less unchanged. The relative margin was clearly higher in 2020 than in 2019, due partly to the large taxi deal in 2019 which involved significant discounts.

Part of Stern's strategy is to grow to a market share of at least 10.0% of the national market for light commercial vehicle brands carried by Stern over time. In 2020, this share was 10.8% (2019: 13.3%).

Sales of **used cars** in the Netherlands amounted to 1,987,000 in 2020 (B2C and C2C combined), compared to 1,971,000 in 2019, an increase of 0.8%. The national BOVAG car dealers sold a total of 330,000 used cars to consumers in 2020, an increase of 2.4% compared to 2019 (336,000).



After the first lockdown in mid-March, sales of used cars picked up from mid-May. From October 2020 onwards, sales each month were down on 2019, with a further decline due to the closure of showrooms from 15 December 2020.

Revenue from used cars at Dealergroup Stern declined by 9.3%. Dealergroup Stern sold 15,231 **used cars** in 2020, a decline of 15.3% compared to 2019. 9,361 (61.5%) of these cars were sold to end users (B2C) (2019: 10,771, OR 60.0%). The lower volume of sales was partly due to the closure of branches (nine in the second half of 2019 and two in 2020). The new Stern website, on which used cars are more prominently featured, has led to more leads and higher numbers used car sales since the implementation of this website in the second half of 2020.

In mid-2020, Dealergroup Stern launched a new used car label including service packages in the market (as a successor to SternGarant), which in combination with financial mobility products (including used-car lease in collaboration with ALD Automotive, is leading to further growth and better margins. Penetration on sales of these packages is now running at over 50%. Partly as a result of this, the relative margin on used cars was slightly higher in 2020 than in 2019.

Exchanges of used cars are declining, due to the declining number of private customers buying a new car (mainly due to the growth of private lease). In addition, many used cars are still being exported (271,000 in 2020) due to the decent prices that can be achieved in other countries. As a result, used cars that can be sold by car dealers to end customers are becoming scarce. Dealergroup Stern is actively involved in sales of nearly-new used cars, also outside the Netherlands.



### Revenue from after-sales at Dealergroup Stern

The revenue at Dealergroup Stern from workshops and warehouses before elimination of intercompany and internal revenue was as follows:

**Revenue from after-sales at workshops and warehouses before elimination of intercompany and internal revenue, with the 2019 figures for Heron Auto presented pro forma as a discontinued operation**

(x € 1,000)	2020	2019	Index
Workshops	70,712	78,952	89.6
Warehouses	93,978	99,975	94.0
	<b>164,690</b>	<b>178,927</b>	<b>92.0</b>

Revenue from the **workshops** of Dealergroup Stern showed a marked decline in 2020 (€ 8.2 million, or 10.4%). Revenue was also affected by the closure of ten branches during H2-2019 and a further two branches during 2020 and the sale of one branch at the end of 2020. When branches are closed, experience shows that the neighbouring Stern branches for the car brand in question are not able to retain all the workshop revenue generated at the branches that have closed.

The consequences of COVID-19 had a sharp effect on demand for workshop maintenance in 2020.

As a result of the RIVM/government measures (less transport movement and a higher degree of working from home) distance travelled by drivers in the Netherlands was sharply lower, which also meant lower demand for maintenance. According to RAI/BOVAG, the average distance driven in 2019 was approximately 12,800 kilometres. The first estimate from RAI/BOVAG for 2020 suggests that this has declined to approximately 10,300 kilometres, a decrease of 19.5%. Dealergroup Stern reduced the number of its mechanics in 2020 as a result of the (temporary) decline in demand due to this shorter distance travelled. The average number of mechanics in 2020 was 5.8% down on 2019.

Besides the lower number of mechanics, efficiency at the workshops also declined in 2020 compared to 2019, mainly as a result of:

- higher absenteeism due to COVID-19 (sick leave was on average 1.6 percentage points higher than in 2019);
- the additional activities relating to COVID-19 (such as cleaning cars on acceptance and after work has been completed) took more time that cannot be charged for (many works are performed at package prices set by the importers).

Experience shows that when the volume of work declines, the productivity of the mechanics also declines. As a result of these effects, average revenue per mechanic was down 5.0% compared to 2019.

From mid-2020, all brands are linked to a central **Customer Service Center (CSC)** whereby customers are actively approached for workshop bookings. Significant efforts were made in 2020 on the optimisation of the ICT systems in connection with the implementation of more digital processes for lead following in the CSC. The processes have now largely been standardised, as a result of which performance (including the number of calls) has improved further.

**Revenue from warehouses** at Dealergroup Stern consists of supplies of parts via the workshops, delivery of parts to large customers, such as multibrand garages and large car body repair chains (known as preliminary sales revenue). Revenue from parts through the workshops declined by 11.3% in 2020. The relationship between revenue from parts via the workshops and the revenue from the workshops is more or less constant. The decline in this revenue is in line with the decline in the revenue from workshop hours.

Preliminary sales revenue was slightly higher in 2020 (by 5.4%), despite the decline in the number of branches (ten dealer branches were closed in 2019, and a further two in 2020). An increasingly large proportion of the preliminary sales revenue of Dealergroup Stern is ordered centrally by customers and these customers are served by **Stern Parts**. Stern Parts occupied a modern transshipment centre of 5,000 m<sup>2</sup> in the Amsterdam harbours at the end of 2019, from which preliminary sales revenue customers are supplied. Stern Parts has a route service with national coverage that delivers parts for all the car brands represented by Stern to its own repair businesses and also to multibrand garages and external car body repair companies.

**Stern Logistics** also provides logistics services for some non-Stern brands.



## Stern Mobility Solutions

This division consists of the rental operations of Stern, as well as the active management and development of the partnerships with ALD Automotive for the lease products and with Bovemij for the insurance and finance products.



**Fleet under  
management**  
(number)

**9,693**

2019: 11,071



**Rental days sold**  
(number)

**560,162**

2019: 756,297



**Mobility  
contracts**  
(number)

**46,410**

2019: 57,560



**Private lease**  
(number)

**3,707**

2019: 3,801



**Employees**  
(FTEs)

**81**

2019: 198

## Note on revenue at Stern Mobility Solutions

Stern dealers sell finance and insurance products to consumers and businesses under its own label. The management of this is placed with Bovemij. The partnership with Bovemij has recently been extended until year-end 2024, on much better conditions for Stern with effect from 2021.

The partnership with ALD Automotive developed satisfactorily in 2020, taking account of the downturn in the leasing and car body repair markets. The development and roll-out of used-car leasing together with ALD is behind schedule, as this only got off the ground at the end of 2020. Dealergroup Stern is still offering its customers Stern lease solutions, but these are now arranged through ALD.

Revenue before elimination of intercompany and internal revenue amounted to € 50.6 million in 2020, compared to € 54.5 million in 2019, a decrease of 7.1%.

### Revenue Stern Mobility Solutions before elimination of intercompany and internal revenue and features of the fleet

	2020	2019	Index
<b>Car rental</b>			
Revenue from rental days	<b>18,177</b>	24,847	73.4
Remarketing of cars returned to the fleet	<b>32,410</b>	29,643	109.3
Revenue from rental	<b>50,587</b>	54,490	92.8
Carrying amount of rental fleet at year end (x € 1,000)	<b>35,330</b>	47,744	74.0
Number of contracts at year end	<b>1,968</b>	2,574	76.5
Carrying amount per contract (x € 1)	<b>17,953</b>	18,549	96.8

According to the figures from BOVAG, the national rental fleet declined by 16.4% in 2019 to 43,000 vehicles at year-end 2020 (year-end 2019: 52,000). The rental fleet of Stern Autoverhuur declined by 23.5% in 2020 to 1,968 vehicles at year-end 2020 (year-end 2019: 2,574 vehicles). Revenue from rental days at **Stern Autoverhuur** was € 6.6 million (26.6%) lower in 2020 compared to 2019. Demand for rental cars has fallen sharply as a result of the COVID-19 measures introduced by the government with effect from 17 March 2020.

Revenue from the sale of cars returned to the fleet ('remarketing') increased by € 2.7 million (9.1%) in 2020 compared to 2019. This was due to the sharp reduction of the fleet in the second quarter of 2020 caused by the effects of COVID-19. Demand rose in the early summer as a result of the government's easing of the COVID-19 measures, but declined again in mid-December after the hard lockdown.





## Stern Car Services

The main activities of the Stern Car Services division concern car body repairs and the installation of light commercial vehicle interiors, as well as lettering, car body work and logistics.



**Damage cases  
settled**  
(number)

**21,007**

2019: 25,298



**Locations**  
(number)

**15**

2019: 17



**Interiors  
sold**  
(number)

**2,064**

2019: 2,108



**Packages carried**  
(number)

**172,317**

2019: 176,209



**Employees**  
(FTEs)

**230**

2019: 253



## Note on revenue at Stern Car Services

The acquisition of Persoon Schadeherstel en Carrosserie B.V. in Bemmelen in early 2020 added a new branch to the network. This company provides car body repair services for passenger cars and light commercial vehicles, with a focus on repairing freight vehicles and car body work. The company also produces proprietary open and closed load areas, including refrigerated load areas. Customised work such as adjusting or installing trailers or load areas with cranes and/or tail lifts is also available.

### Revenue Stern Car Services

Revenue at Stern Car Services before elimination of intercompany and internal revenue was divided between the various operations as follows:

#### Revenue Stern Car Services before elimination of intercompany and internal revenue

(x € 1,000)	2020	2019	Index
Car body repairs	26,788	31,294	85.6
Light commercial vehicle interiors	3,812	4,090	93.2
	<b>30,600</b>	<b>35,384</b>	<b>86.5</b>

This segment consists of car body repairs and light commercial vehicle interiors under the name of SternPoint and lettering under the name of Stern Signing.

The car body repair market in the Netherlands contracted by approximately 10.0% in 2020 compared to 2019. The number of damage cases declined by 12.9%. Repair bills per collision were up 3.4% to € 1,418 per instance as cars have become more complex, mainly due to electronics. The number of damage cases repaired by SternPoint in 2020 amounted to 21,000, a decline of 17.0% compared to 2019.

The average repair bill at SternPoint amounted to € 1,234 million in 2020, an increase of 2.6% compared to 2019.

At the same time as the sale of Heron Auto, the SternPoint branch in Zwaag with VAG brand specialisation was sold to Broekhuis on 2 January 2020. We acquired the operations of a car body repair business in Bemmelen in March 2020. The operations in Amsterdam North were transferred to the new (larger) SternPoint branch in Amsterdam West. All the car body repair operations of SternPoint in Amsterdam have now been combined at this large facility, enabling optimal use of efficiency benefits. The branch in Purmerend was closed in December 2020, and the operations were merged with the existing branch in Wormerveer. The number of SternPoint branches currently stands at 13.

Stern Car Services aims to achieve national relevance with a network of larger car body repair branches with carefully selected brand certifications on a geographical basis. Revenue in the Stern Car Services segment declined by € 4.8 million (13.5%) to € 30.6 million in 2020. This (temporary) decline was mainly due to the fall in demand as a result of COVID-19.

As part of the sale of the lease operations to ALD at the end of May 2019, agreements were made regarding damage referrals to SternPoint. The agreed direct damage referral from ALD Automotive is not yet at the indicated level, partly due to the shorter distance driven by the lease drivers of ALD as a result of COVID-19, which led to fewer instances of damage occurring.

# Personnel



## Employees

(in FTEs)  
**1,557**  
2019: 1,858

Number  
**1,674**  
2019: 2,004

With permanent  
contracts  
**1,360**  
2019: 1,490

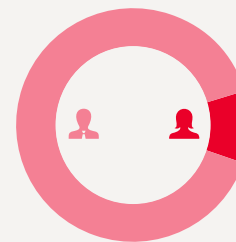
With fixed-term  
contracts  
**197**  
2019: 368

Average age  
**43.4**  
2019: 42.7

Absenteeism  
**4.9%\***  
2019: 4.5%

## Diversity

### Stern Group



Men

**90%**

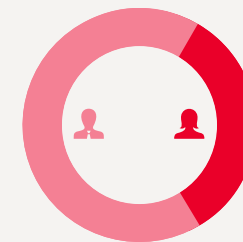
Number: 1,401

Women

**10%**

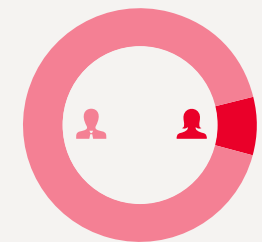
Number: 156

### Management (% women)



Supervisory  
Board

**33%**



Management  
Board

**9%**

## Employees per division



76%  Dealergroup Stern

15%  Stern Car Services

5%  Stern Mobility Solutions

4%  Others

## Trainees

(number)

### Trainees

**Professional practical  
skills course**  
(beroepsbegeleidende  
leerweg)

**90**

2019: 134

### Interns

**Vocational training  
diploma**  
(beroepsopleidende  
leerweg)

**29**

2019: 39

\* 5.9% including RIVM leave

## Stern and its employees

**Stern's ambition is to become the most valued and recommended mobility partner in the Netherlands. The quality of our service very much depends on the quality and commitment of our employees. Stern accordingly strives to provide good and attractive employment conditions. Given the high number of locations at which Stern employees work, policy with respect to the recruitment, remuneration, development and evaluation of employees is essential. To attract and retain talent and the best professionals from the automotive sector, Stern wants to be a strong employer with competitive employment benefits. This also requires a consistent profile and a strong image. The transformation to one Stern that was accelerated in 2020 brings substantial benefits to HR in this area.**

Stern HRM supports the divisions in the realisation of their goals. The HRM team consists of an HRM director, an HR Business Partner for each operating company and the HR Service Center, where the entire employee administration is situated. The group had 1,557 employees (FTEs) on 31 December 2020, compared to 1,858 (FTEs) at the end of 2019. The decline was mostly due to the sale of Heron Auto B.V. and the structural reduction of FTEs due to the decline in revenue as a result of the corona pandemic. No significant change to the workforce is expected in 2021.

### Learning and development

Following the Employee Survey conducted at the end of 2018, a course on personal development and leadership was developed for all (approximately 300) managers. The last group completed this skills training ('leadership with impact') at the beginning of 2020.

A second group of 12 talented managers completed the in-house management development programme in 2020. The programme focuses on developing the leadership skills of our management and senior management. The aim of the programme was to involve talented managers in the transition of Stern and assist in their personal development in the field of senior management, creating a pool of internal candidates to fill future vacancies in the company's senior management and the Management Board.

The first Star Class, for which employees with high potential from all our operating companies are eligible, was also completed in 2020. This programme includes modules on leadership, finance, HR and the Stern business model.

Continuous learning is hugely important for all Stern employees, certainly since brand and product developments and also digitalisation call for different expertise and skills on the part of our employees. Stern will therefore continue to work on leadership training and encouraging the personal development of its employees. We continue to invest in the training and education of all our personnel, and will start to hold internal and external e-learning courses in 2021.

We want to ensure that our employees successfully apply the right knowledge, skills and behaviour that reflect these changes. We also use the annual personal development plan interviews to offer all employees the opportunity to develop further. This can bring about the best possible alignment between the objectives of Stern and the ambitions of our employees. This is also a standard item in the annual evaluation interviews.

### Working at Stern

Due to the uncertainties surrounding COVID-19, the number of vacancies at Stern declined substantially in 2020 and we did not continue with the appointment of an in-house recruiter. The website [www.werkenbijstern.nl](http://www.werkenbijstern.nl) was frequently visited by people looking for work. Besides our own website, we also post vacancies on specific automotive job sites in order to increase our reach. The change of name to One Stern will make it easier for us to reach certain groups for all Stern's car brands. We also continue to use our own personnel network to recruit new employees.

The focus in 2021 will again be on 'continuing to work at Stern'. The results from the standard exit surveys enable us to learn from employee departures and show us where we can make improvements. The same questions (in digital form) are put to every departing employee, so that this valuable information can be translated into actual improvements. Unfortunately, we were not able to extend many of our temporary employment contracts in 2020, and fewer employees decided to leave of their own accord.

### Engaged employees

Our first Employee Survey was conducted at all our operating companies at the end of 2018. This survey served as a detailed baseline measurement. 62% of all employees participated, giving Stern a score of 7.2.

The Employee Survey was conducted again at the end of 2020, with 60% of all employees taking part. This time, they gave Stern a score of 7.5. We are pleased to see that our employees were more positive on all the items in the survey than they were two years ago. Stern strives to achieve a general score from employees of 8.0 or above, with a participation rate of 70%. Stern repeats the survey every two years.

The aim of the survey is to identify reference points for improvements and to create the right context and environment for our work. The results of the survey were discussed in the Group Council at the beginning of 2019. The results and some initial improvements were published in the Stern employee magazine in April 2019. Improvement plans were then developed by the management and employees at each operating company. There was an explicit decision to involve a representative group of employees in the processing of the results.

The Employee Survey has provided a great deal of useful information on how employees experience working at Stern. The general conclusion is that improving communication between employees and between employees and managers would contribute to better understanding and more pleasant working conditions. Since we intend to increase our investment in human capital, employee engagement is and will remain a clear priority. The results of the second survey were reviewed at the beginning of 2021 and will once again be applied to effecting improvements in cooperation with our employees.

### Culture

The culture at Stern is based on our history and consists of unwritten rules, practices and conduct of all our employees. The core values established in 2014 (Committed, Inventive, Loyal) are the essence of the conduct of our employees and determine their motivation and commitment. A few months after joining us, new employees are asked to state their own feelings regarding the core values of Stern.

Culture is an aspect that requires active attention in a fast and radically changing environment. This is also shown from the signals we received from our employees in the Employee Survey at the end of 2020. Employees want to be listened to more and more involved, and also to be appreciated. This requires a constructive dialogue between employees themselves, and between employees and their managers and/or members of the Management Board. In addition, most employees are aware that they have to continue to invest in themselves to ensure future-proof employment at Stern.

### Vitality

Due to the outbreak of COVID-19, the focus of HRM in 2020 was mainly on the safety and health of our employees. Stern consistently and strictly followed the RIVM guidelines and started the provision of face masks, screens and the installation of walkways in its showrooms as quickly as possible. Office and other employees able to work from home mostly began to work at home. The regular communication via Stern Nieuws to all employees on COVID-19 was also important.

If an employee was not able to come to work due to COVID-19-related symptoms or had to go into quarantine, this absenteeism was registered as RIVM leave. A total of 32,516 hours of RIVM leave were recorded in the period from March to December 2020, with the peak in March 2020, followed by October and November 2020. This led to a total absenteeism rate of 0.95% in 2020.

Absenteeism (excluding RIVM leave) in 2020 came to 4.9% (2019: 4.5%).

The predicted decline in absenteeism in 2020 therefore failed to materialise, mainly as a result of COVID-19. We will continue our efforts to reduce absenteeism in the coming years.

## Sustainable employability

We continually assess whether our employees have the knowledge and competences that are needed now and in the longer term. We do not have a fully developed plan for sustainable employability and are looking at what is effective and what is less effective. We are working to achieve a culture in which continual investment in oneself is a normal activity, regardless of age, work experience or level of education. Furthermore, we are striving to improve sustainable employability by encouraging employees and managers to enter into a dialogue on future-proof employment. The aim is to get employees to think about what is expected of them, and what they need to achieve their goals. This is important, because sustainable employability makes us more flexible.

## Diversity

Stern aims to be an attractive employer, also by ensuring that all employees feel at home in our company. The basis of our diversity policy is that the workshop floor and the management should reflect our society. Everyone, regardless of his or her origin, gender, religion, sexual orientation, nationality, et cetera, must be given equal opportunities, must be able to develop themselves to the greatest possible extent and of course remain true to themselves.

At the end of 2020, 11% of the senior management at Stern were women (2019: 14%). The Supervisory Board has one female member (33%) and there is also one female member of the Management Board and the Group Council (9%). Stern has classified its workforce in four main groups: Dealergroup Stern, Stern Car Services, Stern Mobility Solutions and Other. A list of FTE and other employees per division and the breakdown of employees by type of contract, gender and age is provided on page 44.

## Employment benefits

Stern is partly affiliated to the BOVAG and FOCWA CLA. Stern Facility Services has its own employment benefits and function/salary scale. The Stern Employee Manual applies to all Stern companies.

The harmonisation of the secondary employment benefits at the various Stern companies is still an important process. Historically, there has been a variety of employment packages. The removal of differences in employment benefits may in some cases entail material financial consequences, and this is therefore a gradual process. Changing

'entitlements' assigned to employees is a difficult process and requires the necessary preparation. It will therefore be some time before the working hours arrangements can be standardised.

## Bribery and corruption

The Code of Conduct of Stern Group sets out a policy to prevent bribery and corruption. The Code of Conduct has been available on [www.sterngroep.nl](http://www.sterngroep.nl) for several years. The Stern Employee Manual that new employees receive on entering employment also devotes attention to the policy we pursue with respect to the prevention of bribery and corruption. Once again there were no cases involving bribery or corruption coming to light in 2020. The risk of corruption is limited because the prices for the most important category on the procurement side (new cars) are set by the importers. On the sales side, the most important transactions (car sales) are fully evaluated with separation of functions. Both the Code of Conduct and the Employee Manual were revised in 2020.

## Human rights

As a Dutch retailer with activities exclusively within national borders, Stern naturally respects all national legislation and regulation, also with respect to human rights. Emphasising this would appear to be unnecessary, however we are required to make this statement under European regulation regarding the publication of non-financial information. Once again, no cases involving a breach of human rights came to light in 2020. Stern does not have an active policy with respect to human rights, since it operates exclusively in the Netherlands where these risks do not apply. The risks apply more at second-tier suppliers, over which Stern has only minimal influence.



## Employee numbers

			2020			2019
	Men	Women	Total	Men	Women	Total
<b>Employees at year end in FTEs</b>						
Dealergroup Stern	1,077	106	1,183	1,314	137	1,451
Stern Mobility Solutions	65	16	81	72	18	90
Stern Car Services	223	7	230	241	12	253
Other	36	27	63	37	27	64
<b>Total</b>	<b>1,401</b>	<b>156</b>	<b>1,557</b>	<b>1,664</b>	<b>194</b>	<b>1,858</b>
<b>Employees at year end in numbers</b>						
Dealergroup Stern	1,139	138	1,277	1,395	177	1,572
Stern Mobility Solutions	67	20	87	75	23	98
Stern Car Services	230	9	239	245	16	261
Other	39	32	71	41	32	73
<b>Total</b>	<b>1,475</b>	<b>199</b>	<b>1,674</b>	<b>1,756</b>	<b>248</b>	<b>2,004</b>

			2020			2019
	Perma- nent contract	Fixed- term contract	Total	Perma- nent contract	Fixed- term contract	Total
<b>Employees at year end in FTE</b>						
Dealergroup Stern	1,023	160	1,183	1,158	293	1,451
Stern Mobility Solutions	76	5	81	78	12	90
Stern Car Services	202	28	230	195	58	253
Other	59	4	63	59	5	64
<b>Total</b>	<b>1,360</b>	<b>197</b>	<b>1,557</b>	<b>1,490</b>	<b>368</b>	<b>1,858</b>

			2020			2019
	Perma- nent contract	Fixed- term contract	Total	Perma- nent contract	Fixed- term contract	Total
<b>Employees at Dealergroup Stern at year end in FTEs</b>						
Stern 1	304	54	358	296	85	381
Stern 2	127	29	156	156	40	196
Stern 3	260	28	288	272	40	312
Stern 4	167	25	192	167	39	206
Stern 5	137	16	153	248	72	320
Stern Customer Services	28	8	36	19	17	36
<b>Total</b>	<b>1,023</b>	<b>160</b>	<b>1,183</b>	<b>1,158</b>	<b>293</b>	<b>1,451</b>
<b>Employees at Stern Mobility Solutions at year end in FTEs</b>						
SternLease	–	–	–	–	–	–
SternRent	76	5	81	73	12	85
Stern Electric	–	–	–	5	–	5
<b>Total</b>	<b>76</b>	<b>5</b>	<b>81</b>	<b>78</b>	<b>12</b>	<b>90</b>
<b>Employees at Stern Car Services at year end in FTEs</b>						
SternPoint	202	28	230	195	58	253
<b>Total</b>	<b>202</b>	<b>28</b>	<b>230</b>	<b>195</b>	<b>58</b>	<b>253</b>
<b>Employees Other</b>						
Other	59	4	63	59	5	64
<b>Total</b>	<b>59</b>	<b>4</b>	<b>63</b>	<b>59</b>	<b>5</b>	<b>64</b>

## The value of employees

*Our employees  
determine the image  
and success of Stern*

**Sharon Peeters**  
*Human Resources  
Business Partner*

All 1,674 employees played a key role in Stern's transition to one brand in 2020, as what they do and display largely determines Stern's image, and therefore its reputation and success. Sharon Peeters has worked at Stern as Human Resources Business Partner for the Mercedes-Benz dealerships of Stern since 2015, and is responsible for Human Resources matters at 11 branches. She is also responsible for Stern-wide projects such as the guidance for the management development programme and the training platform Stern Academy. Sharon tells us more about training, facilitating and motivating the employees who lay the foundations for Stern's image and success.

**One**  
Stern

**1,674**  
employees

*"We do not want to see everything from a management point of view. We believe ideas and suggestions from the workshop floor are also very important."*

**60%**

**participation in the  
Stern Employee  
Survey**

**7.5**

**score**



"Without good employees, Stern would not be where it is today," says Sharon. "In recent years, our organisation has become much more actively involved in gaining insight into the wishes and needs of our employees and how we can support them as effectively as possible. We conducted our first Employee Survey in 2018, and completed a second survey at the end of 2020. This gives us insight into what our employees think of our organisation, and where we can make improvements. The first survey showed that communication was the most important issue – for instance, at employee meetings and in communication with one's manager. This led us to develop the Stern Performance Cycle, which consists of the evaluation and progress interviews with our employees."

### Living and breathing Stern

The main focus in 2020 was the transformation into one Stern, and it was thus also essential that our employees clearly understood what was expected of them and that they were steered in the right direction. Sharon: "The way in which our employees behave and communicate is an important determining factor for our image, the image of a good neighbour, that has to reflect our core values of 'committed', 'inventive' and 'loyal'. We want our employees to live and breathe the Stern brand and promote it with pride – one brand means one team and one culture, that allows us to present a consistent image to the outside world. For instance, our colleagues at Marketing have produced the brochure 'One Stern, One Language' to give our employees practical advice on how to communicate."

### Organisation-wide

"Working as one Stern is reflected throughout our HR policy," adds Sharon. "This starts with our 'employer branding', in which we clearly state our culture and core values so that we hire new employees that are suitable for Stern."

With regard to our existing employees, we now have more of an organisation-wide perspective than looking only within an individual cluster, for example when looking for a new and suitable position. Our employee magazine Stern Matters also shows the many opportunities of positions at Stern and the career opportunities, for example in the article 'The new job of'. Because when you work at Stern, things are always changing!"

### Stern Academy

To ensure that all Stern employees are able to continuously develop, the roll-out of the Stern Academy training programme is planned for 2021. Sharon: "We already have a management development programme, and part of this is to provide organisational recommendations to the management. Last year, the group recommended formation of the Stern Academy, a training and development programme for all Stern employees throughout their careers. The courses are also offered online and are both job-specific and general, for instance covering issues such as the implications of our 'good neighbour' positioning. The courses also always focus on our core values. We are starting the Stern Academy in 2021 with a trial for salespeople. The main aim is that our employees are enthusiastic about the Stern Academy courses and do not see participation as an obligation. So we will make it fun and inspirational!"

### Workshop floor

"Our other plans for 2021 depend mainly on the results of the Employee Survey in 2020. This will give us insight into the needs of our employees and where we can make improvements. We do not want to see everything from a management point of view. We believe ideas and suggestions from the workshop floor are also very important," says Sharon.

# Opportunities and risks

**Strategic risk management enables the Management Board to deal transparently with the risks that threaten the realisation of the organisation's objective in a structured manner. The realisation of this objective leads to value creation and continuity. Risk management is not a guarantee that the objective will actually be achieved, but it provides insight into the risks and opportunities associated with the objective and the control measures to be implemented.**

Risk management concerns the management of strategic, operational and financial risks. Strategic risks are external events or circumstances that negatively affect the feasibility of Stern's objective and thereby prevent value creation and threaten existing values. Operational risks are internal events or circumstances that hinder the implementation of the strategy. Financial risks concern the meeting of financial targets, financial obligations and ratio levels set by the banks.

We reassessed the key risks that could affect the realisation of our strategic objectives in the second half of 2020. We had already evaluated whether we had made adequate preparations for COVID-19 in mid-2020. A pandemic of this magnitude was not included in the key risks we had identified at the end of 2019. The manner in which we manage some of the already recognised risks made a useful contribution to our response to COVID-19. The Stern culture is a good example of this. The flexibility of the organisation, as a result of which costs can be reduced quickly and the business sense needed to be able to continue to conduct our business in a proper manner with our customers and suppliers under such circumstances, demonstrates this.

Flexibility was shown in the flexible contracts with the importers and lessors of our locations, the dealings with the large lease companies (as customers), the centralised decision-making that enabled quick action and the ability to exchange mechanics between locations, enabling optimal allocation of our workforce. Additionally, we have recognised the importance of taking a wider view from now on with regard to the risk of disruption to the continuity of Stern, and also the preventive measures to be taken in this respect. The key risks we recognise have however not changed.

Other than the COVID-19 pandemic, there were no notable incidents regarding these key risks in 2020.

An assessment of likelihood and impact is used to determine the risk appetite. Reasons to qualify risks as unacceptable may include:

- a threat to our continuity;
- a threat to our reputation in relation to compliance and integrity;
- a material impact on revenue, and more particularly, on profitability.

All existing controls were assessed during the reporting year, and adjustments were made by responsible cluster managements and their teams for controls that were still not working properly or which, for instance due to changes in our ICT systems, could be structured better and/or more efficiently.

A structured process is used at Management Board level to evaluate major risks and record these risks in a risk register. The risk register lists the likelihood of occurrence, impact and related control measures for each risk. The risk register is updated annually and discussed by the Audit Committee.

We consider the following opportunities and risks as material to our business operation.

## Strategic risks

### Dependence on suppliers

Stern acts as a retailer in the Netherlands for 18 car brands. Due to European regulation, the dealer contracts and their size, the manufacturers and importers have a significant influence on price setting, the product offering, the rates, investment and the business operation. With a monopoly position and the concentration of contract partners, the importers have a strong grip on the automotive market. There is also the risk that importers will increasingly look for direct contact with end customers online and the chain of producer-importer-dealer-customer will become further compressed while a disproportionate part of the implementation costs, inventory price risk and interest-rate risk is for the account of the dealers. Pressure on sales margins and inventory levels has thus risen in recent years, while the consolidation of the dealer network is proceeding slowly. It is still questionable whether the importers recognise the need for rigorous further reduction of the number of sales outlets. This increases price risk, reduces residual margin, increases balance sheet volume and reduces solvency. Stern is reflecting this development by optimising its branch network on the basis of contribution and strategic importance. Hard choices have been made in recent years with respect to car brands, dealer branches and optimal business sizes for each dealer cluster. A new used-car brand was launched in 2020 in combination with financial mobility products in order to boost growth in a segment in which Stern can operate independently.

### Stronger negotiating position of the leasing companies

The consolidation in the lease market and the growth of private lease are strengthening the negotiating position of the leasing companies. This stronger position is being used to demand discounts on car purchases and low prices for after-sales and car body repairs. In addition, the leasing companies are using increasingly intelligent data analysis to monitor whether the maintenance and car body repairs effected on their lease fleets is excessive or inefficient. The number of lease customers compared to private and small business customers has been rising in recent years, increasing the pressure on sales and after-sales margins. Stern has responded to this development by concluding a 7-year strategic partnership with ALD Automotive along with the sale of SternLease B.V. in 2019 that will involve the introduction of lease contracts and the supply of cars and mobility services by Stern.

### The online customer

Sales of cars and mobility products are increasingly dependent on the quality of the website and the online marketing strategy and the lead-to-order process. For after-sales as well, user-friendly online customer contact is becoming increasingly important and we expect maintenance charges to come under pressure as a result of greater online price transparency. The online sales channels are becoming more mature and this means that showrooms are becoming less relevant. Stern successfully launched a new online platform in 2020 that will replace all the current websites of all its operating companies, and which is playing an important part in the further digitalisation of customer contact. A uniform CRM solution has also been taken into operation that is used to enable a personalised approach.

## Operational risks

### The labour market

Stern is convinced that the implementation of its strategy will stand or fall on the basis of the motivation, qualities and job satisfaction of its employees. Finding and retaining qualified personnel has become increasingly difficult in recent years (before the COVID pandemic). It became easier to find suitable employees in 2020, and we expect that the previous situation will return once the pandemic is under control.

In view of the importance of optimal composition of our workforce, our policy with respect to the recruitment, remuneration, training and evaluation of employees, together with good and challenging working conditions, is therefore essential. Based on the results of the Employee Survey conducted at the end of 2018, several improvements were introduced in 2019 to further strengthen employee engagement. The Employee Survey was repeated at the end of 2020. The general findings are now known, but further analysis is required. To attract and retain talent and the best professionals from the automotive sector, Stern strives to be a strong employer brand with competitive employment benefits.



### Efficiency in workshops and showrooms

Maintaining efficiency in our workshops and showrooms is essential for consistently profitable after-sales and sales. Our customers are more often leasing companies with strong purchasing power that are not willing to pay for inefficiency at a traditional dealer and car body repair business.

Stern is reflecting with internal improvement programmes and monitoring the effects of these programmes on the basis of uniform KPIs. The 'Stern Way of Working' has thus been implemented in all workshops in recent years, among other things by the training of employees and the implementation of a uniform dashboard with specific information for each job. Optimisation of the workshop KPIs is most successful if there is a sufficient supply of work. The supply of work declined during the COVID period, as a result of the lockdowns and the government's calls to work from home as far as possible. The distances travelled by commercial drivers were therefore much less, leading to a (temporary) fall in demand for car maintenance. This reduced the supply of work in the workshops, and workshop efficiency in 2020 therefore declined in comparison to 2019.

In the area of sales, we are fully committed in improving the performance and efficiency of all our sales employees, also as a result of Stern's online proposition. This especially concerns sales of used cars through the launch of our own used car label, with improvement of the current processes and results through higher volume, faster turnover and a better inventory mix.

### Development of costs

Inadequate control of costs, partly due to the requirements of the importers, the large dealer network and tightness in the labour market, can lead to an excessive and inflexible level of costs, especially if revenue and margins are under pressure. Employee expenses have in particular risen substantially until the end of 2018 as a result of CLA increases, tightness in the labour market and more indirect employees involved in strategy development. There was a significant reduction in employee expenses in 2019 and 2020 due to a reduction in the number of FTEs.

The cost-saving programme at Dealergroup Stern and parts of the holding company introduced in 2019 was continued in 2020. The dealership network is undergoing optimisation on the basis of contribution and activities are being combined where possible.

### Automation and data security

Efficiently operating ICT systems in combination with the quality of the data used are of great importance to Stern. Failing or inadequate ICT systems could pose a threat to the continuity of the business as a whole within a relatively short period. We are accordingly putting ever more measures in place to minimise the chance of this occurring. In addition, data and data quality are of great importance for a good business operation, and for the information we exchange with our customers and suppliers. Strict legal requirements apply with respect to data and privacy, so that data protection requires increasing attention. Each year, Stern invests much time and money in the further optimisation and security of its centrally integrated ICT environment, focusing on continuity and stability. This applies to both the standard applications of the importers that we use and the customised applications produced specifically for our own use. Security from outside to within and security from inside outwards continue to be current themes in an increasingly digitalised world featuring numerous forms of cyber criminality.

## Financial risks

A number of specific risks to which Stern is exposed are explained in note 1 to the financial statements (Accounting principles, on page 96), providing information on matters including the credit, liquidity and market risk of Stern. A sensitivity analysis of these factors is also provided. We do not consider these risks to be unusual for Stern's business, either in nature or scale. To the extent relevant, Stern takes out insurance for a number of normal risks whereby the financial consequences of serious disasters can be compensated as far as possible.

## Risk management and control systems

Stern takes the view that risk management has to be part of the daily attitude and working practices of all employees at Stern. Not because this is compulsory, but because it promotes transparency and improves the operation of the business. Stern consists of 11 operating companies and 64 locations. It is essential that full insight into the state of affairs at all these companies and facilities is available at all times. Stern accordingly depends on having a good administrative organisation, so that well-considered decisions can be made as to whether tasks should be carried out on a centralised or a local basis. The administrative organisation consists of uniform reporting and control systems. Stern works continually on further improving these systems.

The Management Board has prepared an Accounting Manual that is validated each year which sets out the guidelines for management reporting and external financial reporting in detail. Besides the Accounting Manual, Stern has detailed authorisation schedules in which the persons responsible and their authorisations are established.

The risk identification and risk management process is formalised under the title of Stern in Control (SIC). Within Stern Group, the Controlling, Analysis and Reporting department (Stern CAR) is responsible for monitoring the administrative organisation and the internal controls at the Stern operating companies. The functional departments at the operating companies naturally remain responsible for ensuring the adequacy of their own administrative organisations and internal controls. Specifically designed risk analyses are carried out for the various business operations of Stern. Key controls are in place for all major identified process risks and adjusted in cases where they are found to be inadequate. The key controls at all Stern entities are tested and reviewed under the supervision of the CAR department on a quarterly basis. The results are reported by the Management Board and discussed with the Audit Committee on a quarterly basis. The external auditor (EY) is also informed of the findings of the activities carried out by SIC.

Since Stern has many locations, internal benchmarking is extensively used. The management information from the IBM Cognos consolidation application (Cognos) also supports the internal controls. Analytical reviews address potential gaps in the internal controls associated with the informal and entrepreneurial business culture. Due to its

centralised approach and very direct management of and monitoring of the business operations by the Management Board and the central staff, the administrative processes at the operating companies are supervised centrally. Based on years of experience, it can be stated that the regular reporting gives a true and fair picture of the development of the business operations. There is no need for significant changes. Improving the quality of management information is a continuous process. The Audit Committee devotes attention to reporting and the administrative organisation on a quarterly basis. There is also close contact with the external auditor. The management letter is discussed by the external auditor with the Audit Committee and the Supervisory Board. We consider that the internal risk management and control systems give a reasonable degree of certainty that the financial reporting does not contain any material misstatements and that these systems have functioned properly in the year under review. We also refer to the statement by the Management Board on page 75 of this report.

## Social risks

### Climate-related risks

Cars have a significant impact on our climate. As a retailer of 18 globally operating car brands, Stern, with a market share of approximately 4% of the annual sales of new cars in the Netherlands, has only minimal influence on the engines that manufacturers produce and their production methods. The environmental policy of European, national and local authorities in recent years has however significantly affected the demand for and sale of cleaner cars. The Netherlands is a leader in this respect in terms of an average CO<sub>2</sub> emission of 100 grams per registered new passenger car, compared to Germany for example, where this is 131 grams. The offering of electric cars with tax-friendly features increased in 2020. The operation of car businesses, car repair businesses and fuel stations entails risks for the environment.

Mitigating these risks is an important item of attention for Stern. The operating companies also have to be continuously aware of environmental aspects that are relevant to their business. This not only concerns compliance or non-compliance with environmental legislation, sometimes preventive measures also have to be taken. The effectiveness of the measures taken is continually monitored in order to mitigate risks as far as possible.

The various measures and reports are recorded in a control system. Focused environmental surveys are carried out for acquisitions. After a company is acquired, the procedures that apply at Stern are implemented. Further information on how Stern is reducing its own environmental impact is provided on page 68 of this annual report.

### Social risks

Changing customer behaviour, margin pressure and the consolidation in the automotive industry also have consequences for employees. The digitalisation of processes that is needed calls for adaptability and flexibility on the part of employees, and may lead to retraining, redeployment or termination of the employment contract. The optimisation of the branch network is leading to branches being merged, sold or even closed in extreme cases. This can mean employees have to travel further to work, find a new employer or face dismissal. Stern informs its employees of developments in the industry and the choices it has to make in this context through adequate and ample communication. Employees are actively offered guidance with respect to finding another challenge within or outside Stern when necessary.

Private lease is making capital-intensive products more accessible to consumers in all layers of the population. However, this means that they enter into a long-term financial obligation usually lasting for 48 months or longer. Stern supports the offering of private leases according to the standard developed by the lease industry, which prescribes fair conditions, a complete product and protection of consumers against excessive financial expense.

## The value of customers

*Our customers are our central priority in the online and offline world*

**One**  
digital platform

Stern adds value primarily through the quality of its service. Because Stern has only limited influence on the products it sells on behalf of third parties such as the car manufacturers. Bastiaan Geurts has been working at Stern since 2006, and in his current role as Chief Customer Officer he is responsible for ensuring that this service meets customer expectations.

**Bastiaan Geurts**  
Chief Customer  
Officer

**One**  
Customer  
Service Center

“Our customers are of course the central priority for us at Stern, and we worked hard on optimising our services in both the online and the offline world in 2020,” says Bastiaan. “The most visible sign of this externally is naturally the transition of all our dealer branches to the same name of Stern. You can see this both at our physical locations and in the integration of 15 separate websites into a single modern online platform – [www.stern.nl](http://www.stern.nl). We have now further improved our customer recognition, and we now have a state-of-the-art digital showroom, but what has happened behind the scenes is at least as spectacular!”

### Customer journeys

“We have combined all our various customer information systems from our separate businesses so that we now have a single central profile for every customer,” explains Bastiaan. “This will enable us to provide the best possible personalised response to customer needs, based on the data we have and that customers have provided to us.

Also in 2020, we combined all our customer telephone contacts in one Customer Service Center, allowing us firstly to offer the best possible service and secondly lighten the workload at our branches.

Understanding our customers’ journeys has helped us to do this. We identified in detail the steps a customer goes through in the process of deciding to acquire a car. We then tested this with real customers to see where we could make further improvements. For instance, we studied the customer journeys involved in the acquisition of a used car, and also a light commercial vehicle.

*“The challenge in 2021 will be to effect further improvements, based on smart usage and linking of the data we already have available. This will enable us to make even more personalised offers and further enrich our website with functionalities.”*

**market research  
involving**

**1,250**

**consumers**

customers and  
non-customers



We will make a further study of the customer journey involved in service and the purchase of a new car. Good understanding, structuring and documentation of customer journeys helps us to assess our own performance more objectively and discover the most important areas that we need to improve first. Customer journeys are a perfect example of outside-in thinking and giving central priority to our customers.”

### To measure is to know

Now that Stern has combined all its activities under one name, it is of course important to assess Stern's name recognition and its associations for customers or prospects. Stern accordingly started a review of its brand awareness at the end of 2020. Bastiaan: “Because to measure is to know. The first review is a baseline measurement involving 1,250 consumers, including both existing Stern customers and non-customers. This gives us good insight into our brand awareness and the extent to which our brand proposition - the good neighbour - is acknowledged and endorsed. We have already made a studies at importer level and at the dealerships, but this is the first time we have done this as a group, and also the first time that non-customers have been involved. The findings from this and subsequent surveys will help us to respond even better to our customers' expectations.”

### Smart usage and linking of data

“We now have most of the tools that we will use to respond to our customers' expectations,” adds Bastiaan. “The challenge in 2021 will be to effect further improvements, based on smart usage and linking of the data we already have available. This will enable us to make even more personalised offers and further enrich our website with functionalities.

For instance, the cars that are offered not only on the basis of a purchase price, but also on the basis of a lease or finance rate. Ultimately, we aim to achieve a system in which a customer can see what they can afford based on a budget rather than only searching on the basis of brand and model. Then you offer that customer a test drive for their two best options, which is the moment that you bring the online and offline worlds together.

We also plan to further develop our Customer Service Center, so that we can provide the right answer in the first telephone contact or refer the call to the right person. This means that you must have the correct data available immediately. We also want to improve the possibilities for self-service by customers, in other words ensuring that service appointments can be made easily and information on the estimated cost is directly available.”

Bastiaan looks further ahead: “Research will continue to be essential in the future for measuring aspects such as name recognition and customer satisfaction. Of course, we will strive to continue the line of improvement we have already undertaken.”



# Corporate governance

## Corporate Governance Code 2016

The Dutch Corporate Governance Code (the 'Code'), as established in December 2016, is designated under Section 2:391 DCC as a code of conduct to which listed companies have to refer in their management reports and for which these companies must disclose the extent to which they comply with the Code provisions. Stern uses the Code as a guide in the process designed to further improve its corporate governance.

In the context of the review of the Code (in December 2016) Stern Group has updated its Management Board Regulations, Supervisory Board Regulations and associated appendices and brought these into line with the Code in March 2018.

## Structure and shareholders' meeting

Stern Groep N.V. is a two-tier board company. Stern does not have any protective measures in place.

Stern endorses the importance of full and active participation by shareholders in decision-making at the General Meeting. A General Meeting is held at least once a year. Extraordinary General Meetings may be held at the request of the Management Board or the Supervisory Board. Shareholders representing at least 1% of the issued share capital may submit agenda items up to 60 days before the meeting. The Management Board has the possibility of using a registration date with respect to the exercise of voting rights. Resolutions are passed by an absolute majority of the votes, unless a larger majority is required by law or the articles of association.

The General Meeting adopts the financial statements and can discharge the members of the Management Board from liability for its policy and the members of the Supervisory Board from liability for its supervision in the previous financial year.

In addition, resolutions by the Management Board regarding a material change to the identity of Stern are submitted to the General Meeting for approval. The company's articles of association may be amended by resolution of the General Meeting, on condition that the resolution is passed with a majority of at least two thirds of the votes cast and at least half the company's issued share capital is represented. If a proposal for a resolution originates from the Management Board acting with the approval of the Supervisory Board, the resolution can then be passed with an absolute majority of the votes, regardless of the capital represented.

## Management Board

The Management Board manages the company and is responsible for achieving the targets, the policy and the strategy of the company and the associated development of the result.

The members of the Management Board under the articles of association are appointed by the Supervisory Board. The Supervisory Board notifies the General Meeting of a proposal to appoint a member of the Management Board under the articles of association. The Supervisory Board may at all times suspend or dismiss a member of the Management Board under the articles of association. The Supervisory Board shall not dismiss a member of the Management Board under the articles of association without taking advice from the General Meeting regarding the proposed dismissal.

The Supervisory Board determines the number of members of the Management Board. Stern Group has two members of the Management Board: Mr H.H. van der Kwast (Chief Executive Officer) and Mr L.G. Porsius (titular financial director with extensive power of attorney). Neither of the members of the Management Board is a supervisory director of a listed company, nor do they hold (other) additional positions. Mr Van der Kwast was appointed as a director under the articles of association on 21 June 2000. Mr Porsius was

appointed on 1 October 2018, but is not a director under the articles of association. The remuneration of the members of the Management Board under the articles of association is established by the Supervisory Board in accordance with the Remuneration Policy, further details of which are provided in the Report of the Supervisory Board (page 77 and following). The application of the Stern Remuneration Policy in the 2020 financial year is disclosed in the Remuneration Report and the notes to the financial statements. A specification of the remuneration as referred to in Section 2:383 (c) to (e) DCC is included on page 132 of this annual report (note 35 to the financial statements), and also in the 2020 Remuneration Report on page 81.

The Group Council, which meets every two weeks, consists of the Management Board, the directors of the operating companies, the Director HRM and the Chief Customer Officer. Resolutions are passed on the basis of unanimity. Certain resolutions stated in the articles of association are subject to approval by the Supervisory Board and the General Meeting.

The General Meeting resolves to issue shares subject to the approval of the Supervisory Board. The Management Board is authorised to issue shares if and to the extent that the Management Board has been designated as a competent body for this purpose by the General Meeting. The Management Board must obtain the approval of the Supervisory Board for such a decision. On 07 May 2020, the General Meeting resolved to authorise the Management Board to issue shares for a period of 18 months. The extension of this authorisation for a period of 18 months will be resubmitted for approval by the General Meeting to be held on 06 May 2021.

Repurchase of shares may only be effected if the General Meeting has authorised the Management Board to do so. On 07 May 2020, the General Meeting resolved to authorise the Management Board to repurchase shares for a period of 18 months. The granting of this authorisation to the Management Board for a period of 18 months will be resubmitted for approval by the General Meeting to be held on 06 May 2021. The General Meeting will also be requested to grant authorisation for a period of 18 months to the Management Board to dispose of shares acquired by the company in its own capital, subject to approval by the Supervisory Board.

Decisions to enter into transactions involving conflicts of interest for directors that are of material significance for the company and/or the director concerned must be approved by the Supervisory Board. All transactions between the company and natural and legal persons holding at least 10 percent of the shares in the company are entities are agreed at normal market conditions. Decisions to enter into transactions with such persons that are of material significance for the company and/or these persons must be approved by the Supervisory Board. These transactions will be published in the Report of the Management Board, with a declaration that best practice provision 2.7.5 has been complied with. No transactions involving an actual or potential conflict of interest occurred during the reporting year. For information on related parties, see the note on page 131 of this annual report.

## Supervisory Board

The Supervisory Board is charged with the supervision of the conduct of policy by the Management Board and the general state of affairs at Stern, and advises the Management Board. Supervisory directors are appointed by the General Meeting after nomination by the Supervisory Board. The General Meeting has a right of recommendation with regard to the supervisory director to be nominated. The General Meeting may dismiss the entire Supervisory Board by an absolute majority of votes, subject to this majority representing at least one third of the issued capital. A supervisory director is appointed for a term of four years and steps down, unless reappointed, on the date specified in the relevant rotation schedule (which is published on the website of Stern Group). The General Meeting may allocate a fixed remuneration for the supervisory directors.

The Supervisory Board consists of at least three members and appoints a chair and a vice-chair from among its number. The Supervisory Board currently has three members. All its members meet the independence criteria established in the Corporate Governance Code. The Supervisory Board has formed an Audit Committee consisting of two members.

Regulations have been formulated regarding the duties and working practices of the Supervisory Board which are published on the website of Stern Group. A profile description for the members of the Supervisory Board has been added to these regulations, as have the regulations for the Audit Committee.

For further information on the members of the Supervisory Board and the working practices of the Board, see the Report of the Supervisory Board on page 77 and following of this annual report. Regarding the remuneration of the Supervisory Board, see the the Report of the Supervisory Board (page 77 and following) and the notes to the consolidated financial statements (section on Remuneration of the Management Board and the Supervisory Board on page 132 of this annual report. Decisions to enter into transactions involving conflicts of interest for supervisory directors that are of material significance for the company and/or the supervisory director concerned must be approved by the Supervisory Board. No conflicts of interest were reported in 2020.

## Diversity

Stern places a high priority on diversity, and where possible it will apply the best practice provisions in its organisation. The basis of our diversity policy is that the workshop floor and the management should reflect our society. Everyone, regardless of his or her origin, gender, religion, sexual orientation, nationality, et cetera, must be given equal opportunities, must be able to develop themselves to the greatest possible extent and of course remain true to themselves. With respect to diversity, Stern strives to achieve a balanced ratio between male and female members of both the Management and the Supervisory Board. In view of the relatively limited size of the Supervisory Board and the Management Board, it is not appropriate to set targets in the form of (minimum) percentages with respect to our diversity policy (see page 43), such as nationality, age, gender, social background and experience. Stern is pleased to disclose the male-female ratios for the composition of its Management Board and Supervisory Board. Stern had one male director under the articles of association in 2020. For the Supervisory Board, a balanced ratio of at least 30% of seats occupied by men and at least 30% occupied by women was achieved in 2020. Stern will continue to strive to achieve a balanced composition in its Management Board and Supervisory Board when future changes occur.

## Deviations from the Corporate Governance Code

While highly appreciating the Code, Stern notes that a number of the best practice provisions stated in the Code are less relevant to smaller listed companies such as Stern. This has led to Stern deviating to a limited extent from the Code, also over the longer term. The points on which Stern deviates from the Code are stated below, with reference to the relevant provision in the Code.

### Internal audit function (principle 1.3)

Stern Group has decided not to appoint an internal auditor, but has adequate alternative measures in place to evaluate the operation of the internal risk management and control systems. Further details are provided in the section Opportunities and Risks on page 47 and following of this annual report. In accordance with the provision of best practice provision 1.3.6 of the Code, the Supervisory Board evaluates, with advice from the Audit Committee, whether the measures implemented are still adequate and whether the institution of an internal audit function would be desirable.

### Meetings and presentations (best practice provision 4.2.3)

Analyst meetings and presentations are announced in advance by Stern Group on its website. Meetings and presentations are not available for simultaneous following by shareholders by means of webcasting or by telephone for reasons of cost. The facilitation of these services would place disproportionate demands on the organisation in view of its size. Stern Group naturally endorses the importance of the principle that shareholders should be informed simultaneously and proportionately, and Stern Group accordingly makes presentations given during analyst meetings available simultaneously on its website.

# Corporate Social Responsibility

## About this CSR report

Corporate social responsibility is an essential part of Stern's strategy. Stern looks beyond its profit and loss figures and consciously focuses on the consequences of its business operations for people and the environment in both the long and the short term. We look for sustainable solutions that deliver a social and/or environmental benefit in combination with a direct or indirect financial gain. Our sustainability policy goes further than what is required under legislation and regulation.

The responsibility for corporate social responsibility is placed with the Chief Customer Officer, who is a member of the Group Council, the company body responsible for operational management. The theme of corporate social responsibility has been a regular subject of discussion in the Group Council in 2020. The Chief Customer Officer chairs the Sustainability Team, which includes a representative from each operating company. The reports of the Sustainability Team are shared with the Group Council.

### Stakeholder dialogue and material topics

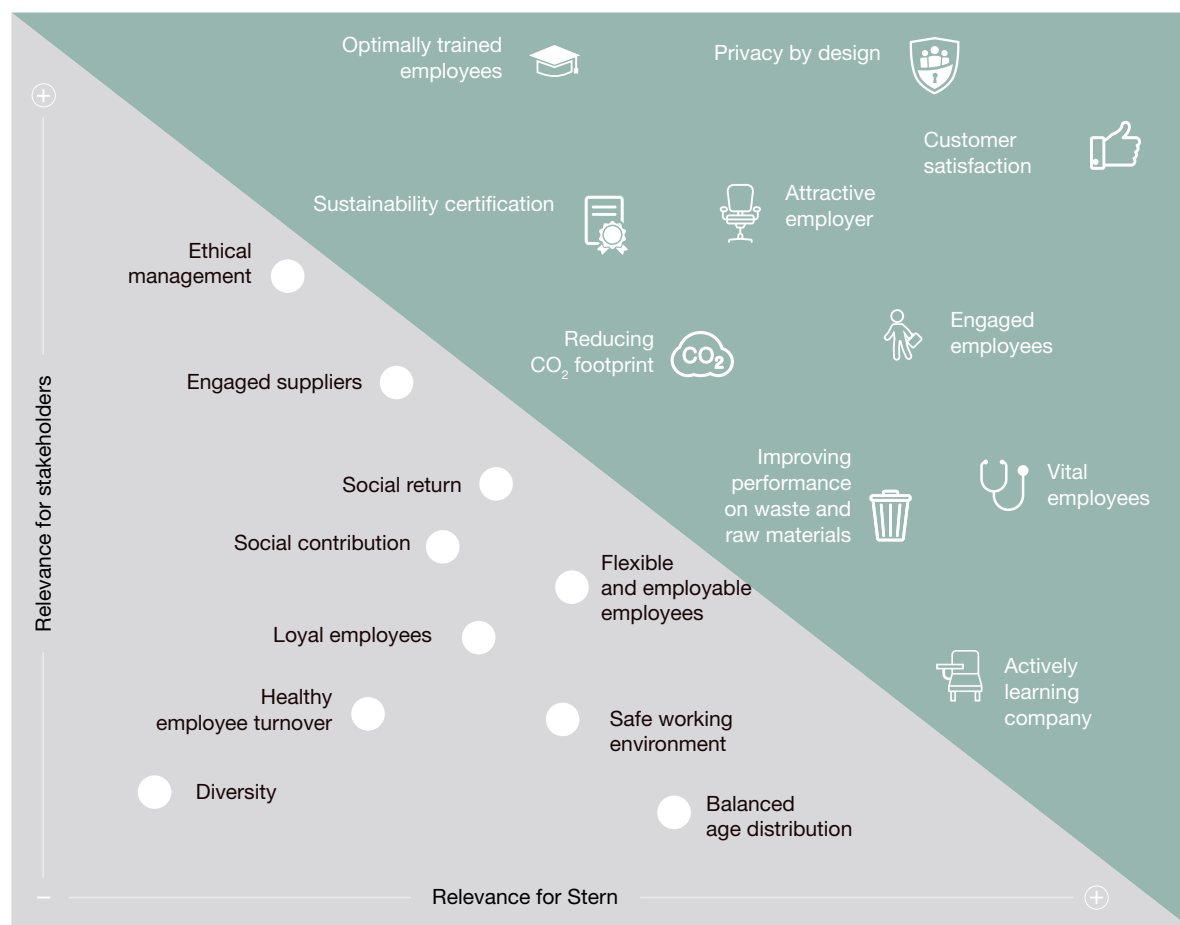
Stern involves its stakeholders closely in the formation and further development of its CSR policy. Besides our own employees, we have also involved external stakeholders such as customers, car importers, shareholders, financiers, local and national government

and social organisations in the selection of the key CSR issues. For these key issues, actual targets are formulated in order to monitor the results and take appropriate action. This report describes the efforts made with respect to sustainability in 2020 and the results achieved on these ten material topics.

Stakeholder group	Items discussed	Frequency of discussion
Importers	Development of new models, innovation, CO <sub>2</sub> emissions, introduction of new hybrid and electric cars, education and training	Monthly
Customers	Reduced CO <sub>2</sub> emissions, cost savings, fleet management, framework contracts, sustainability policy	Monthly
Educational institutions	Education and training, training policy, effect analysis, costs, requirements set by the market, making the automotive industry and its trades and professions more attractive	Twice a year
Government and industry institutions	Making the fleet greener, reducing CO <sub>2</sub> emissions, subsidy arrangements, innovation, mobility effects of driverless cars, sustainability policy	Four times a year
Employees	Employee satisfaction surveys, training, collective employment agreement, absenteeism management, safety, health of employees, social return	Daily
Suppliers	CSR in procurement, Code of Conduct, supplier audits, energy saving, circular economy, waste policy	Twice a year
Social organisations	Projects, involvement, application of financial contribution, communication, sustainability policy, sharing knowledge and experience	Twice a year
Financiers	Return, strategy, sustainability policy, trends, financial position, solvency, investment	Quarterly

## Materiality matrix

The material topics are shown in the green section, and are selected on the basis of consultations with external stakeholders and the Sustainability Team. Stern reports according to the “Core” option of the G4 guidelines for sustainability reporting of the Global Reporting Initiative (GRI). The related GRI index is included on page 148 and following of this report. This report includes the data and information on all the business units of Stern. In case of deviations, this is stated in the text. A list of our companies, locations and participating interests is provided on page 152 of this annual report. All the base data have been checked and validated internally.



## Contribution to sustainable development targets

The Sustainable Development Goals (or ‘SDGs’) are a series of targets for future international development. The SDGs were formulated in 2015 by the 193 countries of the United Nations (UN) as global targets for sustainable development for the period until 2030. Stern is also making its modest contribution.

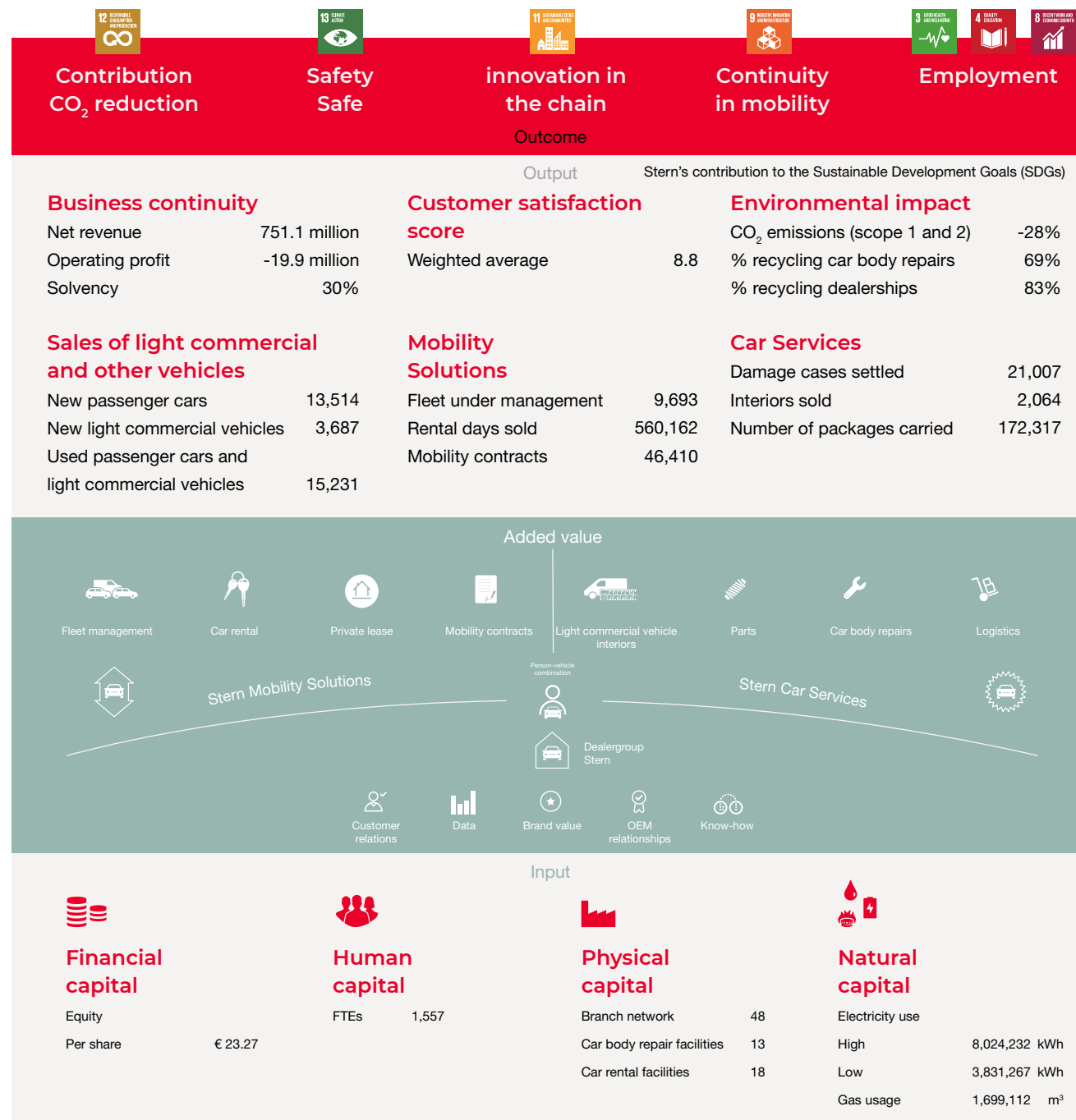
The following SDGs are relevant for Stern:





# Ability to create value

With its integrated business model, Stern creates value with various capitals: financial, human, physical and natural, concrete output in the form of mobility solutions, customer satisfaction and business continuity as well as in the form of more socially relevant outcome, such as road safety, reduced CO<sub>2</sub> emissions, innovation in the chain, continuity in mobility and employment. See also the connectivity table on page 60.



# Connectivity table

Material topic	KPIs		Main objective	Page in CSR section	SDG	Impact Stern	Relevant capitals	Risks	Page in Risk section
	Target 2020	Actual 2020							
Customer satisfaction	8.5	8.8	To be the most valued and recommended partner for individual mobility in the Netherlands	61	8 + 12	We see ourselves as the partner of choice for individual mobility. The evidence for this is our customer appreciation.	<ul style="list-style-type: none"> <li>Human</li> <li>Physical</li> <li>Financial</li> <li>Natural</li> </ul>	<ul style="list-style-type: none"> <li>Dependence on suppliers</li> <li>Negotiating strength of lease companies</li> <li>Online customers</li> </ul>	48
Privacy by design	0	0	No fines from the Dutch Data Protection Authority	62	11	We safeguard the privacy of our customers and employees, keep their data secure and explain clearly what we use these data for.	<ul style="list-style-type: none"> <li>Human</li> <li>Financial</li> </ul>	<ul style="list-style-type: none"> <li>Automation and data security</li> </ul>	49
Optimally trained employees	to be determined	to be determined	Employees who have the right knowledge and skills for their work and their ambitions	63	4 + 8	The development of our employees contributes to their intrinsic motivation, the internal mobility of our employees and their loyalty.	<ul style="list-style-type: none"> <li>Human</li> <li>Financial</li> </ul>	<ul style="list-style-type: none"> <li>Efficiency in workshops and showrooms</li> <li>Labour market</li> <li>Development of costs</li> </ul>	49
Attractive employer	to be determined	to be determined	Proud employees who act as ambassadors for the company	64	8	Finding employees with sufficient qualifications is essential for the company's continuity.	<ul style="list-style-type: none"> <li>Human</li> <li>Financial</li> <li>Natural</li> </ul>	<ul style="list-style-type: none"> <li>Labour market</li> <li>Development of costs</li> </ul>	48-49
Engaged employees	8.0	7.5	A general score from employees higher than 8.0	65	8	We offer and safeguard a working environment in which employees are happy and contented.	<ul style="list-style-type: none"> <li>Human</li> <li>Financial</li> </ul>	<ul style="list-style-type: none"> <li>Labour market</li> <li>Development of costs</li> </ul>	48-49
Vital employees	to be determined	4.9%	Average absenteeism lower than the industry average	66	3 + 8	We invest in the physical and mental health of our employees, as they are our most important capital.	<ul style="list-style-type: none"> <li>Human</li> <li>Financial</li> </ul>	<ul style="list-style-type: none"> <li>Efficiency in workshops and showrooms</li> <li>Labour market</li> <li>Development of costs</li> </ul>	48-49
Certified sustainable (Erkend Duurzaam)	Plus	Premium	Every Stern facility has at least an Erkend Duurzaam Plus certificate	67	13	Stern looks for sustainable solutions that deliver a social and/or environmental benefit in combination with a direct or indirect financial gain.	<ul style="list-style-type: none"> <li>Human</li> <li>Physical</li> <li>Natural</li> </ul>	<ul style="list-style-type: none"> <li>Efficiency in workshops and showrooms</li> </ul>	49
Reducing the CO <sub>2</sub> footprint	-1%	-28%	Annual decline of CO <sub>2</sub> emissions of 1%	68-69	13	We strive to minimise our energy use by encouraging energy-saving measures.	<ul style="list-style-type: none"> <li>Human</li> <li>Physical</li> <li>Financial</li> <li>Natural</li> </ul>	<ul style="list-style-type: none"> <li>Development of costs</li> </ul>	49
Improving performance on waste and raw materials	-1%	-1%	Annual decline of waste volume of 1%	70-71	13	We work actively on minimising waste by encouraging waste separation and preventing waste flows where possible.	<ul style="list-style-type: none"> <li>Human</li> <li>Natural</li> <li>Financial</li> <li>Natural</li> </ul>	<ul style="list-style-type: none"> <li>Development of costs</li> </ul>	49
Actively learning company	>5%	7.1%	More than 5% trainees in employment	72	4 + 8	We invest in people who are keen to learn.	<ul style="list-style-type: none"> <li>Human</li> <li>Financial</li> </ul>	<ul style="list-style-type: none"> <li>Labour market</li> <li>Development of costs</li> </ul>	48-49

# Targets and notes on material topics



## Customer satisfaction

### ECONOMIC



#### Description

The extent to which customers are satisfied with the services provided by Stern companies.



#### Boundary

Management team, division management, facility management, importers and customers.



#### Target, KPI or description

Customers are requested to express their general satisfaction with a score from 1 (very dissatisfied) to 10 (very satisfied). Stern companies strive to achieve a score of 8.5 or higher.

#### Management approach

For many years, customer satisfaction has been measured by surveys conducted for importers and/or our own surveys, and increasingly by external independent specialists. A critical review or a report score of 7 or less is followed up directly, with the aim of establishing how we can improve the satisfaction of the customer concerned. Reporting on customer satisfaction is discussed with the management and is used to further improve the services.

#### Materiality

Both Stern and its stakeholders consider customer satisfaction to be an important measure of the company's sustainable success.

#### Result

Due to the various brands carried by DealerGroup Stern and the variety of products and services provided by Stern, different methods are used to measure customer satisfaction. The reviews and measured figures are accordingly reported for each company.

Customer satisfaction was unchanged in 2020 compared to 2019. On the basis of the numbers and measured report figures, the weighted average for Stern as a whole in 2020 was 8.8 (2019: 8.8). Despite the fact that the number of reviews made in 2020 was lower than in 2019, our customers still have a positive opinion with regard to our services. The Stern Mercedes-Benz dealer and Fiat dealer achieved a modest improvement in 2020 compared to 2019. The scores for the other brands were more or less unchanged.

In addition to the regular reviews at dealer, product and services level, the quality of the Stern Customer Service Center (CSC) in 2020 was measured by means of a *mystery calling* survey. This baseline measurement assessed our telephone service with a score of 7.9. The lessons from the survey will be used to effect improvements, and a second measurement survey will be conducted in 2021.



## Privacy by design

### SOCIAL



#### Description

Stern wants to be the most valued and recommended mobility partner in the Netherlands and an excellent employer. This is only possible if we take the utmost care with the personal data of our customers and employees.



#### Boundary

Management Board, Group Council, management of operating companies, facility management, employees, Privacy Team, importers, customers, suppliers, external data protection officer (DPO).



#### Target, KPI or description

No fines from the Dutch Data Protection Authority.

#### Management approach

The Management Board has formally placed responsibility for data protection with the Chief Customer Officer, who is a member of the Group Council, the company body responsible for operational management. The Management Board of Stern is an integral part of the Group Council, in which a director from each of the operating companies is represented. The Chief Customer Officer chairs the Privacy Team, which includes a representative of each operating company. The Privacy Team met on two occasions in 2020. These meetings were attended by the external Data Protection Officer appointed by Stern. The reports of the Privacy Team are shared with the Group Council. Although not mandatory under the General Data Protection Regulation (GDPR), the Stern Management Board has appointed a Data Protection Officer (DPO). The duties of the DPO include supervision of compliance with the GDPR and the business policy applied by Stern in this respect (the design and operation of internal risk management and control systems for the protection of personal data).

#### Materiality

Stern considers the protection of data on its customers, employees and other relations to be strategic importance and that careful management of these data contributes to the realisation of its long-term business goals.

#### Result

Stern is among the smaller listed companies. The size of our business and our group structure demand conscious choices and compact solutions. Stern has taken appropriate measures to ensure that the processing of personal data is conducted in accordance with the General Data Protection Regulation (GDPR). These measures are evaluated and updated when necessary. Stern is transparent with respect to its data processing and the protection of personal data. People have access to GDPR services, including the possibility to request to view their data and have these corrected or deleted if necessary. In his report for 2020, the DPO stated: "Stern complies with the General Data Protection Regulation. The Stern management has invested in organisational and technical measures in recent years to protect people against the risks of data processing. These measures continued to be effective in the pandemic year of 2020, and adjustments are made when necessary."



## Optimally trained employees

### SOCIAL



#### Description

The extent to which Stern invests in its personnel.



#### Boundary

Management Board, Group Council, managements of operating companies, Stern HRM, managers and employees.



#### Target, KPI or description

As an employer, we can either pay for an employee's training, or given them paid leave in order to study. Stern aims to spend € 1,000 on average per employee per year for education and training. A baseline measurement needs to be taken to measure the investment Stern makes in the training and education of its employees, as well as the number of days spent by employees on this. This baseline measurement was not yet made in 2020.

#### Management approach

The quality of our service very much depends on the quality and motivation of our employees. The world in which we live and work is changing fast. The ability to adapt is therefore key, and this requires rapid, clear and continuous access to new learning material. Furthermore, Stern aims to distinguish itself as an employer by creating a culture in which continuous learning is the norm and employees can actively engage in self-development. This requires an integrated approach to learning, provided by what we know as the Stern Academy. Stern uses the 70:20:10 model (70% learning on the job, 20% cooperation and interaction and 10% training and education) to assist its employees in self-development. Training courses are intended to raise, maintain or deepen product knowledge. These courses are initiated by the importers (among others) and followed at set times by employees of Dealergroup Stern and Stern Car Services. Stern also offers its own e-learning modules for training sales advisers, among other things. Courses for the personal development of managers and employees are also offered.

#### Materiality

Customer expectations and behaviour change rapidly. The products carried by Stern are also developing at a rapid pace. Training and education aims to ensure that employees have the right knowledge and skills to continue to be successful despite these changes.

Stern assigns a high priority to the development of its employees.

#### Result

The last internal course on personal development and leadership was held in February 2020, offering skills training to all (around 300) people in management positions. Due to the outbreak of COVID-19 in March 2020, the courses offered by the importers were either stopped or had to be conducted online. Most of the hours spent on training involved product-related courses offered by importers for mostly technical employees. The number of leave hours taken for training is fully registered and was lower in 2020 than in 2019, as the (shorter) online courses could be followed in-branch. Stern has set itself the objective in 2021 of improving the available information on the nature of the training hours (trade courses, leadership courses and encouraging the personal development of employees) and the investment that it makes in training its personnel.

There will also be additional training to increase the customer orientation of employees in 2021 as this is part of the basis for the transformation of Stern from a dealership organisation into a service-oriented mobility partner.





## Attractive employer

### SOCIAL



#### Description

The extent to which Stern is seen as an attractive employer in the labour market.



#### Boundary

Management Board, Group Council, managements of operating companies, Stern HRM, managers and employees.



#### Target, KPI or description

Many high-quality applicants, and proud employees keen to act as ambassadors for Stern.

#### Management approach

Stern wants to be an attractive employer. Stern has an impression of what employees consider to be important in an employer by conducting its Employee Satisfaction Survey (see also the section 'Engaged employees' on page 42). The findings from this survey give Stern indications of how to influence its profile in the labour market. Some elements of this concern a pleasant working environment, a decent salary and secondary employment benefits.

#### Materiality

The labour market is changing, the population is ageing and good quality personnel are hard to find. It is important that Stern is visible and seen as an attractive employer to ensure that we attract the best people. The economic outlook means that it will become more and more difficult to attract motivated technical personnel in future.

#### Result

The automotive industry is facing a serious shortage of well-trained technical personnel. The supply of work has however contracted as a result of the outbreak of COVID-19 and the number of vacancies has declined substantially. As a result, the cooperation with an externally hired recruiter was ended in May 2020. As in previous years, exit interviews were held with departing employees with the aim of identifying potential areas of improvement for Stern as an employer, and all employees were sent a digital exist questionnaire.

In the Amsterdam region, Stern has for many years been involved with NexTechnician, which focuses on the training of technical personnel. Educational institutions and businesses are working closely together here with the aim of closing the knowledge gap between theory and practice. People joining the NexTechnician programme are also eligible for a traineeship at one of the affiliated companies. This enables Stern to offer an interesting career to enthusiastic employees.



## Engaged employees

### SOCIAL



#### Description

The extent to which employees say they are happy and content with their work and their working environment.



#### Boundary

Management Board, Group Council, managements of operating companies, Stern HRM, managers and employees.



#### Target, KPI or description

Stern strives to achieve a general score from employees of 8.0 or above. The Employee Survey in 2018 gave Stern a score of 7.2. Improvement plans have been developed and implemented on the basis of the results in cooperation with management and employees. The Employee Survey is repeated every two years. The general score in 2020 was 7.5.

#### Management approach

A baseline measurement was established by means of an Employee Survey at the end of 2018. The results of the survey were discussed in the Group Council at the beginning of 2019. Improvement plans were then developed by the management and employees at each operating company. The Employee Survey was repeated at the end of 2020. The general findings are now known, but further analysis is required.

#### Materiality

Enthusiastic and loyal employees drive our organisation. Their enthusiasm is experienced by our customers. This not only benefits customer relations, it demonstrably increases customer loyalty. A satisfied employee will be less inclined to leave Stern of their own accord. Employee engagement and the extent to which employees are committed to their work and Stern are also important. Measuring employee satisfaction and loyalty ensures that Stern has a detailed understanding of how its employees feel. This is a starting point for further improvement.

#### Result

The Employee Survey provides a great deal of useful information on how employees experience working at Stern. The initial findings from the Employee Survey in 2020 show that the employees have given Stern a higher score of 7.5. The results need to be further analysed and discussed with the Group Council before specific improvement actions can be decided upon.



## Vital employees

### SOCIAL



#### Description

The management, prevention and reduction of short, medium and long-term absenteeism due to sickness.



#### Boundary

Management Board, Group Council, managements of operating companies, Stern HRM, managers and employees.



#### Target, KPI or description

Stern strives to achieve an average absenteeism percentage that is lower than the average absenteeism percentage in the industry, but is investigating whether other (more comparable) benchmarks are available. Special attention is devoted to long-term sick leave.

#### Management approach

Stern strives to keep its organisation vital and healthy, offering its employees pleasant and healthy working conditions. As a result of the Eligibility for Permanent Disability Benefit (Restrictions) Act (*Wet verbetering Poortwachter*), Stern has devoted additional attention to its absenteeism policy, with the aim of reducing sick leave by looking for and implementing preventive measures, appropriate options for reintegration and intervention. Line managers play an active role in managing sick leave during the initial period (up to six weeks). After six weeks, the HR Business Partner takes the lead in monitoring the sick leave and complying with all the obligations under this Act. Sick leave is discussed on a monthly basis at the meetings of the Management Board.

#### Materiality

We take the health, involvement and development of our employees seriously. This will lead to more pleasant working conditions, less sick leave and higher labour productivity.

#### Result

Sick leave rose by 0.4% in 2020 compared to 2019. March 2020 saw the arrival of the COVID-19 pandemic in the Netherlands. The first wave in March 2020 produced sick leave of 6.5%, the second wave in November led to absenteeism of

6.4%. Medium term sick leave increased by 0.3%, due to the nature of COVID-19. Besides this sick leave, there were employees with cold symptoms who had to go into quarantine for short periods in accordance with the RIVM guidelines. Absenteeism thus jumped to 10% in March, and to nearly 8% in October. Average employee absenteeism came to 4.9% in 2020 (2019: 4.5%), with sick leave due to the application of the RIVM guidelines amounting to 1%. The BOVAG industry average in 2020 increased by 0.5% to 4.7%. These absenteeism figures are prepared by ArboNed on the basis of the customer base affiliated to ArboNed. The national absenteeism figure for 2020 (for all industries) has not yet been announced (2019: 4.4%), but is expected to be significantly higher.

There were 1,831 sickness reports in 2020 (2019: 2,416), and the average reporting frequency was 1.1 (2019: 1.2) 1,032 employees (approximately 58%) reported sick on one or more occasion (2019: 1,333 employees, or 60%). We continue to call for managers to hold frequent sick-leave interviews and in some cases we engage the assistance of a health and safety expert.



## Certified sustainable (Erkend Duurzaam)

### ENVIRONMENT



#### Description

The organisation responsible for Erkend Duurzaam certification is the Instituut voor Duurzame Mobiliteit (Institute for Sustainable Mobility), or IvDM, which operates the scheme on behalf of the stakeholders BOVAG, RAI Vereniging, FOCWA Schadeherstel and STIBA. The audits are carried out by ARN, the independent Dutch expertise centre for recycling in the mobility industry. Over the years, the Erkend Duurzaam certificate has become the main sustainability quality mark for the automotive industry.



#### Boundary

Management Board, Group Council, management of operating companies, facility management, employees, customers.



#### Target, KPI or description

Every Stern facility has an Erkend Duurzaam Premium certificate.

#### Management approach

Improvement plans are formulated and their implementation is coordinated by the Sustainability Team. A sustainability ambassador has been appointed for each operating company who guides the audits and monitors implementation of the improvement plans. The results, recommendations, improvement plans and actions are discussed with the management of the operating companies and the facility management.

#### Materiality

External and independent testing of the degree to which Stern has demonstrably embedded sustainability and CSR in its business operation.

#### Result

In December 2019, Stern became the first dealer holding company in the Netherlands to hold Erkend Duurzaam Premium certification. Erkend Duurzaam Premium is the highest level of CSR certification and is only awarded after achieving Plus certification. The focus of the Erkend Duurzaam Premium certification is on transparent reporting of efforts and results in relation to sustainability. The certification followed an intensive period of audits at the various facilities.

The audit report states that “As a mobility group, Stern has really distinguished itself with respect to sustainability. In the complex structure of a dealer holding company with multiple businesses and car brands, it has ensured that sustainable business operation is applied and embedded at all levels of the business operation.”

Stern again took various steps to improve the sustainability of its branches in 2020. An internal audit is performed on the initiative of Stern Facility Services every two years, involving a record in relation to the sustainability certification and recognised measures. During this process, deviations are reported and an investment overview is prepared, divided into independent moments and planned natural moments.



## Reducing CO<sub>2</sub> footprint

### ENVIRONMENT



#### Description

Minimising energy use by encouraging energy-saving measures. Continuous adjustments are made, also due to changing internal and external factors, to ensure that we treat our environment with care and control waste costs.



#### Boundary

Management Board, Group Council, management of operating companies, facility management, employees, energy management partner.



#### Target, KPI or description

The energy use of all facilities in 2025 to match the best-performing facility in 2019. The emission of greenhouse gases (scope 1 & 2) is also reported on the basis of the G4 guidelines. Stern has set itself the target of reducing its CO<sub>2</sub> emissions by 1% a year.

#### Management approach

Improving insight into energy use and improving the energy efficiency of various production and other processes. Stern has identified the cost-effective energy-saving measures for all its facilities and formulated an action plan to realise these measures in the coming years. The sustainability ambassadors and location managers are informed of the development of energy use and the energy targets set for each facility on a monthly basis.

#### Materiality

The use of energy from fossil fuels harms the environment and contributes to climate change. Stern therefore aims to minimise its use of energy and use sustainable energy as far as possible.

#### Result

Stern reduced its CO<sub>2</sub> emissions by 28% in 2020. In addition to a reduction of energy use, 100% of the electricity volume was compensated with Guarantees of Origin (GoOs) from European wind in 2020. The CO<sub>2</sub> emissions thus avoided amounted to 6,592 tonnes. Stern will further reduce its CO<sub>2</sub> footprint in the years to come.

Energy use in absolute terms declined substantially for both electricity (-21%) and gas (-23%) in 2020. For electricity, the reduction in use was greater in the high tariff (-23%) than in the low tariff (-17%). There were three reasons for this significant decline in use. Firstly, the number of branches declined in 2020, leading to the removal of 25 electricity and 23 gas meters from our connections. Secondly, there was a visible effect on energy use from the consequences of COVID-19, especially in April, May and June 2020. The third reason is that large-scale renovations were made to a number of branches in 2020, with specific attention to energy-saving lighting, ventilation and air-conditioning systems. Continuous energy monitoring ensures that inefficient energy use is reduced, and also that the results of the energy-saving measures implemented are made visible. This has led to Stern fully complying with applicable energy legislation and regulation with respect to energy and the application of energy-saving measures.





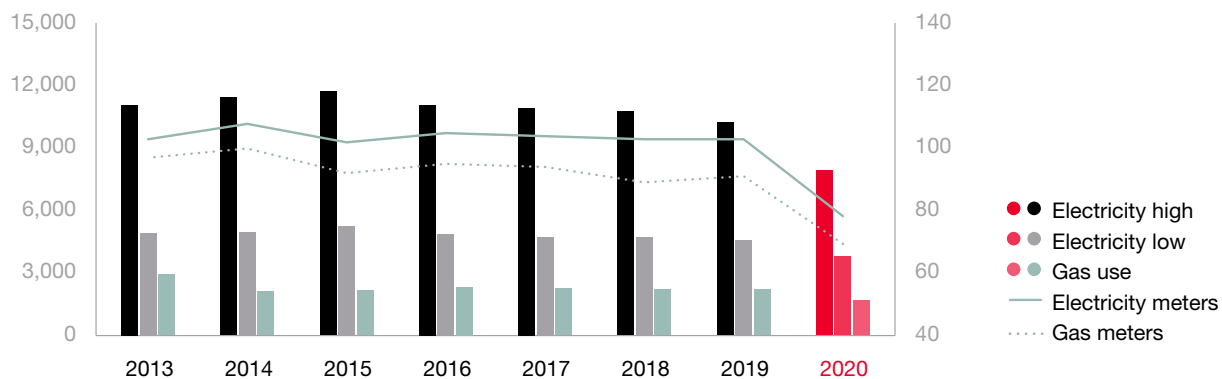
## Reducing CO<sub>2</sub> footprint

### ENVIRONMENT

#### Results

##### Energy consumption at Stern

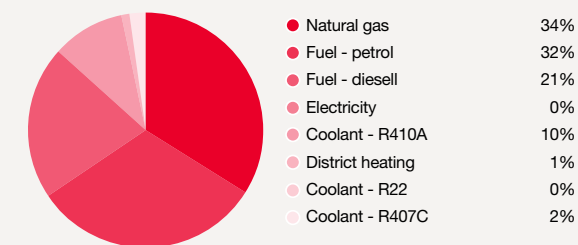
kWh and m<sup>3</sup> x 1,000 (l.h. axis), number of gas and electricity meters (r.h. axis)



##### CO<sub>2</sub> footprint

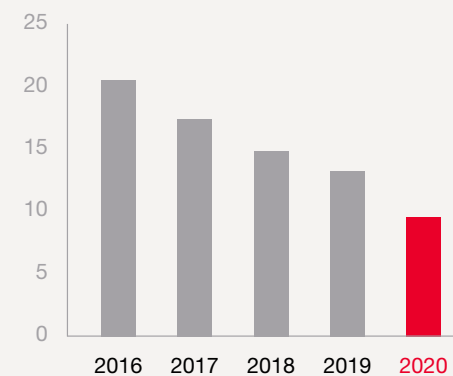
Scope 1 & 2

2020



##### CO<sub>2</sub> emissions - 2016 t/m 2020

In 1,000 tonnes





## Improving performance on waste and raw materials

### ENVIRONMENT



#### Description

Minimising non-recyclable waste by facilitating and encouraging waste separation and preventing waste flows where possible. The waste policy also contributes to Stern's ambition to move towards a circular economy: from consumption to the use of raw materials.



#### Boundary

Management Board, Group Council, management of operating companies, facility management, employees, waste management partner.



#### Target, KPI or description

The target in 2020 was to further reduce the total volume of residual waste and the total amount of waste (given comparable workshop revenue). The aim is to achieve a recycle percentage for Dealergroup Stern of 82% or higher. The target for SternPoint is 75%.

#### Management approach

The Sustainability Team drafts plans for improvements in our waste policy and coordinates implementation of these plans. A sustainability ambassador has been appointed for each operating company who oversees implementation of the improvement plans. The results, recommendations, improvement plans and actions are discussed with the management of the operating companies and the facility management.

Together with an external waste management specialist, experiences and knowledge are shared on the basis of actual business cases. Continuous adjustments are made, also due to changing internal and external factors, to ensure that we treat our environment with care and control waste costs. With our waste policy, our environmental performance is improving and the costs of waste are manageable and visible.

All the internal stakeholders use an online portal in which they can monitor their performance on waste and raw materials at each facility and compare this with the set target. The directors of the operating companies receive quarterly reports.

#### Materiality

Waste harms the environment. Stern accordingly wishes to avoid this where possible.



## Improving performance on waste and raw materials

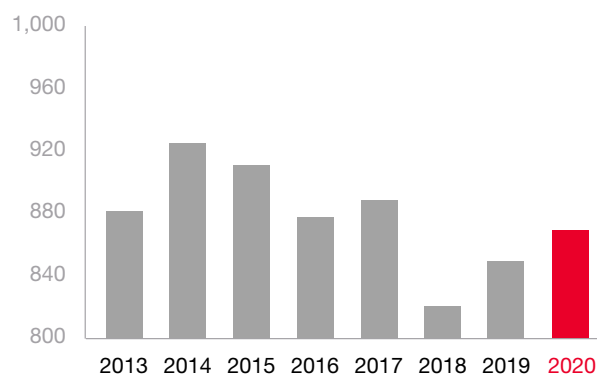
### ENVIRONMENT

#### Results

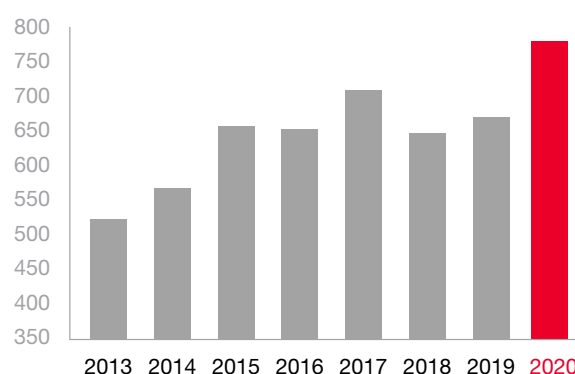
##### Waste performance indicators 2020

	2019		2020		2021
	Target	Actual	Target	Actual	Target
Total residual waste	-1%	-3%	-2%	-1%	-1%
Residual waste in kg per mechanic Dealergroup Stern	821	842	825	868	850
Residual waste in kg per mechanic SternPoint	650	673	661	779	725
Waste separation percentage Dealergroup Stern	82%	84%	84%	83%	83%
Waste separation percentage SternPoint	70%	72%	73%	69%	70%

Residual waste per mechanic  
Dealergroup Stern In kg



Residual waste per mechanic  
SternPoint In kg



#### Result

The total amount of residual waste in 2020 was 635 tonnes, a decline of 1%.

A number of branches were closed in 2020 and there were also several relocations. This led to more clearing up and more residual waste. In addition, there was still some time remaining for residual waste collection at the old locations, while operations could commence immediately at the new locations. Mechanic numbers also fluctuated much more than in other years, meaning that there was limited potential for management directed at optimising residual waste.

Since there was less traffic and therefore fewer accidents in 2020, there was a decline in productivity at SternPoint (lower weight of removed bumpers and metals) and there was less possibility for further management of residual waste. And indeed, a repair business has less diversity in its waste flows than a dealership. For example, the amount of batteries and waste oil at a repair shop is very limited. This leads to a higher percentage of residual waste compared to the total amount of waste. The target for residual waste in kg per mechanic was higher than the target due to a decline in the number of mechanics, coupled with higher productivity per mechanic.



## Actively learning company

### SOCIAL



#### Description

The number of trainees in training at Stern companies.



#### Boundary

Management Board, Group Council, managements of operating companies, Stern HRM, managers and employees.



#### Target, KPI or description

At 31 December 2020, there were 90 trainees in employment who are taking a *beroepsbegeleidende leerweg* (BBL) (vocational) training (2019: 134) There were also 29 interns in employment as part of a *beroepsopleidende leerweg* (BOL) (prevocational) training pathway (2019: 39)

#### Management approach

With a large number of facilities in the Amsterdam region, for several years Stern has been a member of NexTechnician, a regional training initiative in which schools, industry and the Municipality of Amsterdam work on a permanently improved connection between education and the labour market in the automotive sector. NexTechnician has started a similar initiative in Rotterdam. There are however no concrete plans in the Utrecht/The Hague region at this point. We also looked for cooperation with the IVA Business School to attract young middle or higher educated people for sales positions in 2016. Stern wants to pursue an active policy of attracting young people to the automotive industry and retaining the best talent through providing information at schools.

#### Materiality

Reducing the average age of employees is essential for Stern. The sector has seen an ageing of the workforce for several years. Many Stern facilities are recognised as training companies and the trainers at Stern have been transferring knowledge and craftsmanship to young mechanics and repairers for many years. Stern offers apprenticeships to trainees following a BBL or a BOL training pathway.

BBL trainees have a paid job with Stern as a recognised training company, learn on the job and go to school one day per week. BOL interns go to school four days per week and work as interns one day per week.

#### Result

The decline in the number of trainees in 2020 compared to the previous year was due to the sale of Heron Auto on 1 January 2020 (14 BBL trainees, 20 contracts not extended) and inflow was minimal due to COVID-19. These trainees need intensive guidance, which is extremely difficult to provide while observing the social distancing (1.5 metre distance) requirements.

# Policy objectives and actions on non-material topics

Non-material topics	Policy objectives and actions
Loyal employees	On average, the length of employment at Stern was 12.5 years during 2020 and thus increased in comparison to 2019 (11.6 years). Mobility of labour is usually most apparent in the category of employees aged less than 35 years. In order to achieve our target of reducing the average age, Stern also strives to encourage mobility in the higher age category.
Safe working environment IF (Incident Frequency) and LTI (Lost Time Injury)	Stern has a statutory duty of care and has to design its workplace for optimal safety at work and instruct its employees regarding safety at work. Despite this, accidents at work may happen. Stern classifies accidents at work as serious if the case involves admission to hospital for more than 24 hours or permanent injury. Accidents for which reporting is mandatory are notified immediately to the Labour Inspectorate. There were no serious accidents at work (involving Stern employees and third parties) in 2020 (2019: nil).
Balanced age distribution	Stern strives to achieve a balanced age distribution of its personnel. The auto industry has to cope with rapidly changing technologies, which places demands on the level of education, knowledge and background of personnel at Stern companies. To achieve the right mix of employees with knowledge of traditional auto techniques and new technologies, the ongoing training of employees and intake of sufficient school leavers with the right education are very important. An adequate intake also means that existing employees have to move on to other jobs within or outside the business. The composition of the workforce in age categories in 2020 was more or less unchanged from that in 2019. Stern is maintaining its long-term target and hopes to achieve a decline in the average age of its workforce of one year in 2021.
Flexible and employable employees	Sustainable employability is needed in light of the contracting labour market, necessity of labour participation and flexible demand for labour. Long term and extensive sick leave is expensive. Much of this can be avoided if we are aware of what is going on. The dialogue with our people is the first priority in relation to sustainable employability. If we identify problems in good time, we can discuss the situation with the employee and find an appropriate solution together. Part of sustainable employability is also making use of the talent available at Stern. Sustainable employability moreover increases the flexibility of our organisation.

Non-material topics	Policy objectives and actions
Ethical management	Stern considers it important to provide the fullest and most transparent account of its organisation and how it conducts its day-to-day business as possible. Stern accordingly provides much information in its annual report on its policy and certain themes in addition to its annual figures. In addition to the information published in this annual report Stern publishes the following documents on its website in the section on Corporate Governance: the articles of association, the regulations for the Supervisory Board, the regulations for the Audit Committee, the regulations of the Management Board, the code of conduct and the whistle-blower scheme. Stern has had a general code of conduct since 2005. The whistle-blower scheme makes it possible for all employees and others to report violations of the code of conduct in confidence. As in previous years, no violations of the code of conduct were reported in 2020.
Social return: employees that are distanced from the labour market	Stern makes a detailed survey of the number of employees that are distanced from the labour market that includes their activities and the conditions in which they do their work. Based on this survey, vacancies can be identified for which given equal suitability Stern will give preference to persons who are distanced from the labour market.
Diversity	Due to the nature of the mainly garage-related activities and the fact that men are more likely to want to work in the auto industry than women, the male/female ratio at Stern does not correspond to the society in which we live. At year-end 2020, the male/female ratio (in FTEs) was 10% female compared to 90% male employees, virtually unchanged on 2019.
Healthy employee turnover	Employee turnover (outflow in FTEs compared to the workforce in FTEs) was 1.6% on average per month in 2020, compared to 1.8% in 2019. The tightness in the labour market continued in 2020, but it was more difficult for employees to move to another employer due to COVID-19. Additional attention was devoted to possibilities for internal mobility in 2020. Stern wishes to safeguard the knowledge and professionalism within the company by retaining and developing its employees.



# Outlook

2021 is expected to be a very different year, with further surprises, challenges and opportunities, in which personal mobility, a focus on excellent service and our own brand value will play a central role. As a result of the social disruption and lack of clarity regarding economic developments and the policy on cars that the new government will adopt, it is not appropriate for us to make any detailed financial forecasts for the whole of 2021.

Stern's solvency is robust, due to the divestments effected in 2019 and 2020, the considerable cost savings and good management of our working capital, and this has created an ample liquidity position that enables us to accelerate our strategic transition and cope with any setbacks.

This will lead to a strong 'Focus on Service & Brand Value', with a continuation of our already initiated focus on strong car brands, first-class used-car offers and strengthening our own brand. Our decisions will be driven by the creation of added value.

The planned digital infrastructure will be fully operational by the end of this year, as a result of which Stern will continue to be an attractive mobility partner for its customers, industry peers and other European automotive businesses with our position in the Dutch market and our vision for mobility and automotive services.

# Statement of directors' responsibilities

The Management Board is responsible for Stern's internal risk management and control systems and evaluating their effectiveness. These systems are designed to manage the key risks that could prevent us achieving our business objectives. They do not however provide total assurance that all material misstatements are prevented.

The effectiveness of the design and operation of existing internal risk management and control systems was evaluated in the reporting year. The findings of this evaluation, including Stern's risk profile, were discussed with the Audit Committee and the full Supervisory Board.

Based on this evaluation, the Management Board is of the opinion that the internal risk management and control systems have operated appropriately during the reporting year, and that they provide a reasonable degree of certainty that the financial reporting does not contain any material misstatements. This conclusion with regard to continuity is based on the evaluation of the strategic plan, the budget and an estimate of the economic prospects.

In line with the above and best practice provision 1.4.3 of the Dutch Corporate Governance Code, the Management Board certifies, to the best of its knowledge, that:

- the Report of the Management Board provides sufficient information with respect to any shortcomings in the operation of the internal risk management and control systems (further information on the design and existence of the current internal risk management and control systems is provided on pages 47 to 51 of this Report of the Management Board);
- these systems provide a reasonable degree of assurance that the financial reporting for 2020 does not contain any material misstatements (for further information, see pages 19 to 39 of this Report of the Management Board);
- in the current state of affairs, preparation of the financial reporting on the basis of the going concern assumption is justified; and
- the report states the material risks and uncertainties that are relevant to the assumption of the continuity of Stern for a period of 12 months after preparation of the report (for further information, see the Opportunities and Risks section on pages 47 to 51 of this Report of the Management Board).

In addition, the Management Board states, in line with Section 5:25c of the Financial Supervision Act that to the best of its knowledge that:

- the financial statements at 31 December 2020, with application of IFRS EU and also prepared in accordance with Title 9 Book 2 DCC, as stated on pages 89 to 146 of this Annual Report, provide a true and fair view of the assets, the liabilities, the financial position and the result of Stern Groep N.V. and its associates included in the consolidation;
- the Report of the Management Board provides a true and fair view of the status at 31 December 2020 and developments during the 2020 financial year relating to Stern Groep N.V. and its associates, the details of which are contained in its financial statements, and that the Report of the Management Board describes the material risks which Stern Groep N.V. faces (see the section Opportunities and Risks on pages 47 to 51 of this Report of the Management Board).

Amsterdam, 3 March 2021

# Supervisory Board

## D.R. Goeminne

(1955, chair)

### Date of appointment

Mr Goeminne was appointed as a member of the Stern Group Supervisory Board in October 2008.

### Career

Until 2007, he served as chair of the Group Management Board of V&D and was a member of the Board of Directors of Maxeda (Vendex/KBB).

### Other supervisory directorships

Mr Goeminne is a member of the Supervisory Board of Wielco B.V. He is also a non-executive board member in Belgium of Van de Velde N.V., Wereldhave N.V. (chair) and JBC N.V. In 2018 Mr Goeminne changed his role of CEO at Ter Beke N.V. for that of chair of the Management Board.

### Nationality

Mr Goeminne is a Belgian citizen.

### Retirement rota

2021

## M.E.P. Sanders

(1953, vice-chair)

### Date of appointment

Ms Sanders was appointed as a member of the Stern Group Supervisory Board in October 2012.

### Committees

Ms Sanders is the chair of the Stern Group Audit Committee.

### Career

Ms Sanders has been previously employed among others at ABN AMRO, Atlas, the Dutch Railways and Greenfield Capital Partners. She was also involved in the establishment of Dutch telecommunications company Telfort.

### Other supervisory directorships

Ms Sanders holds various supervisory positions, including chair of the Supervisory Board of Meilink B.V., chair of the Advisory Board of DifraxBeheer B.V., chair of the Supervisory Board of Hoens Broadcast Facilities B.V., member of the Supervisory Board of Hydratec Industries N.V., chair of the Investment Committee of the SI<sup>2</sup> Fund in Brussels and member of the Management Board of the TivoliVredenburg fund.

### Nationality

Ms Sanders is a Dutch citizen.

### Retirement rota

2021

## P.P.M. Nielen

(1964)

### Date of appointment

Mr Nielen was appointed as a member of the Stern Group Supervisory Board in December 2017.

### Committees

Mr Nielen is a member of the Stern Group Audit Committee.

### Career

Mr Nielen studied Business Economics and Dutch Law at the Free University in Amsterdam. Mr Nielen has held various commercial management positions in corporate banking and corporate finance, including at MeesPierson and NIBC. Until the end of 2016, Mr Nielen was a partner and co-founder at NielenSchuman. In this capacity, Mr Nielen provided guidance for various advisory engagements with several automotive holdings, including Stern Group. From 2015 to the end of 2020, Mr Nielen was a partner at Scheybeeck Investments.

### Other supervisory directorships

Mr Nielen is currently a member of the board of the Happy Watoto Foundation, a member of the advisory board of WMP Private Debt Pool I, and a member of the investment committee of Health Investment Partners.

### Nationality

Mr Nielen is a Dutch citizen.

### Retirement rota

2021

Dirk Goeminne



Maja Sanders



Paul Nielen



# Report of the Supervisory Board

## General

Stern Group has a corporate governance policy that is appropriate to its status as a smaller listed company. Stern Group has accordingly accepted the Dutch Corporate Governance Code as a guideline. For further details, please refer to page 54 and following of this annual report or visit [www.sterngroep.nl](http://www.sterngroep.nl).

## Financial statements and distribution of profit

This annual report includes the financial statements for Stern Group for the 2020 financial year prepared by the Management Board. The financial statements have been audited and an unqualified audit opinion has been issued by Ernst & Young Accountants LLP, for which please see page 139 and following of this annual report.

Due to its use of the NOW-3 salary compensation schemes, Stern Group may not distribute any dividend for 2020. Accordingly, on 25 March 2021, no proposal for a dividend will be published together with the convening notice for the General Meeting on 06 May 2021.

The Supervisory Board recommends that the shareholders adopt the 2020 financial statements at the General Meeting to be held on 06 May 2021, and that they discharge the Management Board from liability for its management and the Supervisory Board from liability for its supervision during the 2020 financial year.

## Meetings

The Supervisory Board met on a total of eight occasions (seven of which concerned regular meetings). All eight meetings took place with the Management Board and all members of the Supervisory Board in attendance (100%).

All the regular meetings were preceded by a preliminary discussion between the members of the Supervisory Board without the Management Board in attendance. Due to the measures as a result of COVID-19, four of the eight meetings were held by video conference. The Supervisory Board also met on one further occasion by video conference without the Management Board being present. There was also regular informal consultation between the members of the Supervisory Board and the Management Board. The Supervisory Board moreover visited several operating companies in early 2020. The Supervisory Board met on one occasion with the external auditor to discuss the results in 2019 and the findings of the audit.

Items receiving attention at the meetings included the measures taken by Stern in relation to COVID-19 and the consequences of these measures for employees, customers, the conduct of business, revenue and profit. The suspension of the merger negotiations with Hedin Automotive as a result of the corona crisis was also extensively discussed. Much attention was devoted to the progress and accelerated realisation of the new online platform and other digitalisation projects, and to the rebranding of all the dealerships into one retail brand: Stern.

Stern's financial position is very solid and improved further in 2020. There are also very ample credit facilities available at the banks. Sales of real estate effected in 2019, control of working capital, cost-saving measures introduced and the sales of SternLease and Heron Auto formed the basis for this. Stern has been very conservative in recent years, and, in view of the radical long-term changes happening in its industry, has devoted much attention to optimising and rationalising its business and mitigating long-term risks. The tangible results of this strategy have become apparent earlier than expected due to the sudden outbreak of the corona crisis.

Elements of the *Focus on Value* strategic plan initiated in mid-2019 were brought forward as a result of COVID-19, while other investments were suspended and additional cost-saving measures were introduced. This allowed the new online platform to be launched earlier and the definitive rebranding of all the dealer businesses was brought forward.

The strategic plan for the coming three years was established during the annual 2-day strategic meeting between the Supervisory Board and the Management Board in September 2020. The new strategic plan is named the *Focus on Services & Brand Value*. Important themes discussed at this meeting included the further digitalisation of the company and the continuing optimisation of the brand portfolio and the dealer network.

Progress in relation to the operational and financial excellence of the operating companies was also an item of discussion on several occasions, including a comparison of the actual operating profits and financial results with budgets that were not realised. The intended improvements at the workshops were not achieved, due to the fall in demand as a result of COVID-19.

The Group Council was re-installed in 2019 for the operational management of the company, which led to a sharp improvement in the organisation's efficiency of execution. In the challenging year of 2020, it was again clear that this body plays an important part in the realisation of the strategic plan. Besides the Management Board, the Group Council consists of the financial director, the directors of the operating companies, the Chief Customer Officer and the director of HRM.

As in previous years, other recurring items of discussion concerned the HR policy, the risks associated with the business, the financial structure, the internal control systems for the various core activities and corporate governance at Stern. As usual, any financial information to be published such as the quarterly and annual figures and other press releases was submitted to the Supervisory Board for inspection prior to publication.

### Audit Committee

An Audit Committee has been in place at Stern Group since 1 January 2003. This committee consists of Ms M.E.P. Sanders (chair) and Mr P.P.M. Nielen and convened on five occasions during the reporting year, with the financial director and the group controller in attendance. Due to the measures as a result of COVID-19, two of the five meetings were held by video conference. Three of these meetings were also attended by the external auditor. Matters discussed at these meetings included financial results and forecasting, the processing of acquisitions and divestments, the measurement of goodwill in relation to acquisitions, the internal control systems, loss-making operations, compliance with legislation and regulation, the tax situation, automated data processing, the administrative organisation, the Group financing, presentations by controllers of operating companies, the relationship with the external auditor and compliance with and follow-up of the auditor's recommendations. Stern in Control was also a fixed agenda item (for an explanation of Stern in Control, see page 50 of this annual report). The financial statements included in the 2019 annual report were evaluated during the reporting year.

### Remuneration Committee

After two supervisory directors stepped down according to rota in May 2020, the Supervisory Board has had three members since that time. As a result of this, it was decided to terminate the Remuneration Committee and address the items handled by this committee at the regular meetings of the Supervisory Board. At the beginning of the year, the Remuneration Committee established the objectives for the company's Management Board for 2020 by setting targets and establishing a bonus structure. The bonus agreements for the Management Board were cancelled due to COVID-19. The Supervisory Board also oversaw the preparation of the remuneration report, which gives account of the implementation of the Remuneration Policy.



### Internal audit function

In view of its size, Stern Group has decided not to appoint an internal auditor, but has adequate measures in place to evaluate the operation of the internal risk management and control systems. Further details are provided in the section on Risks on page 47 and following of this annual report. The Supervisory Board believes these alternative measures are adequate and currently does not consider the appointment of an internal audit function to be necessary.

### Remuneration of the Supervisory Board

The remuneration for Supervisory Board members established by the shareholders in May 2014 is described in the Remuneration Report on page 81 and following of this annual report. This was not changed during the year under review. An amendment is proposed with respect to this remuneration for 2021.

### Remuneration of the Management Board

The Remuneration Policy with respect to the Management Board discussed at the General Meeting of 12 May 2005 was also implemented in 2020. The remuneration of the members of the Management Board consists of a fixed gross annual salary with pension contribution, plus a variable component of up to 33% of the fixed gross annual salary, subject to predefined criteria being met. The bonus agreements were cancelled due to COVID-19. The quantitative information and the criteria for 2020 and 2021 are stated in the Remuneration Report on page 81 and following of this annual report.

### Reappointment of the Management Board

In January 2021, the Supervisory Board and the Management Board reached agreement on the conversion of their current permanent contracts into modern fixed-term contracts that will run until the end of June 2024.

### Evaluation of the Management Board and the Supervisory Board

Issues discussed without the presence of the Management Board included the operation of the Supervisory Board and the Audit Committee, the mutual interaction, the relationship with the Management Board, the performance of the Management Board and its members

and the remuneration of the Management Board. Various issues were raised in the evaluation of the Supervisory Board's own performance, such as the available time and attention of all supervisory directors, the conduct of the supervisory function, the allocation of roles and the interrelationship between the Supervisory Board and the Management Board and the composition of the Supervisory Board in terms of independence, expertise and experience. The evaluation of the Management Board took place in January 2021 in a meeting between the Supervisory Board and the Management Board. The agenda items also included the succession plan for the Management Board and the Supervisory Board, among other things with reference to maintaining a balance with respect to the necessary expertise, experience and diversity.

### Appointments and departures

According to the rota, Mr D.R. Goeminne, Ms M.E.P. Sanders and Mr P. Nielen are due to step down in 2021. After more than 12 years of service to Stern, Mr Goeminne is not available for reappointment. For the sake of continuity and the retention of knowledge and experience, Ms Sanders and Mr Nielen are available for reappointment.

### Diversity

Stern believes in the importance of diversity at many levels. Stern strives to achieve a balanced ratio between male and female members of both the Management and the Supervisory Board. Stern had one male director under the articles of association in 2020. For the Supervisory Board, a balanced ratio of at least 30% of seats occupied by men and at least 30% occupied by women was achieved in 2020. Stern will continue to strive to achieve a balanced composition on its Management Board when future changes occur. For further information on the issue of diversity at Stern and the targets, please refer to page 43 and following of this annual report.

### Independence

The Supervisory Board takes the view that with its current composition and the composition of the Audit Committee, the criteria in relation to independence in best practice provisions 2.1.7 and 2.1.9 have been met.

## Corporate Social Responsibility

Stern has consciously applied corporate social responsibility in the conduct of its business for many years. In its policy decisions, Stern is increasingly guided by commercial and social considerations for the long term. The limitation of environmental risks and acting with care to ensure the sustainability of the environment are important items of attention for Stern and its operating companies. The Erkend Duurzaam Premium certification shows the extent to which the operating companies are continuously aware of the sustainability aspects relevant to the operation of their businesses. CO<sub>2</sub> emissions have been reduced faster in recent years, as has energy use, which declined by more than 20% in 2020. Further details of all the activities in relation to corporate social responsibility are provided on page 57 and following of this annual report.

The Supervisory Board wishes to express its appreciation for the commitment of the Management Board and all employees who were personally affected by this turbulent period and continued to fulfil their roles during the pandemic. The new strategic plan *Focus on Services & Brand Value* should lead to greater independence, a sustainable increase in return and improved predictability of the results.

Amsterdam, 3 March 2021

D.R. Goeminne  
M.E.P. Sanders  
P.P.M. Nielen

# Remuneration report 2020

The Remuneration Policy is published on the website Stern Groep N.V. (hereinafter: Stern). The Remuneration Policy was amended at the General Meeting of 7 May 2020 in line with the EU Shareholder Engagement Directive adopted into Dutch law on 1 December 2019. The change to the legislation does not entail material changes with reference to the Remuneration Policy that already existed and was applied. Further details of the remuneration of the Management Board are provided in the financial statements.

The general principles of the Remuneration Policy are:

- the policy covers the remuneration of the members of both the Management Board and the Supervisory Board;
- the policy is drafted by the Supervisory Board and adopted by the General Meeting;
- After adoption, the policy is resubmitted to the General Meeting for adoption at least every four years;
- The aim of the policy is to attract, motivate and retain qualified management personnel who will enable Stern to achieve its strategic and operational goals;
- The policy is intended to encourage enterprising behaviour, but also has to be in reasonable proportion to the remuneration of the other management personnel;
- The policy is appropriate to the identity and strategy of Stern, it is result-oriented and is simple to apply. Account is also taken of the social context, the corporate governance structure and the interests of Stern's stakeholders.

This remuneration report also includes the remuneration report referred to in Book 2: 135b DCC and will be put before the General Meeting on 06 May 2021 for an advisory vote.

Stern had a Remuneration Committee during the period from May 2018 to May 2020. In May 2020, the Supervisory Board decided to terminate the Remuneration Committee due to the reduction in the number of members of the Supervisory Board from five to three. Since May 2020, the Remuneration Policy and the setting of the individual remuneration of the members of the Management Board have been dealt with in the meetings of the Supervisory Board.

The remuneration of the members of the Management Board consists of:

- a fixed gross annual salary;
- 8% holiday allowance;
- a variable remuneration of up to 33% of the fixed gross annual salary, subject to fulfilment of previously set criteria. These financial and non-financial targets are designed to create value in the long term;
- a pension based on a defined contribution system;
- other employment benefits (reimbursement of expenses and a company car).

The remuneration of the members of the Management Board charged to the result in 2020 was € 723,226 (2019: € 966,957).

In addition to the amendment to the Remuneration Policy referred to above, an advisory vote on the 2019 Remuneration Report was held at the General Meeting of 7 May 2020. Over 99.9% of the votes cast were in favour of the 2019 Remuneration Policy. Supported by this (advisory) vote, the Management Board and Supervisory Board see no reason to change the implementation of the Remuneration Policy. The Supervisory Board makes use of scenario analyses in the formulation and establishment of the remuneration of the Management Board as stated in principles 3.1 and 3.2 of the Corporate Governance Code. The scenario analyses are made in order to determine the long-term effect of the level and structure of the variable remuneration of the Management Board. The long-term variable remuneration is entirely focused on the realisation of strategic targets and value creation at Stern in the long term. The targets are 40% financial and aimed at the intended acceleration of the company's development; 60% depend on personal targets derived from the Strategic Plan.

The Supervisory Board evaluates the total remuneration of the Management Board each year in order to ensure that the package continues to be competitive and offers appropriate and risk-based incentives. The remuneration of the Management Board is evaluated by an external agency every five years in comparison to a selected peer group of 15 companies (5 unlisted direct competitors and 10 Dutch listed companies).

Stern's business operations were affected by the outbreak of COVID-19. Stern made use of the NOW scheme, and therefore it was not possible to pay the bonus allocated to the Management Board for 2020.

The results for the targets set for 2020 are however disclosed on the following page.

### Individual remuneration of the Management Board

(amounts x € 1)	Fixed salary (incl. holiday allowance)	Social security contributions	Bonus	One-off bonus	Pension contribution* and compensation	Sub-total	Car expenses	Reimburse- ment of expenses	Total
<b>Year 2020</b>									
H.H. van der Kwast	486,000	11,358	–	–	145,468	642,826	72,000	8,400	723,226
<b>Year 2019</b>									
H.H. van der Kwast	486,000	10,703	45,000	200,000	144,854	886,557	72,000	8,400	966,957

\* Since 1 January 2015, Mr H.H. van der Kwast has received € 120,000 per year in compensation for reduced accrual of pension due to changed legislation.

### Fixed remuneration

The fixed remuneration consists of a fixed gross annual salary, 8% holiday allowance, pension and reimbursement for car and other expenses. The fixed remuneration in 2020 was 100% of the total remuneration of the Executive Board (2019: 75%).

### Variable remuneration

The criteria for bonus payments for 2020 were set at:

- *financial targets (40%)*: the realisation of the budget for 2020 in terms of revenue (5%), net profit (20%), return on equity (5%) and working capital (10%), and
- *non-financial targets (60%)*: realisation of the targets in the Fast Forward Reloaded strategic plan (15%), the development and implementation of the Stern Equity Story (25%) and the realisation of targets relating to development of the organisation (5%), operating efficiency and digitalisation (15%).

Scenario analyses regarding remuneration are considered in the setting of the budgeted profit target and the other targets.

The Supervisory Board has established that 10% of the financial targets for 2020, with a weight of 40%, were realised:

- 0% for revenue targets, since there was more than 5% deviation from budget;
- 0% for profit targets, since there was more than 10% deviation from budget;
- 0% for return on equity targets, since this was below budget;
- 10% for the working capital target. The bonus is allocated in full because the use of working capital declined in comparison to the budget by more than € 5 million.

20% of the non-financial targets, with a weight of 60%, were realised:

- 5% for the targets in the strategic plan, as the used-car plan and parts/logistics set-up were fully developed in 2020;
- 0% for the development and implementation of the Stern Equity Story, as the negotiations with Hedin were put on hold due to COVID-19;
- 5% for the development of the organisation, as a management development programme was successfully completed in 2020 and the division of responsibilities in the Group Council was finalised after two members left employment;
- 10% for operational efficiency and digitalisation, as the monobrand Stern and the new online platform stern.nl were realised ahead of schedule. Based on the above, the Supervisory Board has established that the total variable remuneration for 2020 of 30% would have amounted to 30% of the maximum achievable bonus of 33% of fixed gross annual salary (€ 45,000).

Stern's business operations were affected by the outbreak of COVID-19. Stern made use of the NOW scheme, and therefore it is not possible to pay the bonus allocated to the Management Board for 2020.



## Development of remuneration

(amounts x € 1)	2020	2019	2018	2017	2016
<b>Remuneration of the Management Board</b>					
H.H. van der Kwast, Chief Executive Officer	642,826	886,557	680,286	698,578	879,431
A. A. Swijter (CFO) (1-6-2016 – 28-9-2018)	–	–	267,263*	391,056	267,181
* remuneration until 28-09-2018					
<b>Operating profit</b>					
Net revenue (x € 1,000)	751,057	989,335	1,106,402	1,124,677	1,097,630
Net result (x € 1,000)	(27,369)	21,377	486	7,499	11,348
Dividend (in € )	–	3.50		1.00	1.00

\* Remuneration until 28-09-2018

Average remuneration (on full-time basis):

	2020	2019	2018	2017	2016
CEO	642,826	886,557	680,286	698,578	879,431
Employees	55,206	53,113	52,412	50,975	49,967

## Pay ratio

The pay ratio concerns a comparison between the average gross pay (fixed salary, variable remuneration and pension) of all employees (excluding employees on call and trainees) and the gross pay (fixed salary, variable remuneration and pension) of the CEO.

The development of the pay ratio at Stern in the past years is as follows:

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	11.6	16.7	13.0	13.7	17.6

The reduction in the remuneration of the members of the Management Board was due to the fact that it was not possible to pay the bonus due to the Management Board due to the company's use of the NOW scheme. If the bonus had been paid, the pay ratio would have been 12.5 (2019: 16.7).

The calculation of the average remuneration of the Stern employees does not take account of the arrangements made by the government under the NOW scheme, since under this scheme the employees remained in employment at Stern. For reasons of clarity and comparability of the figures, the arrangements made by the government under the NOW scheme are not included in the calculation of the pay ratio.

In the future, the pay ratio will be compared to similar businesses in the Netherlands and other pay ratios will be studied and reported, such as the pay ratio between men and women.

## Individual remuneration of the Supervisory Board

(amounts x € 1)	Regular remune- ration payable	Remune- ration of the Audit Committee	Remune- ration of the Remune- ration Committee	Total 2020	Total 2019
D.R. Goeminne	40,000	–	1,250	41,250	42,500
M.E.P. Sanders	32,000	10,000	–	42,000	42,000
A. Roggeveen (until 7-5-2020)	10,666	–	–	10,666	32,000
S.G. Brummelhuis (until 7-5-2020)	10,666	–	1,666	12,332	37,000
P.P.M. Nielen	32,000	5,000	–	37,000	37,000
<b>Total</b>	<b>125,332</b>	<b>15,000</b>	<b>2,916</b>	<b>143,248</b>	<b>190,500</b>

(amounts x € 1)	2020	2019	2018	2017	2016
<b>Specification for past five years:</b>					
D.R. Goeminne	41,250	42,500	43,840	50,000	50,000
M.E.P. Sanders	42,000	42,000	42,000	42,000	42,000
A. Roggeveen (until 7-5-2020)	10,666	32,000	83,350*	32,000	32,000
S.G. Brummelhuis (from 11-5-2016 to 7-5-2020)	12,332	37,000	37,000	32,000	20,400
P.P.M. Nielen (from 21-12-2017)	37,000	37,000	36,107	–	–
<b>Total</b>	<b>143,248</b>	<b>190,500</b>	<b>241,404</b>	<b>156,000</b>	<b>144,400</b>

\* Due to the termination of the employment of the financial director in mid-2018, Mr Roggeveen was asked to devote additional availability to the Fast Forward project (other remuneration of € 51,350). This proposed remuneration was approved by a majority vote at the General Meeting of 9 May 2019.

The remuneration of the supervisory directors encourages an adequate performance in this position and is not dependent on the results of Stern. The remuneration of the supervisory directors reflects the time spent and the responsibilities relating to this position. A remuneration benchmark is calculated on a regular basis to establish whether the remuneration of the supervisory directors is still appropriate or requires adjustment. The remuneration of supervisory directors does not include the award of shares or options on shares.

### Share ownership by the Management Board

	2020	2019
H.H. van der Kwast (via Merel Investments B.V.)	722,101	700,000

### Share ownership by the Supervisory Board

	2020	2019
D.R. Goeminne	25,000	25,000
M.E.P. Sanders	–	–
A. Roggeveen (at 7 May 2020)	–	–
S.G. Brummelhuis (at 7 May 2020)	–	–
P.P.M. Nielen	–	–

No option rights, advances or guarantees are provided to the members of the Management Board of Stern Groep N.V. and/or to members of the Supervisory Board.

The shares in Stern held by Mr D.R. Goeminne is a long-term investment.

# Protection of birds

## Brooding for success

Theory and practice go hand in hand. This is true for any organisation, whether you work in the mobility business or bird protection. From theory you formulate practice, and also in reverse, sometimes you adjust theory on the basis of practice. People learn by doing.

Stern has supported the work of Dutch Society for the Protection of Birds (Vogelbescherming Nederland) for many years, mostly through practical measures. Sometimes it is necessary to pause for a moment, for instance when faced with a problem for which there is as yet no practical solution. This is when research is needed. Theoretical research or practical research, or a bit of both. To brood on what could be successful. In 2020 therefore, Stern has enabled new and important research into the design and management of breeding areas for what are known as pioneer species. These include birds such as the common tern, the dwarf stern or avocet, which nest on bare or barely covered ground, such as shell beaches and shores of small or larger islands on the coast or in inland lakes. Where the natural dynamic of wind and regular flooding is missing, bare ground becomes quickly overgrown and is then not suitable as a breeding area for these vulnerable birds. Every year, land managers devote much time, money and work to removing growing vegetation. For a long time, there has been a desire to work out what kind of management and what sort of ground layer would limit this unwanted growth of vegetation. Thanks to Stern, this is now being researched at a very special location, the Marker Wadden, a large nature project on emerging islands in the Markermeer. A 3-year study started here in 2020, with seven trial sites provided for common terns and other pioneer species. Experiments will be made with various kinds of top layers of shells, gravel and granite dust, or granulate. The effects of added salt will also be studied at certain sites. The study will closely monitor whether and how vegetation develops in these trial sites and, obviously, whether the terns breed successfully. This is expected to lead to new insights for management that can be applied on a much broader scale. This 'theoretical' dimension is another practical example of the many years of partnership between Stern and Vogelbescherming.

*A practical example of the many years of partnership between Stern and Vogelbescherming*



Photo: Gert Buter



# Financial Statements 2020

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(amounts x € 1,000)

# Consolidated statement of income

	Note	2020	2019	2019 Heron Auto B.V.	2019 Other activities*
<b>Continued operations</b>					
Net revenue	4	751,057	989,335	112,462	876,873
Cost of sales	5	(614,166)	(816,510)	(96,664)	(719,846)
<b>Gross profit</b>		<b>136,891</b>	<b>172,825</b>	<b>15,798</b>	<b>157,027</b>
Other income	6	7,350	6,672	177	6,495
Employee expenses	7	(88,447)	(115,635)	(9,965)	(105,670)
Impairment of goodwill	13	(20,023)	–	–	–
Amortisation of intangible assets	13	(58)	(59)	–	(59)
Depreciation of property, plant and equipment	14	(7,871)	(8,898)	(485)	(8,413)
Depreciation of leased assets	15	(16,047)	(15,928)	–	(15,928)
Other operating expenses	8	(28,049)	(36,248)	(4,857)	(31,391)
<b>Operating profit (EBIT)</b>		<b>(16,254)</b>	<b>2,729</b>	<b>668</b>	<b>2,061</b>
Result from associates		6	131	–	131
Financial income and expenses	9	(5,470)	(7,065)	(419)	(6,646)
<b>Profit/(loss) before tax</b>		<b>(21,718)</b>	<b>(4,205)</b>	<b>249</b>	<b>(4,454)</b>
Income taxes	10	(4,833)	3,006	(62)	3,068
<b>Profit/(loss) from continued operations</b>		<b>(26,551)</b>	<b>(1,199)</b>	<b>187</b>	<b>(1,386)</b>

## Discontinued operations

Profit/(loss) from discontinued operations	12	(818)	22,576	–	22,576
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## Result after tax

(attributable to the shareholders of Stern Groep N.V.)

(27,369)	21,377	187	21,190
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## Earnings per share

Weighted average number of outstanding shares

5,675,000	5,675,000
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Earnings per share from continued operations

€ (4.68)	€ (0.21)
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Earnings per share from discontinued operations

€ (0.14)	€ 3.98
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## Total earnings per share

€ (4.82)	€ 3.77
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\* The results in 2019 from Heron Auto B.V. are no longer stated in the Other activities in order to enable comparison with 2020 (note 12).

(amounts x € 1,000)

# Consolidated statement of comprehensive income

	Note	2020	2019
<b>Profit/(loss) after tax</b> (attributable to the shareholders of Stern Groep N.V.)		<b>(27,369)</b>	21,377
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be transferred to the statement of income in the following periods:</i>			
Effective portion of changes to the cash flow hedge	32	156	469
Income taxes		(39)	(117)
Income and expenses not recognised in the statement of income		117	352
<b>Total comprehensive income after tax</b> (attributable to the shareholders of Stern Groep N.V.)		<b>(27,252)</b>	21,729
<b>Total profit/(loss) attributable to:</b>			
Continued operations		(26,434)	(847)
Discontinued operations		(818)	22,576
<b>Total profit/(loss)</b>		<b>(27,252)</b>	21,729

(amounts x € 1,000)

# Consolidated statement of financial position at 31 December

	Note	31 December 2020	31 December 2019		Note	31 December 2020	31 December 2019
<b>Assets</b>				<b>Equity and liabilities</b>			
<b>Non-current assets</b>				<b>Equity</b> (attributable to the shareholders of Stern Groep N.V.)			
Intangible assets	13	2,314	22,395	Issued capital	22	593	593
Property, plant and equipment	14	103,848	120,966	Reserves		124,794	152,046
Lease assets	15	94,645	108,026			125,387	152,639
Other financial assets	16	18,779	14,549	<b>Non-current liabilities</b>			
Deferred tax assets	10	8,253	12,670	Interest-bearing loans	25	27,934	49,740
		227,839	278,606	Lease commitments	15	84,419	94,317
<b>Current assets</b>				Provisions	24	1,179	1,366
Inventory	17	181,187	201,401			113,532	145,423
Trade receivables	18	10,921	41,734	<b>Current liabilities</b>			
Tax and social security contributions	28	325	–	Interest-bearing loans	25	76,527	89,954
Other accounts receivable, accrued income and prepaid expenses	19	12,848	9,385	Lease commitments	15	16,852	19,779
Cash and cash equivalents	20	283	683	Provisions	24	411	3,667
		205,564	253,203	Trade payables	27	71,487	97,422
Assets held for sale	21	–	41,610	Derivatives	26	217	372
				Tax and social security contributions	28	2,160	5,681
				Repurchase obligations	29	11,032	8,866
				Other payables, accrued liabilities and deferred income	30	15,798	15,871
						194,484	241,612
				Liabilities held for sale	21	–	33,745
<b>Total assets</b>		<b>433,403</b>	<b>573,419</b>	<b>Total liabilities</b>		<b>433,403</b>	<b>573,419</b>

(amounts x € 1,000)


## Statement of changes in equity

	Issued capital	Share premium reserve	Other reserves	Revaluation reserve	Unallocated result	Total
Balance at 1 January 2020	593	114,734	10,436	5,602	21,274	152,639
Profit/(loss) after tax	-	-	-	4,249	(31,618)	(27,369)
Other comprehensive income after tax	-	-	-	117	-	117
Total comprehensive income for 2020 (attributable to the shareholders of Stern Groep N.V.)	-	-	-	4,366	(31,618)	(27,252)
Result appropriation	-	-	21,274	-	(21,274)	-
<b>Balance at 31 December 2020</b>	<b>593</b>	<b>114,734</b>	<b>31,710</b>	<b>9,968</b>	<b>(31,618)</b>	<b>125,387</b>
Balance at 1 January 2019	593	114,734	35,077	5,147	(390)	155,161
Impact IFRS 16 Leases	-	-	(4,335)	-	-	(4,335)
Balance at 1 January 2019*	593	114,734	30,742	5,147	(390)	150,826
Result after tax	-	-	-	103	21,274	21,377
Other comprehensive income after tax	-	-	-	352	-	352
Total comprehensive income for 2019 (attributable to the shareholders of Stern Groep N.V.)	-	-	-	455	21,274	21,729
Impact of IFRS 16 Leases due to sale of SternLease	-	-	(53)	-	-	(53)
Result appropriation	-	-	(390)	-	390	-
Cash dividend	-	-	(19,863)	-	-	(19,863)
<b>Balance at 31 December 2019</b>	<b>593</b>	<b>114,734</b>	<b>10,436</b>	<b>5,602</b>	<b>21,274</b>	<b>152,639</b>

\* Including the effect of IFRS 16 Leases, the new standard for leases that came into effect on 1 January 2019.


(amounts x € 1,000)

# Consolidated statement of cash flow

 [For the full table 'statement of cash flow' click here.](#)

	Note	2020	2019
<b>Profit/(loss) before tax</b>			
Continued operations		(21,718)	(4,205)
Discontinued operations		(818)	30,921
		<u>(22,536)</u>	<u>26,716</u>
<b>Adjustments for:</b>			
Result from associates		(6)	(131)
Result Bovermij N.V.	26	(4,247)	(103)
Interest expense in result		5,470	7,014
Impairment of goodwill	13	20,023	–
Amortisation of intangible assets	13	58	59
Depreciation of property, plant and equipment	14	15,175	37,085
Depreciation of lease assets	15	16,047	15,928
Result on sale of business segments	3	(375)	(29,798)
Result on sale of property, plant and equipment		(340)	(2,574)
Contribution to/(withdrawal from) allowances	24	(3,443)	3,051
<b>Changes in working capital:</b>			
• movement in inventory		20,165	5,036
• movement in accounts receivable		25,190	(22,955)
• movement in accounts payable		<u>(25,693)</u>	<u>(30,634)</u>
<b>Cash flow from business operation</b>		<b>45,488</b>	<b>8,694</b>
Dividend received		–	1,321
Tax paid		–	–
Interest paid		<u>(5,611)</u>	<u>(6,421)</u>
		<u>(5,611)</u>	<u>(5,100)</u>
<b>Cash flow from operating activities</b>		<b>39,877</b>	<b>3,594</b>



 [For the full table 'statement of cash flow' click here.](#)

	Note	2020	2019
Acquisitions	3	(187)	–
Received from sale of business divisions	3	8,351	88,839
Investments in property, plant and equipment	14	(34,020)	(115,176)
Divestments of property, plant and equipment	14	36,019	52,895
<b>Cash flow from investment activities</b>		<b>10,163</b>	<b>26,558</b>
Dividends paid		–	(19,863)
Change in interest-bearing loans	25	(35,233)	5,051
Repayment of lease commitments	15	(15,207)	(15,404)
<b>Cash flow from financing activities</b>		<b>(50,440)</b>	<b>(30,216)</b>
<b>Movement in cash</b>		<b>(400)</b>	<b>(64)</b>
Balance of cash and cash equivalents at opening date		683	747
Balance of cash and cash equivalents at closing date		283	683
<b>Movement in cash</b>		<b>(400)</b>	<b>(64)</b>

(amounts x € 1,000)

# Notes to the consolidated financial statements

## 1 Accounting policies

### General

Stern Groep N.V. has its registered office in Amsterdam and is active in car mobility in the Netherlands. The core businesses are mainly concentrated in the provinces of Noord- and Zuid-Holland, Utrecht and Noord-Brabant. Stern Groep N.V. is registered in the trade register of the Chamber of Commerce under number 24064937. The shares of Stern Groep N.V. are listed on NYSE Euronext Amsterdam.

The company's core business consists of:

- Dealergroup Stern is engaged in the sale of new and used passenger cars and light commercial vehicles, as well as the provision of maintenance and repair of passenger cars and light commercial vehicles.
- Stern Mobility Solutions is engaged in car rental, fleet management and the sale of financial and other mobility products.
- Stern Car Services focuses on car body repair services, installation of light commercial vehicle interiors and basic maintenance of passenger cars.

The Management Board prepared the financial statements on 3 March 2021. The annual financial statements will be submitted for adoption to the General Meeting on 6 May 2021.

### COVID-19

#### Management measures

The COVID-19 pandemic and the measures introduced by the government had a significant impact on Stern's gross profit. In response, the management took various measures immediately in March 2020 aimed at changing the cost base, reducing the working capital, restricting investments and optimising the use of credit. Stern also made use of the Temporary Emergency Bridging Measure to Preserve Employment (the NOW scheme). The net effect of this was a position of ample liquidity and solid solvency at 31 December 2020.

#### Going-concern assumption

It is highly likely that COVID-19 will continue to affect the macroeconomy and Stern's earning potential in 2021 and possibly for longer. Gross profit will therefore be temporarily at a lower level. The measures taken by the management and the support from the government are expected to be sufficient to compensate for the lower gross profit in 2021, meaning that liquidity will continue to be ample and the bank ratios can be met. These financial statements are therefore prepared on the basis of the going concern assumption. Based on sensitivity analyses, an operating result of € 4.0 million in 2021 will be sufficient for the bank ratios to be met.

#### Impairment of goodwill

The COVID-19 pandemic was the trigger for carrying out an impairment test on the goodwill at 30 June 2020. The impairment test performed on 30 June 2020 showed that the value in use of Dealergroup Stern was lower than the carrying amount due to an increase in the WACC and lower cash flows in the coming two years, and that an impairment had occurred. The entire goodwill of Dealergroup Stern was accordingly written off in the second quarter of 2020 and an impairment of € 20.0 million was recognised in the result (note 13).

#### Lease assets and liabilities

In line with the change in IFRS 16 Leases, the COVID-19-related rent concessions are recognised directly in the statement of income and the valuation of the lease assets and lease commitments has not been adjusted. The effect on the result in 2020 was € 0.8 million,

#### Deferred tax

To the extent it is likely that there will be taxable profit against which tax loss carryforwards can be offset, a deferred tax asset has been formed for losses sustained during the COVID-19 pandemic, taking account of the applicable set-off periods. No deferred tax asset is recognised at year-end 2020 for losses that probably will not be realised within the maximum set-off period (note 10).

**Valuation of cars**

The valuation of rental cars, cars sold with a repurchase obligation and cars in inventory is based on independent information such as Autotelex. For cars with signs of possible impairment, an estimate has been made of the recoverable value and additional depreciation is recognised in the result.

**The NOW compensation for salary costs scheme and other government support measures**

As a group, Stern made use of the NOW scheme in Q2-2020 (NOW 1) and Q4-2020 (NOW 3.1). Compared to the NOW reference revenue, the decline in revenue was 36% in Q2-2020 and 30% in Q4-2020. An application for a final determination for NOW 1 and NOW 3.1 was submitted in 2021. At 31 December, a sum of € 3.4 million is recognised for receivable NOW compensation under the item Other Receivables. The NOW salary costs compensation recognised in the result for 2020 is an estimate of the final settlement. The actual settlement still has to be effected after the audit is completed. The NOW salary costs compensation in 2020 has been deducted from the Employee Expenses (note 7).

**Credit losses**

The credit risks were reassessed as a result of COVID-19 and additional provisions have been formed for expected credit losses where necessary. In 2020, this led to an extra contribution to the provision of € 0.4 million charged to profit from discontinued operations.

**Sales of SternLease B.V., Mango Mobility and Stern Electric and the principles for recognition in the financial statements**

The activities of SternLease, Mango Mobility and Stern Electric are presented as profit from discontinued operations.

SternLease B.V. was sold to ALD Automotive on 31 May 2019. The operating profit of SternLease B.V. until 31 May 2019 and the result on the sale of SternLease B.V. are accordingly presented as profit from discontinued operations (see note 12).

The mobility scooter operations of Mango Mobility were sold on 31 December 2019, and the remaining e-mobility operations of Stern Electric were completely terminated in 2020. The operating profit of Mango Mobility until 31 December 2019, the result on the sale of mobility scooter operations of Mango Mobility and the e-mobility operations of Stern Electric terminated in 2020 are accordingly presented as profit from discontinued operations (see note 12).

**General policies for preparation of the consolidated financial statements**

The consolidated financial statements have been prepared according to the accounting policies of Stern Groep N.V. and according to the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union. The financial statements are denominated in euros. All transactions in the financial year were in euros.

The valuation and the determination of the result are made on the basis of historical cost. Unless otherwise stated under the item concerned, the assets and liabilities are included at historical cost. Income and expenses are allocated to the year to which they relate. Profits are only recognised to the extent that they have been realised on the closing date. Losses and risks originating before the end of the reporting year are included if they are known prior to the preparation of the financial statements. All balances, transactions, income and expenses within the group and profits and losses arising from transactions within the group that are included in the assets have been fully eliminated.

**Principles for consolidation and group relationships**

The consolidated financial statements include the figures for the company financial statements of Stern Groep N.V. and its group companies over which Stern Groep N.V. exercises control. Control is defined as the power to direct the financial and operational policy of the group companies in order to obtain benefits from their operations. Group companies are consolidated from the date on which decisive control can be exercised. The results of group companies that have been divested are included in the consolidation until the date on which decisive control is no longer exercised. The companies included in the consolidation are shown in the list below, which is prepared according to the organisational structure. The organisational structure differs from the legal structure.

**SternFacilitair B.V.**

- SternFacilitair MN B.V.
- SternFacilitair SLB B.V.
- Stern Customer Services B.V.
- Falco Auto B.V.
- Stern 8 B.V.
- Stern 9 B.V.
- SternElectric B.V.
- Stald B.V.
- SternExclusief B.V.
- SternPixel B.V.

**Amsterdam**

Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Haarlem  
Amsterdam

**Dealgroep Stern B.V.**

- Stern 1 B.V.
- Stern 1M B.V.
- Stern 2 B.V.,
- Stern 2R B.V.
- Stern 2N B.V.
- Stern 3 B.V.
- Stern 3F B.V.
- Stern 4 B.V.
- Stern 4V B.V.
- Stern 4J B.V.
- Stern 4F B.V.
- Stern 5 B.V.
- Stern 5K B.V.
- Stern 5O B.V.

**Amsterdam**

Utrecht  
Utrecht  
Eindhoven  
Eindhoven  
Eindhoven  
Rotterdam  
Hoofddorp  
Amsterdam  
Haarlem  
Purmerend  
Houten  
Amsterdam  
Purmerend  
Wormerveer

**Stern Mobility Solutions B.V.**

- SternRent B.V.
- SternPartners B.V.

**Purmerend**

Purmerend  
Purmerend

**Stern Car Services B.V.**

- SternPoint B.V.
- Flexmo B.V.

**Purmerend**

Amsterdam  
Wateringen

This list shows the situation at 31 December 2020. The financial data of the group companies are fully recognised in the consolidated financial statements after elimination of intragroup debt relationships and transactions.

Stern Groep N.V. has accepted joint and several liability for the obligations arising from legal actions taken by the companies appearing in the list above (all 100%-owned), in accordance with Part 9, Book 2 of the Dutch Civil Code. Stern Groep N.V. and its subsidiary companies form a fiscal unity for corporate income tax and value-added tax purposes. Under the standard conditions applying to fiscal unities, the participating companies are jointly and severally liable for tax due.

Group companies are consolidated from the date on which decisive control can be exercised. The results of group companies that have been divested are included in the consolidation until the date on which decisive control is no longer exercised.

**Significant accounting judgements and estimates**

The most significant assumptions for the future and other key sources of estimation uncertainty at closing date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the following financial year are:

**Impairment tests**

Stern Groep N.V. determines at least once a year whether goodwill has been subject to impairment. In addition, Stern Groep N.V. determines whether there are indications of impairment or there are onerous activities that could require recognition of an impairment of assets. This involves estimating the value in use of the cash-generating units to which the goodwill is attributed and the loss-making operations. To estimate the value in use, Stern Groep N.V. has to estimate the expected future cash flows of the cash-generating unit and determine a suitable discount rate to calculate the present value of these cash flows. Estimates of future cash flows are based on assumptions with respect to gross profit, developments in operating expenses, the size of the fleet and the utilisation ratio of the rental fleet. These estimates are inherently uncertain, meaning that actual cash flows may vary from the management estimates. The carrying amount of the goodwill at 31 December 2020 was € 2.0 million (2019: € 22.1 million). For further information, see note 13 Intangible assets.

**Deferred tax**

To the extent that it is likely that there will be taxable profit against which the losses can be set off, deferred tax credits are recognised for non-deductible tax losses and temporary differences between valuations for commercial and tax purposes. A significant degree of estimation of the size of future taxable profits and the times when these are expected to become available is required by the management to determine the amount of deferred tax assets that can be recognised. The actual taxable profits against which tax loss carry forward balance can be set off may vary from these management estimates. The carrying amount of the deferred tax asset recognised at 31 December 2020 was € 8.3 million (2019: € 12.7 million). The estimation of the management is that the tax loss carryforwards measured at 31 December will be realised by 2027. For further information, see note 10 Income taxes.

**Residual value analyse**

The residual values of the cars made available to customers under operating lease contracts are estimated once a year by the residual value committee. This committee includes employees possessing specific expertise, extensive knowledge of the market and years of experience in the valuation of residual values of cars. Apart from their own knowledge and experience, these employees also use independent information in their estimation of residual values, such as Autotelex.

**Off-balance sheet inventory**

For the inventory of new passenger cars and commercial vehicles, a check is made to establish whether all the key rights to economic benefits and all major risks have been transferred by the importers to Stern Groep N.V. If these rights and risks have been transferred as of the closing date, Stern Groep N.V. has power of disposal and the passenger cars and commercial vehicles concerned are recognised in the statement of financial position under Inventory (note 17). While the major rights and risks have not yet been transferred to Stern Groep N.V., the passenger cars and commercial vehicles are not recognised in the statement of financial position and are disclosed as contingent liabilities (note 33).

**Discontinued operations**

Presentation as discontinued operations occurs on divestment, or as soon as the operation meets the criteria for classification as held for sale, if earlier. The operations of SternLease B.V. and the divested operations of Mango Mobility qualified as discontinued operations in 2019 because they were separate and significant operations that were divested in 2019. The e-mobility operations of Stern Electric qualify in 2020 because these operations were fully terminated in 2020 after the sale of the mobility scooter operations. The principles for the valuation of discontinued operations and assets and liabilities held for sale are the same as the principles for valuation of the continued operations.

**Summary of the main principles for financial reporting****BUSINESS COMBINATIONS**

Business combinations are recognised using the acquisition method. The cost of an acquisition is determined as the total of the payment transferred (the fair value on the acquisition date) and the amount of any minority interest in the acquired party. For each business combination, Stern Groep N.V. values the minority interest in the acquired party at either fair value or a proportion of the net assets of the acquired party. Costs relating to the acquisition are charged directly to the statement of income. If Stern Groep N.V. acquires a company, it assesses the financial assets and liabilities acquired for the purpose of correct classification and identification of mainly intangible assets, in accordance with the contractual conditions, the economic circumstances and other relevant circumstances. This also concerns, if necessary, the separation of derivatives contractually entered into by the acquired party.

If the business combination is realised in various phases, the fair value of the interest previously held by Stern Groep N.V. in the acquired party is recalculated as at the acquisition date with changes in value recognised in the statement of income. Any contingent payments transferred by Stern Groep N.V. are recognised at fair value on the acquisition date. Subsequent changes in the fair value of the contingent payment classified as an asset or a liability are, in accordance with IAS 9, recognised either in the statement of income or as a change in other comprehensive income. If the contingent payment is classified as equity, revaluation is only effected on definitive settlement in equity.

**INTANGIBLE NON-CURRENT ASSETS****Goodwill**

Goodwill is initially measured at cost, that is the amount by which the payment transferred exceeds the net value of the assets and liabilities acquired. If this payment is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the statement of income.

After initial recognition goodwill is measured at cost, less any accumulated impairments. For the purpose of impairment testing, from the acquisition date the goodwill arising from a business combination is attributed to the cash-generating units that are expected to benefit from the business combination, regardless of whether assets or liabilities of the acquired entity are attributed to these units.

If goodwill is part of a cash-generating unit and a part of the business operation within this unit is divested, the goodwill relating to the divested operation is included in the carrying amount of this operation for the purpose of establishing the result arising from the divestment. Goodwill divested in such circumstances is calculated on the basis of the relative proportion of the value of the divested operation compared to the relative proportion of the part of the cash-generating unit that is retained.

**Licences**

Licences for the operation of fuel sales, with the associated entitlement to the operating results, that are acquired separately are initially recognised at cost. Licences acquired with a business combination are recognised as such and carried at fair value on the acquisition date. Subsequently, licences are carried at cost less cumulative amortisation and any cumulative impairments. Licences are determined as having either a limited or an indefinite useful life. Licences with a limited useful life are amortised over the period of use, taking account of residual value, and tested for impairment annually.

The amortisation period and method for a licence with a limited useful life is assessed at least at the end of each financial year. Changes in the expected useful life or in the expected pattern of the future economic benefits from the asset are recognised by means of a change to the amortisation period or method and treated as a changed estimate.

The amortisation expense on intangible non-current assets with a limited useful life is recognised in the statement of income in the cost category appropriate to the intangible asset. Licences with an indefinite useful life are not amortised, and are tested annually for impairment.

**DEPRECIATION OF TANGIBLE NON-CURRENT ASSETS****Property, plant and equipment**

Property, plant and equipment is carried at cost, excluding the costs of daily maintenance, after deduction of cumulative depreciation and cumulative impairments. This cost also includes the costs of replacing parts of property, plant or equipment if these costs meet the criteria for recognition in the statement of financial position. Depreciation is applied on a straight-line basis based on the useful life of the asset in question.

The carrying amounts of property, plant and equipment are tested for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairments are charged to the statement of income. A reversal of an impairment is credited to the statement of income up to the carrying amount that would have been determined if no impairment of the asset had been recognised in previous years.

An item of property, plant and equipment is derecognised in the statement of financial position in case of divestment or if no future economic benefits are expected to be realised from its use. Any gain or loss arising from the derecognition of the asset in the statement of financial position is recognised in the statement of income during the year in which the asset is derecognised in the statement of financial position. The residual value of the asset and its useful life are assessed annually and adjusted if necessary at year end.



**Assets in production**

Assets in production for own use are measured at the direct costs incurred as at closing date, plus directly related financing costs and less any impairment. The financing costs are attributed to the carrying amount of the asset in production until the asset in question is ready for use. The interest rate is determined as the interest rate the company pays on its short-term finance (Euribor plus a spread).

**Rental cars**

The cost of cars held for rent consists of the purchase price plus any directly attributable costs for bringing the rental cars in question up to the desired level of operation. Trade discounts are deducted in the calculation of the cost of acquisition. Rental cars are recognised at cost after deduction of cumulative depreciation and any cumulative impairments. Depreciation is applied to rental cars on a straight-line basis over the useful life to the expected residual value. The depreciation expenses are recognised under cost of sales. Losses arising from impairments are usually due to a negative development in the residual value of the rental cars. An assessment is made at the closing date to establish whether there are indications of impairment. If such indications exist, the asset's recoverable value is estimated. Impairments are recognised in the statement of income under cost of sales at such time and to the extent that the carrying amount of the rental cars exceeds their recoverable value.

**Lease assets**

The user rights for leased assets, mainly leased premises and lease cars, with a value greater than € 5,000 and a term of more than one year are capitalised in the statement of financial position. At the start of the lease contract, the initial valuation of the user right is equal to the present value of the future lease obligation, taking account of initial direct costs and lease payments made prior to the start date of the lease contract. The marginal interest rate is used to calculate the present value of the lease commitments. This is the interest rate that Stern would have to pay for a loan for a comparable asset with a similar term to maturity, collateral and under similar economic circumstances. After initial recognition of the leased assets, the cost price is recognised less cumulative depreciation, impairments and is adjusted for the revaluation of the lease commitments. Depreciation is applied to the leased assets on a straight-line basis over the useful life of the assets.

**FINANCIAL ASSETS****Other financial assets**

Investments in equity instruments are measured at fair value. The resulting changes in value are recognised in the statement of income.

**CURRENT ASSETS****Inventory**

Inventory is carried at the cost of acquisition or the recoverable value if lower. The market value of the inventory of used passenger cars and commercial vehicles is the directly realisable proceeds on sale. The acquisition price of the inventory of used and new passenger cars that are subject to purchase tax on private motor vehicles and motorcycles (Belasting Personenauto's en Motorrijwielen, or "BPM"), excludes BPM for passenger cars without vehicle registration certificates and includes BPM for passenger cars with vehicle registration certificates.

Margin cars are used cars for which the value-added tax (VAT) can no longer be reclaimed on purchase by Stern. For sales of margin cars, VAT is due only on the realised margin. The measurement of the inventory of margin cars takes account of the associated deferred VAT liability. This means that the deferred VAT liability is deducted from the carrying amount of the inventory of used passenger cars, taking account of the sale margin included in the inventory.

**Cars with a repurchase obligation**

Based on the specific provisions of IFRS 15 Revenue from contracts with customers regarding repurchase agreements, the full revenue for these sale transactions are not recognised directly. Under IFRS 15, these transactions are recognised as operating leases whereby the cars remain in inventory in the statement of financial position (see note 17) with the associated repurchase obligations under current liabilities (see note 29). The leasing revenue and depreciation expenses are recognised in the statement of income.

**Trade receivables, other receivables, prepayments and accrued income**

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost, using the effective interest method and after deduction of the provision for uncollectibility. A provision for uncollectible debt is formed for the expected credit losses. The contribution to the reserve is recognised in the statement of income.

**Cash and cash equivalents**

Cash and cash equivalents concern freely available credits at banks and cash in hand.

**LIABILITIES****Provisions**

A provision is recognised if (i) Stern Groep N.V. has a present obligation (contractual or actual) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. If Stern Groep N.V. expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted at a rate before tax that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a financial expense.

Under IAS 19, a provision for future jubilee payments has to be included. This provision is formed during the course of the employment of an employee. The provision is included at present value using the projected unit credit method, with actuarial results being recognised directly in the statement of income.

**Pensions and other arrangements for severance payments**

The pensions of virtually all the employees of Stern Groep N.V. are placed with the Occupational Pension Fund for the Metal and Technology Industry (Pensioenfonds Metaal en Techniek, or PMT). This pension scheme qualifies as a defined benefit scheme, under which the pension benefit is based on the length of service and the average salary of the employee during that service. The balance of the assets and liabilities relating to the scheme must be recognised in the statement of financial position as a receivable or an obligation. The PMT has stated that it is not able to provide the information to participating companies that is required for defined benefit pension schemes under IAS 19. There is moreover no contractual agreement between the PMT and Stern Groep N.V. stating that shortfalls have to be made up by Stern Groep N.V. For this reason, the scheme is treated as a defined contribution scheme and the pension contributions due over the financial year are recognised as pension expense in the result. The employees who do not have their pension scheme with the PMT have their pensions with Nationale Nederlanden N.V. This pension scheme is a defined contribution scheme.

**Interest-bearing loans**

All loans are carried on initial recognition at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently carried at amortised cost calculated using the effective interest method. Gains and losses are recognised in the result after tax once the loans and receivables are derecognised or impaired.

**Lease commitments**

The lease commitments for leased assets, mainly leased premises and lease cars, with a value greater than € 5,000 and a term of more than one year are capitalised in the statement of financial position. The initial valuation of the lease obligation on the start date of the lease contract is equal to the present value of the future lease obligation. The marginal interest rate is used to calculate the present value of the lease commitments. This is the interest rate that Stern would have to pay for a loan for a comparable asset with a similar term to maturity, collateral and under similar economic circumstances. After initial recognition, lease commitments are subsequently carried at amortised cost calculated using the effective interest method.

The lease commitments are adjusted if there is a modification of the lease contract or a change to the lease conditions or the fixed lease payments.

The determination of the lease obligation takes account of options to extend or purchase if it is reasonably certain that these options will be exercised. The determination of the lease obligation does not take account of options to terminate if it is reasonably certain that these options will not be exercised.

### Tax payable and available for set-off

This item concerns tax payable and tax receivable and income tax available for set-off that can be settled for current and prior years, carried at the amount expected to be claimed from or paid to the Dutch tax authorities. The tax amount is computed on the basis of applicable tax law.

### Deferred tax

A provision is formed for deferred tax liabilities based on the temporary differences at closing date between the tax base of assets and liabilities and their carrying amounts in these financial statements. Deferred tax assets are recognised for all deductible temporary differences, unused tax facilities and unused tax loss carry-forwards to the extent that it is probable that taxable profits will be available against which the deferred tax asset can be utilised, enabling the deductible temporary differences, unused tax facilities and unused tax loss carryforwards to be used.

The carrying amount of the deferred tax assets is assessed at the closing date and reduced to the extent that it is not probable that sufficient taxable profits will be available against which some or all of the deferred tax asset can be utilised. Unrecognised deferred tax assets are assessed at the closing date and recognised to the extent that it is probable that taxable profits will be available in the future against which the deferred tax asset can be utilised. Deferred tax assets and liabilities are carried at amounts measured at the tax rates expected to be applicable to the period in which the asset is realised or the liability is settled, based on applicable tax law. The tax on items recognised directly in equity is accounted for directly in equity. Deferred tax assets and liabilities are presented as a net amount if there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and the deferred tax is related to the same taxable entity and the same tax authority.

### Trade and other payables and other liabilities

Trade and other payables and other liabilities are initially recognised in the statement of financial position at fair value, and are subsequently carried at amortised cost. Given their usually short term to maturity, the fair value and amortised cost of these items is generally more or less equal to their nominal value.

## FINANCIAL INSTRUMENTS

### Financial assets

Financial assets are initially recognised at fair value and classified in one of the following valuation categories:

- Amortised cost
- Fair value with changes in value recognised in the statement of income
- Fair value with changes in value recognised in equity

The classification of financial assets depends on the contractual cash flows of an asset and the manner in which Stern Group manages these cash flows. Management of cash flows may be by collection of the contractual cash flows (repayment and interest), but also by means of the sale of financial assets. For a description of the measurement of specific financial assets, see the accounting policies for the individual assets.

### Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently at amortised cost. For a description of the measurement of specific financial liabilities, see the accounting policies for the individual liabilities.

### Derivatives and hedge accounting

Hedging is applied to cover the risk of possible variability of cash flows in connection with interest payments, with hedge accounting applied where possible. Stern Groep N.V. formally designates and documents the hedge relationship on conclusion of a hedging transaction, as well as the purpose and policy of Stern Groep N.V. with respect to the management of financial risks when entering into the hedge relationship.

Cash flow hedges that comply with the strict conditions for hedge accounting are recognised as follows:

The part of the gain or loss on the hedge instrument for which it has been established that an effective hedge exists is recognised taking account of the tax effect outside the statement of income in other comprehensive income. The non-effective part is recognised in the statement of income. The amounts recognised in equity are transferred to the statement of income in the same period in which the hedged income or expense is recognised or the expected sale or purchase is effected. Recognition is made under financial income and expenses. If the expected transaction is subsequently not expected to take place, the amounts that were first included in equity are transferred to the result. If the hedge instrument expires, is sold, terminated, exercised (without replacement or roll-over) or if the classification as a hedge is withdrawn, the amounts initially recognised in equity remain in equity until the expected transaction is effected. If the transaction in question is not expected to occur, the amount is charged to the statement of income.

## Principles for determination of the result

### Net revenue

The item net revenue includes the income from goods and services supplied in the financial year (excluding BPM and VAT) after deduction of discounts and payments for service costs. Net revenue is recognised if Stern has fulfilled a performance obligation. A performance obligation exists once Stern has concluded a contract with a customer for the delivery of a product or service at an agreed price. The main revenue flows and performance obligations from contracts with customers are:

Revenue flow	Performance obligation	Timing of performance and revenue recognition	Sub-flows (Note 4 Net Revenue)
Sale of vehicles	Delivery of vehicle (transfer of ownership/ power of disposal)	Revenue is recognised in full on delivery of the vehicle.	New passenger cars New light commercial vehicles Used passenger cars and light commercial vehicles
Sale of parts	Delivery of vehicle (transfer of ownership/ power of disposal)	Revenue is recognised in full on delivery of the parts.	Warehouses
Workshops	Performance of repairs and maintenance	Revenue is recognised in full on completion of the work. If the outstanding work orders are material, these are valued as work in progress in inventory ( <i>over time</i> ).	Workshops
Car body repairs	Performance of car body repair services	Revenue is recognised in full on completion of the work. If the outstanding work orders are material, these are valued as work in progress in inventory ( <i>over time</i> ).	Car body repairs
Light commercial vehicle interiors	Fitting of light commercial vehicle interiors	Revenue is recognised in full on completion of the work. If the outstanding work orders are material, these are valued as work in progress in inventory ( <i>over time</i> ).	Light commercial vehicle interiors
Car rental	Supply of vehicles for up to 1 year	Revenue is recognised during the term of the rental period ( <i>over time</i> ).	Car rental

The commission income for the finance is recognised on the date that the loan is provided. Regarding the insurance activities, the commission income is recognised on the date that the premium is paid by the end customer.

Commission income is recognised under cost of sale of vehicles.

### Cost of sales

The item cost of sales consists of the costs directly associated with the delivery of goods and services (excluding BPM), other than employee expenses, interest expenses and the depreciation expenses relating to the rental activities.

### Other income

Other income is income not directly related to the primary business operations of Stern and is recognised in the statement of income as soon as the services in question are provided or the rights to the economic benefits and power of disposal in relation to the non-current assets are transferred to the purchaser. Income from sales of subsidiaries or interests in subsidiaries is recognised when ownership is transferred.

### Result from associates

The share in the result of non-consolidated associates attributable to Stern Groep N.V. is recognised under result from associates. This result is determined on the basis of the principles applied by Stern Groep N.V. for valuation and result determination. The result from associates also includes the difference between the proceeds realised from the sale of a participating interest and the carrying amount at the time of the sale.

### Income taxes

Income taxes consist of current and deferred tax. Current tax concerns the expected tax payable on the taxable profit in the financial year on the basis of prevailing tax rates. Deferred tax is recognised for temporary differences between the valuation of assets, liabilities and deductible losses for commercial purposes and their valuation for tax purposes. Deferred tax is calculated on the basis of established tax rates and regulation that are expected to apply at the time the deferred tax asset or liability is realised. Deferred tax assets are only recognised if it is expected that sufficient future profit for tax purposes will be available against which the temporary differences and available tax-deductible losses can be realised.

## Principles for the preparation of the consolidated statement of cash flow

The cash flow statement is prepared using the indirect method. Receipts and payments arising from interest and corporate income tax and dividends received from non-consolidated associates are included under cash flow from operating activities. Dividends paid are recognised under cash flow from financing activities. The price paid to acquire associates is recognised under cash flow from investment activities. The movement in interest-bearing loans concerns the balance of drawdowns and repayments during the financial year. The repayment of lease commitments is recognised under cash flow from financing activities. Transactions not involving an exchange of cash are not included in the statement of cash flow.

## Changes to IFRS

The IASB regularly publishes new accounting standards, changes to existing standards and interpretations. These new accounting standards, changes to existing standards and interpretations subsequently have to be adopted by the European Union. Stern Group has applied new and amended IFRS standards and IFRIC interpretations in 2020, if applicable. Apart from the following disclosure with respect to IFRS 16 Leases - COVID-19-related rent concessions, the application of other new and amended standards and interpretations in 2020 had no material effect on the assets, the profit and the notes to the financial statements.

The following changes to existing standards apply with effect from the 2020 financial year:

- *IFRS 16 Leases amendment relating to COVID-19-related rent concessions* Various rent concessions were granted to lessees, including deferral of payments or temporary discounts. The amendment to IFRS 16 Leases gives lessees the option of accounting for rent concessions as if they are not lease modifications. The amendment has no effect for lessors. In line with the amendment, the COVID-19-related rent concessions are recognised directly in the statement of income and the valuation of the lease assets and lease commitments has not been adjusted.
- Amendments to references to the *Conceptual Framework* in IFRS Standards.
- Amendments to *IAS 1 Presentation of Financial Statements* and *IAS 8 Accounting Policies, Changes In Accounting Estimates And Errors* regarding the definition of 'material'.



- Amendments to *IFRS 9 Financial Instruments*, *IAS 39 Financial Instruments: Recognition and Measurement* and *IFRS 17 Insurance Contracts* regarding the *Interest-Rate Benchmark*.
- Amendments to *IFRS 3 Business Combinations* regarding the definition of 'a business'.

### Recent publications (IFRS)

The new and amended IFRS standards and interpretations that did not yet apply in 2020 have not been applied early. Our estimate is that new and amended IFRS standards and interpretations that have been published but will not apply until after 2020 will have no material effect on the assets, profit and notes in the financial statements.

## 2 Segmental analysis

The segments within Stern Groep N.V. are distinguished chiefly according to the different products and services they provide. The segments are separately organised and managed according to the nature of their products and services, whereby each segment represents a strategic business unit that supplies different products and serves different markets. This classification corresponds to the internal reporting structure of Stern. Stern generates virtually all its revenue in the Netherlands.

Internal settlement prices between the operating segments are set on a commercial basis in a manner that is similar to that used for transactions with third parties. The revenue per segment also consists of the mutual transactions between the operating segments that are eliminated on consolidation.

The reported segments of Stern are Dealergroup Stern, Stern Mobility Solutions, Stern Car Services and Other. Dealergroup Stern is engaged in the sale of new and used passenger cars and light commercial vehicles, as well as the provision of maintenance and repair of passenger cars and light commercial vehicles. Stern Mobility Solutions is engaged in car rental and the sale of financial and other mobility products. Stern Car Services focuses on car body repair services, installation of light commercial vehicle interiors and basic maintenance of passenger cars. The Other segment concerns the holding companies and other activities.

**2020 financial year**

	Dealer group Stern	Stern Mobility Solutions	Stern Car Services	Other	Held for sale	Total
<b>Statement of financial position</b>						
Total assets according to the statement of financial position	303,528	41,190	9,574	79,111	–	433,403
Total liabilities according to the statement of financial position	248,485	29,854	7,178	22,499	–	308,016
Investments in property, plant and equipment	4,039	22,026	505	7,450	–	34,020
	Dealer group Stern	Stern Mobility Solutions	Stern Car Services	Other	Eliminations	Total
<b>Statement of income</b>						
Net revenue	706,022	18,952	26,083	–	–	751,057
Revenue to segments	33,325	31,454	4,223	–	(69,002)	–
	739,347	50,406	30,306	–	(69,002)	751,057
<b>EBITDA</b>	27,557	6,411	(630)	2,371	–	35,709
Interest expense on financing of rental cars	–	(661)	–	–	–	(661)
Depreciation expense for rental cars	–	(7,304)	–	–	–	(7,304)
Impairment of goodwill	(20,023)	–	–	–	–	(20,023)
Amortisation of intangible assets	–	–	–	(58)	–	(58)
Depreciation of property, plant and equipment	(2,717)	(54)	(674)	(4,425)	–	(7,870)
Depreciation of lease assets	(16,047)	–	–	–	–	(16,047)
<b>Operating profit (EBIT)</b>	(11,230)	(1,608)	(1,304)	(2,112)	–	(16,254)
Result from associates						6
Financial income and expenses						(5,470)
<b>Profit/(loss) before tax</b>						(21,718)
Income taxes						(4,833)
<b>Profit/(loss) from continued operations</b>						(26,551)
<b>Discontinued operations</b>						
Profit/(loss) from discontinued operations						(818)
<b>Profit/(loss) after tax</b>						(27,369)

**2019 financial year**

	Dealergroup Stern	Stern Mobility Solutions	Stern Car Services	Other	Held for sale	Total
<b>Statement of financial position</b>						
Total assets according to the statement of financial position	375,568	57,191	11,951	87,099	41,610	573,419
Total liabilities according to the statement of financial position	309,299	44,445	9,347	23,944	33,745	420,780
Investments in property, plant and equipment	4,046	88,180	1,510	21,440		115,176
	Dealergroup Stern	Stern Mobility Solutions	Stern Car Services	Other	Eliminations	Total
<b>Statement of income</b>						
Net revenue	936,474	24,165	28,696	–	–	989,335
Revenue to segments	74,620	30,215	6,353	–	(111,188)	–
	1,011,094	54,380	35,049	–	(111,188)	989,335
<b>EBITDA</b>	24,518	10,754	911	1,490	–	37,673
Interest expense on financing of rental cars	–	(860)	–	–	–	(860)
Depreciation expense for rental cars	–	(9,199)	–	–	–	(9,199)
Amortisation of intangible assets	–	–	–	(59)	–	(59)
Depreciation of property, plant and equipment	(3,057)	(61)	(698)	(5,082)	–	(8,898)
Depreciation of lease assets	(15,928)	–	–	–	–	(15,928)
<b>Operating profit (EBIT)</b>	5,533	634	213	(3,651)	–	2,729
Result from associates						131
Financial income and expenses						(7,065)
<b>Profit/(loss) before tax</b>						(4,205)
Income taxes						3,006
<b>Profit/(loss) from continued operations</b>						(1,199)
<b>Discontinued operations</b>						
Profit/(loss) from discontinued operations						22,576
<b>Profit after tax</b>						21,377

### 3 Business combinations and divestments

The following activities were acquired or divested in 2020:

		Number of branches
Persoon Schadeherstel, Bommel	Acquired on 1-1-2020	1
Heron Auto B.V., Purmerend	Sold on 1-1-2020	(5)
Renault dealer Stern, Zaandam	Sold on 1-12-2020	(1)
		<u>(5)</u>

#### Acquisitions in 2020

The fair values as at the acquisition dates of the assets and liabilities of activities acquired in 2020 are as follows:

	Fair value recognised on acquisition
Property, plant and equipment	72
Inventory	136
Other obligations	<u>(21)</u>
<b>Net identified assets and liabilities</b>	<b>187</b>
Goodwill	-
<b>Acquisition price</b>	<b>187</b>

#### Divestments in 2020

The assets and liabilities involved in the divestments and the sums received are shown below:

	Carrying amount on sale
Property, plant and equipment	3,304
Inventory	27,783
Other receivables	12,537
Interest-bearing loans	(8,125)
Other obligations	<u>(27,523)</u>
<b>Carrying amount of assets and liabilities</b>	<b>7,976</b>
Acquisition price	<u>8,351</u>
<b>Book gain</b>	<b>375</b>

No acquisitions were effected in 2019, and the following activities were divested:

		Number of branches
SternLease B.V., Purmerend	Sold on 31-5-2019	(1)
Mango Mobility – mobility scooter operations, Purmerend	Sold on 31-12-2019	<u>(5)</u>
		<u>(6)</u>

**Divestments in 2019**

The assets and liabilities involved in the divestments and the sums received are shown below:

	Carrying amount on sale
Goodwill involved in sale	8,117
Property, plant and equipment	231,170
Inventory	2,185
Other receivables	26,777
Interest-bearing loans	(195,093)
Other obligations	(15,735)
<b>Net identified assets and liabilities</b>	<b>57,421</b>
Acquisition price	90,039
<b>Result on sale</b>	<b>32,618</b>
Less: cost of sale	(2,820)
<b>Result on sale before tax</b>	<b>29,798</b>
Less: tax	(8,106)
<b>Net book profit</b>	<b>21,692</b>

€ 1.4 million of the acquisition price of € 90.0 million in the above table relates to the sale of the mobility scooter operations of Mango Mobility, € 1.2 million of which will be paid in instalments in accordance with the sale agreement. At 31 December 2020, € 0.4 million had been paid.

**4. Net sales**

	2020	2019
New passenger cars	<b>301,274</b>	442,938
New light commercial vehicles	<b>106,782</b>	174,808
Used passenger cars and light commercial vehicles	<b>203,329</b>	257,391
Workshops	<b>70,712</b>	88,662
Warehouses	<b>93,978</b>	111,218
<b>Revenue Dealergroup Stern</b>	<b>776,075</b>	1,075,017
Fleet under management	<b>70</b>	157
Car rental	<b>50,587</b>	54,490
<b>Revenue Stern Mobility Solutions</b>	<b>50,657</b>	54,647
Car body repair services	<b>26,788</b>	31,294
Light commercial vehicle interiors	<b>3,812</b>	4,090
<b>Revenue Stern Car Services</b>	<b>30,600</b>	35,384
<b>Gross revenue</b>	<b>857,332</b>	1,165,048
Elimination of IC and internal revenue*	<b>(106,275)</b>	(175,713)
<b>Net revenue</b>	<b>751,057</b>	989,335

\*The elimination of internal revenue stated here concerns mainly the recharging of internal revenue by the workshops to the sales departments for new and used cars.

## 5 Cost of sales

	2020	2019
Costs of trade goods, raw materials and consumables	(599,628)	(798,435)
Costs of work outsourced to third parties	(6,573)	(8,016)
Interest expense for financing of rental cars	(661)	(860)
Depreciation expense for rental cars	(7,304)	(9,199)
<b>Cost of sales</b>	<b>(614,166)</b>	<b>(816,510)</b>

## 6. Other income

Other income in 2020 included rental income of € 1.4 million, dividend received, the revaluation of the interest in Bovemij N.V of € 4.7 million, a book gain of € 0.4 million on the sale of business divisions and miscellaneous commission income of € 0.7 million. Other income in 2020 for the segment Dealergroup Stern was € 1.5 million, for the segment Stern Car Services € 0.2 million and for the Other segment € 5.7 million.

Other income in 2019 included rental income of € 3.4 million, dividend received, the revaluation of the interest in Bovemij N.V of € 0.3 million, a book gain of € 1.0 million on the sale of premises and miscellaneous commission income of € 0.9 million. Other income in 2019 for the segment Dealergroup Stern was € 1.5 million, for the segment Stern Car Services € 0.1 million and for the Other segment € 5.1 million.

## 7. Employee expenses

	2020	2019
Salaries	(72,157)	(81,936)
Social security contributions	(11,906)	(13,980)
Pension costs	(7,569)	(8,389)
Restructuring costs	–	(2,572)
NOW compensation for salary costs	11,113	–
Other employee expenses	(7,928)	(8,757)
<b>Total</b>	<b>(88,447)</b>	<b>(115,635)</b>

Other employee expenses include the hiring of temporary personnel and car costs.

		2020		2019
	Number	In FTEs	Number	In FTEs
Dealergroup Stern	1,277	1,183	1,572	1,451
Stern Mobility Solutions	87	81	98	90
Stern Car Services	239	230	261	253
Other	71	63	73	64
	1,674	1,557	2,004	1,858



## 8 Other operating expenses

	2020	2019
General expenses	(16,510)	(18,707)
ICT costs	(4,141)	(4,105)
Accommodation costs	(4,441)	(8,402)
Selling expenses	(2,957)	(4,243)
Restructuring costs	–	(791)
<b>Total</b>	<b>(28,049)</b>	<b>(36,248)</b>

The auditor's fee is recognised under General expenses. The auditor's fee is as follows:

	2020	2019
Audit of the financial statements	(475)	(790)
Other services	(30)	(40)
<b>Total</b>	<b>(505)</b>	<b>(830)</b>

These expenses concern the expenses estimated for the financial year, including additional work.

## 9 Financial income and expenses

	2020	2019
Interest expense on loans	(2,379)	(3,688)
Interest expense for lease commitments	(3,091)	(3,377)
<b>Total</b>	<b>(5,470)</b>	<b>(7,065)</b>

## 10 Income taxes

		2020		2019
<b>Effective tax rate</b>	<b>%</b>		<b>%</b>	
Profit/(loss) before tax		(21,718)		(4,205)
Nominal tax burden 25.0%	25.0%	5,430	25.0%	1,051
Untaxed results	5.5%	1,187	2.6%	108
Non-deductible costs/ deductible costs subject to limitation	(23.4%)	(5,081)	19.4%	818
Adjustment to previous years	2.5%	537	0.0%	–
Change in tax rate	7.0%	1,523	0.0%	–
Change in value of deferred tax	(38.0%)	(8,250)	5.7%	238
Other changes	(0.8%)	(179)	18.8%	791
<b>Effective tax rate</b>	<b>(22%)</b>	<b>(4,833)</b>	<b>71%</b>	<b>3,006</b>
Effective tax rate (in % of profit before tax)		(22%)		71%
<b>Standard tax rate</b>		<b>25%</b>		<b>25%</b>

The presentation of the deferred tax assets is based on the development of each relevant item in the financial statements as follows. The development of the deferred tax assets is as follows:

	Intangible non-current assets	Other assets	Provisions and liabilities	Tax loss carry- forwards	Total
Balance at 1 January 2019	13,583	663	421	3,406	18,073
Impact IFRS 16 Leases	–	1,118	–	–	1,118
Income taxes in result	–	410	(172)	1,977	2,215
Tax in profit from discontinued operations	(13,583)	(350)	(143)	5,731	(8,345)
Other changes	–	200	–	(558)	(358)
Assets held for sale	–	–	(33)	–	(33)
Movements in 2019 financial year	(13,583)	1,378	(348)	7,150	(5,403)
Balance at 31 December 2019	–	2,041	73	10,556	12,670
Income taxes in result	–	368	225	(5,426)	(4,833)
Other changes	–	–	(14)	430	416
Movements in 2020 financial year	–	368	211	(4,996)	(4,249)
<b>Balance at 31 December 2020</b>	<b>–</b>	<b>2,409</b>	<b>284</b>	<b>5,560</b>	<b>8,253</b>

The tax loss carry-forwards of the fiscal unity Stern Groep N.V. that are taken into account in the measurement of the deferred tax asset at 31 December 2020 are € 22.3 million (2019: € 47.7 million) is deductible from profits of the fiscal unity until year-end 2027. The corresponding deferred tax asset at 31 December 2020 amounts to € 5.6 million (2019: € 10.6 million). The measurement of the tax loss carry-forwards includes a downward adjustment of 65% compared to the budget for the next 7 years to take account of uncertainty and to provide convincing evidence as required under IAS 12. The total tax loss carry-forward at 31-12-2020 amounts to € 55.2 million (2019: € 47.7 million). Of the deferred tax asset recognised at 31 December 2020 due to losses carried forward, approximately € 0.3 million has a term to maturity of less than one year (2019: 1.8 million).

In addition to the possibility of losses carried forward, at 31 December 2020 Stern Groep N.V. had temporary differences between commercial valuations and valuations for tax purposes of assets and liabilities amounting to € 12.6 million negative (2019: € 11.6 million negative). € 2.7 million of these differences was valued and recognised (after netting off) at 31 December 2020 under the deferred tax asset (2019: € 2.1 million).

Legislation was amended in 2020, as a result of which the corporate income tax rate will remain at 25% in the coming years. However, no account has been taken in the preparation of the 2020 financial statements of the change announced with respect to loss set-off whereby the annual set-off of losses will be limited from 2022 but losses will no longer evaporate.

## 11 Results per share

Earnings per share is calculated by dividing the profit after tax attributable to the shareholders in Stern Groep N.V. by the weighted average number of outstanding shares during the year. The data relating to profit and shares used in the calculation of the ordinary and diluted earnings per share are presented in the following overview:

	2020	2019
Profit/(loss) from continued operations	<b>(26,551)</b>	(1,199)
Profit/(loss) from discontinued operations	<b>(818)</b>	22,576
<b>Total profit/(loss)</b>	<b>(27,369)</b>	21,377
Weighted average number of outstanding shares	<b>5,675,000</b>	5,675,000
Earnings per share from continued operations	<b>€ (4.68)</b>	€ (0.21)
Earnings per share from discontinued operations	<b>€ (0.14)</b>	€ 3.98
<b>Total earnings per share*</b>	<b>€ (4.82)</b>	€ 3.77

\* There are no instruments that can lead to dilution.

## 12 Discontinued operations

The profit from discontinued operations consists of:

	2020	2019
Operating profit SternLease B.V.	–	4,283
Operating profit/(loss) Mango Mobility	(382)	(3,160)
Profit/(loss) from sale of SternLease B.V. and the operations of Mango Mobility	(436)	29,798
<b>Profit/(loss) before tax</b>	<b>(818)</b>	30,921
Income taxes	–	(8,345)
<b>Profit/(loss) from discontinued operations</b>	<b>(818)</b>	22,576

A condensed statement of income from discontinued operations is presented in the table below:

	2020	2019
Net revenue	693	57,503
Profit from sale of SternLease B.V.	–	30,468
Profit/(loss) from sale of operations of Mango Mobility	(436)	(670)
Costs	(1,075)	(56,380)
<b>Profit/(loss) before tax</b>	<b>(818)</b>	30,921
Income taxes	–	(239)
Tax on profit from sale of operations	–	(8,106)
<b>Profit/(loss) from discontinued operations</b>	<b>(818)</b>	22,576

A condensed statement of cash flow from discontinued operations is presented in the table below (excluding the cash flow from the sale of business operations):

	2020	2019
Cash flow from operating activities	(183)	30,587
Cash flow from investment activities	–	(36,792)
Cash flow from financing activities	183	6,205
<b>Movement in cash and cash equivalents</b>	<b>–</b>	<b>–</b>

The sale of SternLease B.V. and the mobility scooter operations of Mango Mobility reduced the total assets of Stern in 2019 by approximately € 245.0 million. The main assets and liabilities derecognised in the statement of financial position are the lease fleet with a value of € 231.0 million, goodwill of € 8.0 million, deferred taxes of € 13.0 million and interest-bearing loans of € 195.0 million.

The consolidated statement of income in 2020 includes an additional table showing the profit in 2019 excluding the profit of Heron Auto B.V. for reasons of clarity and comparability with the result in 2020.

## 13 Intangible non-current assets

	Goodwill	Licences	Total
<b>Acquisition cost</b>			
<b>Balance at 31 December 2018</b>	36,783	1,354	38,137
Acquisition	–	–	–
Divestments	(8,118)	–	(8,118)
<b>Balance at 31 December 2019</b>	28,665	1,354	30,019
Acquisition	–	–	–
<b>Balance at 31 December 2020</b>	<b>28,665</b>	<b>1,354</b>	<b>30,019</b>
<b>Cumulative amortisation and impairments</b>			
<b>Balance at 31 December 2018</b>	6,610	955	7,565
Depreciation	–	59	59
Divestments	–	–	–
<b>Balance at 31 December 2019</b>	6,610	1,014	7,624
Depreciation	–	58	58
Impairments	20,023	–	20,023
<b>Balance at 31 December 2020</b>	<b>26,633</b>	<b>1,072</b>	<b>27,705</b>
<b>Carrying amount at 31 December 2020</b>	<b>2,032</b>	<b>282</b>	<b>2,314</b>
Carrying amount at 31 December 2019	22,055	340	22,395

### Goodwill impairment test

For the purpose of impairment testing, goodwill acquired as a result of business combinations is allocated to the following cash-generating units, which are also reporting segments:

- Dealergroup Stern
- Stern Mobility Solutions

### Cash-generating unit Dealergroup Stern

The impairment test of the goodwill of Dealergroup Stern at 31 December 2019 showed that there was limited headroom and that reasonably possible changes in the assumptions used could lead to an impairment of the goodwill.

The COVID-19 pandemic has had a significant economic impact on the value in use of Dealergroup Stern, and an impairment test was accordingly performed on 30 June 2020. This test was performed with changed assumptions that took account of the impact of the COVID-19 pandemic on the future cash flows and WACC of Dealergroup Stern. The key changes to the assumptions compared to those used for the test at year-end 2019 were:

- the higher economic uncertainty is expected to lead to a 1.0% increase in the WACC. The impairment test performed on 30 June 2020 accordingly used a higher WACC of 6.3% (year-end 2019: 5.3%).
- the future cash flows for the coming two years are expected to be significantly lower than the estimate at year-end 2019.

The impairment test performed on 30 June 2020 showed that the value in use of Dealergroup Stern was lower than the carrying amount and that an impairment had occurred. The entire goodwill of Dealergroup Stern was accordingly written off in the second quarter of 2020 and an impairment of € 20.0 million was recognised in the result.

### Cash-generating unit Stern Mobility Solutions

The recoverable value of the unit Stern Mobility Solutions is determined on the basis of the value in use of SternRent B.V., which is calculated using cash-flow projections based on the 5-year financial forecasts approved by the Management Board. The weighted average cost of capital (WACC) applied to the cash-flow projections is 7.1% (2019: 6.2% after tax). The cash flows after the 5-year term are extrapolated without taking account of growth. The headroom would be nil with a WACC of 8.1% (currently calculated at 7.1%).

The allocation of the carrying amounts of goodwill and the other intangible assets to the cash-generating units is as follows:

	Dealergroup Stern		Stern Mobility Solutions			Other		Total
	2020	2019	2020	2019	2020	2019	2020	2019
Carrying amount of goodwill	–	20,023	<b>2,032</b>	2,032	–	–	<b>2,032</b>	22,055
Carrying amount of licences	–	–	–	–	<b>282</b>	340	<b>282</b>	340

### Key assumptions for the calculation of the value in use of the cash-generating units Dealergroup Stern and Stern Mobility Solutions

The following describes the key assumptions used in the cash-flow projections specified by the Management Board for the assessment of potential or necessary impairment of goodwill.

#### Estimated gross profit

The estimated gross profit is based on the average gross margins realised in the years preceding the estimation year, adjusted for initiated development of new mobility solutions, market developments and expectations with respect to the composition of the rental fleet, the utilisation ratio and the average daily rate.

#### Other operating expenses

Other operating expenses are based on historical actual costs, taking account of internal projects in progress and price indexation.

#### Lease assets and lease commitments

As a result of the application of IFRS 16 Leases, the lease costs of business premises and leased cars have been transferred to depreciation costs and interest expense. Lease assets and lease commitments are also recognised in the statement of financial position. Reliable market data to calculate the WACC including the effects of IFRS 16 Leases are not available. The WACC used is therefore calculated in the same way as before application of IFRS 16. The application of IFRS 16 had no effect on cash flows. IFRS 16 was also left out of consideration in the determination of the carrying amount of the cash-generating unit.

#### Fuel licences

The economic life of the fuel licences was assessed as at 31 December 2020 and it was established that this can be maintained. The remaining term of amortisation of the fuel licences is up to 10 years.



## 14 Property, plant and equipment

	Buildings and land	Machinery and equipment	Other non-current assets	Assets in production	Sub-total	Lease and rental cars	Total property, plant and equipment
<b>Acquisition cost</b>							
<b>Balance at 31 December 2018</b>	70,190	27,619	30,099	3,514	131,422	313,792	445,214
Investments/in use	23,546	3,286	2,118	(1,895)	27,055	88,121	115,176
Divestments	(14,581)	(1,994)	(1,048)	-	(17,623)	(68,267)	(85,890)
Acquisitions and sale of business units	(1,835)	(1,260)	(2,821)	-	(5,916)	(276,728)	(282,644)
<b>Balance at 31 December 2019</b>	<u>77,320</u>	<u>27,651</u>	<u>28,348</u>	<u>1,619</u>	<u>134,938</u>	<u>56,918</u>	<u>191,856</u>
Investments/in use	<b>7,761</b>	<b>1,046</b>	<b>3,377</b>	<b>(146)</b>	<b>12,038</b>	<b>21,982</b>	<b>34,020</b>
Divestments	<b>(16,955)</b>	<b>(4,832)</b>	<b>(1,472)</b>	<b>-</b>	<b>(23,259)</b>	<b>(36,335)</b>	<b>(59,594)</b>
<b>Balance at 31 December 2020</b>	<u><b>68,126</b></u>	<u><b>23,865</b></u>	<u><b>30,253</b></u>	<u><b>1,473</b></u>	<u><b>123,717</b></u>	<u><b>42,565</b></u>	<u><b>166,282</b></u>
<b>Cumulative depreciation</b>							
<b>Balance at 31 December 2018</b>	23,645	19,186	16,215	-	59,046	58,678	117,724
Depreciation	3,869	1,563	3,522	-	8,954	28,131	37,085
Divestments	(2,530)	(578)	(486)	-	(3,594)	(31,976)	(35,570)
Acquisitions and sale of business units	(584)	(487)	(1,619)	-	(2,690)	(45,659)	(48,349)
<b>Balance at 31 December 2019</b>	<u>24,400</u>	<u>19,684</u>	<u>17,632</u>	<u>-</u>	<u>61,716</u>	<u>9,174</u>	<u>70,890</u>
Depreciation	<b>3,122</b>	<b>1,542</b>	<b>3,207</b>	<b>-</b>	<b>7,871</b>	<b>7,304</b>	<b>15,175</b>
Divestments	<b>(9,425)</b>	<b>(4,010)</b>	<b>(953)</b>	<b>-</b>	<b>(14,388)</b>	<b>(9,243)</b>	<b>(23,631)</b>
<b>Balance at 31 December 2020</b>	<u><b>18,097</b></u>	<u><b>17,216</b></u>	<u><b>19,886</b></u>	<u><b>-</b></u>	<u><b>55,199</b></u>	<u><b>7,235</b></u>	<u><b>62,434</b></u>
<b>Carrying amount at 31 December 2020</b>	<u><b>50,029</b></u>	<u><b>6,649</b></u>	<u><b>10,367</b></u>	<u><b>1,473</b></u>	<u><b>68,518</b></u>	<u><b>35,330</b></u>	<u><b>103,848</b></u>
Carrying amount at 31 December 2019	52,920	7,967	10,716	1,619	73,222	47,744	120,966
Estimated economic life in years	15–40*	5–20	3–10			3–4	

\* No depreciation is applied to land in ownership.

Depreciation of rental cars is recognised under Cost of sales. Rental cars are passenger cars and light commercial vehicles provided under rental contracts.

See note 25 for information on the assets placed as collateral for finance.

## 15 Lease assets and lease commitments

	Leased premises	Lease cars	Total leased assets
<b>Leased assets</b>			
<b>1-1-2019</b>	129,063	–	129,063
Sale of SternLease*	–	2,287	2,287
New lease contracts	6,343	625	6,968
Interim contract changes	(14,486)	122	(14,364)
Depreciation	(15,020)	(908)	(15,928)
<b>Balance at 31 December 2019</b>	<b>105,900</b>	<b>2,126</b>	<b>108,026</b>
New lease contracts	<b>2,578</b>	<b>187</b>	<b>2,765</b>
Interim contract changes	<b>142</b>	<b>(241)</b>	<b>(99)</b>
Depreciation	<b>(15,095)</b>	<b>(952)</b>	<b>(16,047)</b>
<b>31 December 2020</b>	<b>93,525</b>	<b>1,120</b>	<b>94,645</b>
<b>Lease commitments</b>			
Non-current lease commitments			<b>94,317</b>
Current lease commitments			<b>19,779</b>
<b>1 January 2020</b>			<b>114,096</b>
New lease contracts			<b>2,765</b>
Interim contract changes			<b>(383)</b>
Interest expense			<b>3,091</b>
Lease payments including interest expense			<b>(18,298)</b>
<b>Balance at 31 December 2020</b>			<b>101,271</b>
Non-current lease commitments			<b>84,419</b>
Current lease commitments			<b>16,852</b>
<b>Balance at 31 December 2020</b>			<b>101,271</b>

\* After the sale of SternLease to ALD Automotive, the cars leased by Stern Group are presented in accordance with IFRS 16 Leases.

The future lease payments are discounted at an average interest rate of 2.75% (2019: 2.75%). The future lease payments for lease cars are discounted at an average interest rate of 6.50% (2019: 6.50%). The interim contract changes in the above table mostly concern lease contracts of divested business units that have been terminated and transferred.

The following costs for leased assets are recognised in the statement of income:

	2020	2019
Depreciation of leased assets	<b>(16,047)</b>	(15,928)
Costs of short-term lease contracts	–	–
Costs of low value lease contracts	–	–
Interest expense	<b>(3,091)</b>	(3,377)

## 16 Other financial assets

	2020	2019
Interests of SternPartners B.V. (less than 20%)	<b>167</b>	184
Interest in Bovemij N.V. (5.06%)	<b>18,463</b>	14,216
Other	<b>149</b>	149
<b>Total</b>	<b>18,779</b>	14,549

The interest in Bovemij N.V. is measured on the basis of a valuation of Bovemij N.V. in March 2020 carried out by PwC Consulting. This valuation is based on an unweighted average of the value based on a dividend discount method (DDM) and a price/earnings multiple method based on European listed companies considered to be comparable. Since these methods are based on liquid shares in large listed companies, the fair value is lower due to the limited tradability of the depositary receipts for shares.

## 17 Inventory

	2020	2019
New passenger cars and light commercial vehicles	110,477	127,785
Cars with a repurchase obligation	10,571	8,532
Used passenger cars and light commercial vehicles	47,352	52,926
Parts	10,259	9,864
Other	2,528	2,294
<b>Total</b>	<b>181,187</b>	<b>201,401</b>

Based on specific provisions in IFRS 15 Revenue from contracts with customers, no sale proceeds are recognised for sales transactions with a repurchase obligation. Cars with a repurchase obligation remain on the statement of financial position under inventory and are written down to fair value on the repurchase date. 90% of the cars with a repurchase obligation have a term of less than 1 year.

The provision for inventory at 31 December 2020 amounted to € 5.1 million (2019: € 4.9 million).

## 18 Trade receivables

Trade receivables are not interest-bearing and generally are subject to a payment term of 30 days. Payments not made within this period are considered to be overdue.

### Age of trade receivables

	Not overdue	<30	31-60	Days				> 365	Carrying amount
				61-90	91-180	181-365			
<b>31 December 2020</b>	<b>5,224</b>	<b>3,679</b>	<b>1,219</b>	<b>207</b>	<b>406</b>	<b>186</b>	<b>0</b>	<b>10,921</b>	
31 December 2019	28,411	7,660	3,843	1,036	415	354	15	41,734	

### Movement in provision for trade receivables

The provision for uncollectible receivables is based on expected credit losses.

	2020	2019
Balance at 1 January	422	1,131
Contribution charged to and release to the statement of income	47	(40)
Receivables written off in financial year	(54)	(68)
Sale of business divisions	100	(601)
<b>Balance at 31 December</b>	<b>515</b>	<b>422</b>

## 19 Other receivables, accrued income and prepaid expenses

The items included below have a term to maturity of up to one year. Accrued income and prepaid expenses consist mainly of prepaid costs as at closing date.

Agreement was reached in 2020 on the final settlement of the ESF subsidy that had been claimed for the period from March 2009 to the end of July 2011. At the end of July 2016, the Inspectorate SZW notified Stern that the subsidy of € 0.7 million claimed by Stern would be investigated due to alleged irregularities. Stern fully cooperated with the investigation, after which agreement was reached at the end of 2019 on a proposed transaction for which a cost of € 0.2 million was recognised in the profit for 2019. In December 2020, agreement was reached with SZW on the final settlement of the subsidy claimed, which led to a cost of € 0.5 million being recognised in the result for 2020.

## 20 Cash and cash equivalents

Cash and cash equivalents are entirely at the disposal of Stern Groep N.V. and concern cash in hand and at banks. Interest is paid on credit balances at banks at variable rates based on daily interest rates.

## 21 Assets and liabilities held for sale

The assets and liabilities of Heron Auto B.V. held for sale at 31 December 2019 consisted of:

	31-12-2019	31-12-2020
Property, plant and equipment	–	3,226
Deferred tax assets	–	33
Inventory	–	27,599
Trade receivables	–	7,766
Prepayments and accrued income	–	2,986
Interest-bearing loans	–	(8,125)
Trade payables	–	(25,156)
Other obligations	–	(464)
<b>Net assets held for sale</b>	<b>–</b>	<b>7,865</b>

## 22 Equity

### Issued capital

The company's authorised share capital stands at € 900,000, divided into 9,000,000 ordinary shares with a nominal value of € 0.10. The issued capital amounts to € 592,500 (2019: € 592,500) and consists of 5,925,000 shares (2019: 5,925,000 shares). No changes occurred during the year.

### Share premium

This item changes if shares are issued at an issue price higher than the nominal value. Dividend distributed in shares is also charged to this item.

### Revaluation reserve

The revaluation reserve consists of the unrealised part of the revaluation of financial non-current assets to fair value with a balance at 31 December 2020 of € 10.1 million (2019: € 5.8 million) and a cash-flow hedge reserve. The cash flow hedge reserve amounted to € 0.2 million negative at 31 December 2020 (2019: € 0.2 million negative) and consists of the effective part of the cumulative changes to the net value of the financial instruments to which cash-flow hedge accounting is applied.

The statutory reserve for these two items amounted to € 10.1 million at 31 December 2020 (2019: € 5.8 million).

### Other reserves

The shares in the company repurchased by Stern Groep N.V. are deducted from the other reserves. At 31 December 2020, Stern Groep N.V. held 250,000 of its own shares (2019: 250,000 shares).

## 23 Pension commitments

### The PMT pension fund

A statement from the PMT shows that the coverage ratio at 31 December 2020 stood at 95.4% (2019: 98.8%). PMT states that there is still a real possibility of curtailment.

## 24 Provisions

	Jubilee	Warranty	Restructuring	Other	Total
<b>Balance at 31 December 2018</b>	1,426	484	–	203	2,113
Usage	(114)	(387)	–	(203)	(704)
Contribution from statement of income	84	307	3,364	–	3,755
Provisions held for sale	(93)	(38)	–	–	(131)
<b>Balance at 31 December 2019</b>	1,303	366	3,364	–	5,033
Usage	(191)	(293)	(3,364)	–	(3,848)
Contribution from statement of income	75	330	–	–	405
<b>Balance at 31 December 2020</b>	1,187	403	–	–	1,590
Non-current part	1,098	81	–	–	1,179
Current part	89	322	–	–	411
<b>Balance at 31 December 2020</b>	1,187	403	–	–	1,590

If the effect of the time value of money is material, provisions are measured at the present value of the expected cash flows necessary to meet the liabilities. The discount rate used at 31 December 2020 is 2.0% (2019: 2.0%).

### Jubilee provision

This concerns the estimated costs of payments on the occasion of jubilees of personnel, taking account of mortality probabilities, personnel leaving employment and salary developments during the time until the jubilee in question.

### Warranty provision

This provision concerns the estimated costs arising from warranties on products and services provided by Stern Groep N.V. and is mainly short-term in nature. With respect to warranties on passenger cars and commercial vehicles, account is taken of payments from the vehicle manufacturers.

### Reorganisation provision

This provision concerns the estimated costs relating to approved and communicated reorganisation plans.

## 25 Interest-bearing loans

	Effective interest rate	Maturity date	2020	2019
<b>Non-current</b>				
Mortgage loans	2.75%	2021/2023	10,561	2,993
Credit institutions	2.25%	2022	17,373	46,747
<b>Total 31 December</b>			<b>27,934</b>	49,740
<b>Current</b>				
Mortgage loans	2.75%	2021	1,000	1,000
Financing of used passenger cars	0.80%	2021	46,319	49,514
Financing of rental fleet	1.60%	2021	29,208	39,440
<b>Total 31 December</b>			<b>76,527</b>	89,954

### Mortgage loans

The mortgage loans recognised under interest-bearing loans have a weighted average interest rate of 2.75% (2019: 2.75%). These loans are secured by mortgages on business premises with a carrying amount of € 26.0 million (2019: € 18.0 million). The interest rate is based on 3-month Euribor. There are no mortgages with a remaining term of more than 5 years (2019: nil).

### Credit institutions

Stern Groep N.V. has facilities at credit institutions amounting to € 57.0 million for retail activities, € 17.4 million of which was used at 31 December 2020 (2019: € 46.7 million). The facilities will be reduced to € 54.0 million in 2021. The facilities are secured by a pledge on the trade receivables, the inventory of new passenger cars and commercial vehicles paid for and the business inventory. The facility runs until 31 May 2022 and the interest rate is 3-month Euribor plus a spread.

### Financing of used passenger cars

A credit facility is provided by a finance company affiliated to a car manufacturer for the financing of used passenger cars in an amount of € 55.0 million (2019: € 57.0 million), of which € 46.3 million was drawn down at 31 December 2020 (2019: € 49.5 million). A pledge is provided for these facilities on the passenger cars financed. The interest rate is 1-month Euribor plus a spread. The credit limit is reviewed each year in June, and the facility is expected to be extended again in June 2021. The notice period is 13 months.

### Financing of rental fleet

A credit facility is provided by a finance company affiliated to a car manufacturer for the financing of the rental fleet of SternRent in an amount of € 42.0 million (2019: € 45.0 million), of which € 29.2 million was drawn down at 31 December 2020 (2019: € 39.4 million). A pledge is provided for these facilities on the rental cars financed. The interest rate is 1-month Euribor plus a spread. The credit limit is reviewed each year in June, and the facility is expected to be extended again in June 2021. The notice period is 13 months.

**Bank covenants**

Regarding the facilities at credit institutions and the mortgage loans, agreements have been made with respect to minimum ratios to be achieved. The agreed ratios relate to the solvency and the interest coverage ratio (ICR).

The solvency ratio (adjusted for goodwill and the effects of IFRS 16 Leases) must be at least 30%.

The bank covenants stipulate a minimum ICR of 3.00. This concerns a 12-month ICR that is calculated quarterly on the basis of EBITDA and the net interest expense over the past 12 months. The ICR is the result of EBITDA divided by net interest expense. Incidental costs of € 1.25 million per year may also be left out of consideration for the calculation of the ICR.

The bank covenants state that the new reporting standards will not affect the calculated ratios.

If the ratios stated in the bank covenants are breached, account has to be taken of an additional interest spread, and in such case the credit institutions also have the option of reviewing the agreements in the covenants. If the company fails to operate within the covenants, the facilities may in principle be payable on demand. The Management Board actively monitors that the company operates within the covenants.

Stern Groep N.V. operated within the agreed ratios during 2020.

Regarding the distribution of dividend, it has been agreed with the credit institutions that this may not lead to a breach of the bank covenants.

The table below provides an overview of the maturity dates of the financial obligations of Stern Groep N.V. at 31 December 2020 on the basis of contractual and not discounted payments of interest and repayments, without taking account of hedge transactions entered into (see note 32).

	Carrying amount at year-end	Within 12 months	1 to 5 years	> 5 years
<b>31-12-2020</b>				
Mortgage loans	11,561	1,304	10,903	–
Credit institutions	17,373	391	17,568	–
Financing of used passenger cars	46,319	46,505	–	–
Financing of rental fleet	29,208	29,442	–	–
Derivatives	217	217	–	–
	<b>104,678</b>	<b>77,859</b>	<b>28,471</b>	<b>–</b>
<b>31-12-2019</b>				
Mortgage loans	3,993	1,096	3,116	–
Credit institutions	46,747	1,052	47,273	–
Financing of used passenger cars	49,514	49,739	–	–
Financing of rental fleet	39,440	39,777	–	–
Derivatives	372	249	123	–
	<b>140,066</b>	<b>91,913</b>	<b>50,512</b>	<b>–</b>



The following overview shows the changes in interest-bearing loans divided into cash flows and other changes. The cash flow in the following overview corresponds to the change in interest-bearing loans shown in the statement of cash flow.

	Mortgages	Securitisation facility	Credit institutions and other finance	Derivatives	Total
<b>Balance at 31 December 2018</b>	11,763	151,079	175,019	842	338,703
Cash flow from financing activities	(7,770)	9,842	2,979	–	5,051
Sale of business divisions	–	(160,921)	(34,172)	–	(195,093)
Held for sale	–	–	(8,125)	–	(8,125)
Other changes	–	–	–	(470)	(470)
<b>Balance at 31 December 2019</b>	3,993	–	135,701	372	140,066
Cash flow from financing activities	<b>7,568</b>	–	<b>(42,801)</b>	–	<b>(35,233)</b>
Other changes	–	–	–	<b>(155)</b>	<b>(155)</b>
<b>Balance at 31 December 2020</b>	<b>11,561</b>	–	<b>92,900</b>	<b>217</b>	<b>104,678</b>

## 26 Financial instruments

### Fair value

The following overview presents a comparison between the carrying amounts and the fair values of all the financial assets and liabilities of Stern Groep N.V. recognised in the financial statements, including assets and liabilities classified as held for trading:

	Carrying amount		Fair value	
	2020	2019	2020	2019
<b>Financial assets</b>				
Cash and cash equivalents	283	683	283	683
Interests of SternPartners B.V. (less than 20%)	167	184	167	184
Interest in Bovemij				
Verzekeringsgroep N.V.	18,463	14,216	18,463	14,216
Other	149	149	149	149
<b>Financial liabilities</b>				
Mortgage loans	11,561	3,993	11,561	3,993
Credit institutions	17,373	46,747	17,373	46,747
Financing of used passenger cars	46,319	49,514	46,319	49,514
Financing of rental fleet	29,208	39,440	29,208	39,440
Lease commitments	101,271	114,096	101,271	114,096
Derivatives	217	372	217	372

The fair value of the derivatives and drawn down loans is calculated as the present value of the expected cash flows at prevailing market rates. Financing is effected mainly on the basis of a short-term interest rate so that the carrying amount approximates the fair value of the financial liabilities. The average interest rate used to calculate the present value of the lease commitments is virtually the same as the marginal interest rate at year-end 2020, so that the carrying amount approximates the fair value of the lease commitments.

Stern Groep N.V. uses the following three levels for the classification and disclosure of financial instruments measured at fair value:

- Level 1 : price quotations in active markets;
- Level 2: valuation techniques for which input can be derived from observable market data;
- Level 3: valuation techniques for which input cannot be derived from observable market data.

The following analysis shows the financial instruments measured at fair value classified according to measurement level:

	Level 1	Level 2	Level 3	Total
<b>31-12-2020</b>				
Interest in Bovemij N.V.	–	–	18,463	18,463
Derivatives	–	(217)	–	(217)
<b>31-12-2019</b>				
Interest in Bovemij N.V.	–	–	14,216	14,216
Derivatives	–	(372)	–	(372)

The development of financial instruments in level 3 in the financial year was as follows:

	2020	2019
<b>Level 3</b>		
Balance at 1 January	14,216	14,113
Changes in fair value	4,247	103
<b>Balance at 31 December</b>	<b>18,463</b>	14,216

The fair value of the interest in Bovemij N.V. is based on an external valuation report as at March 2020, taking account of particular developments during the current year.

## 27 Trade and other payables

This item includes the credit facilities provided by car manufacturers for the performance of the underlying dealer contracts. A pledge is provided for this facility on the passenger cars and light commercial vehicles financed, including parts and accessories. The interest rates are based on Euribor plus a spread.

## 28 Tax and social security contributions

Under Current Assets, the value-added tax of € 0.3 million receivable at 31 December 2020 is recognised in the item *Tax and social security contributions* (2019: € 2.9 million payable).

Under Current Liabilities, the wage tax of € 2.2 million payable at 31 December 2020 is recognised in the item *Tax and social security contributions* (2019: € 2.8 million).

## 29 Repurchase obligations

Based on specific provisions in IFRS 15 Revenue from contracts with customers, no sale proceeds are recognised for sales transactions with a repurchase obligation. Cars with a repurchase obligation remain on the statement of financial position under inventory and are written down to fair value on the repurchase date. Repurchase obligations are recognised against these cars in the statement of financial position, more than 90% of which have a term of less than 1 year.

## 30 Other accounts payable and deferred income

The other payables include € 5.0 million in payments to personnel (2019: € 5.4 million). The item accrued liabilities and deferred income consists mainly of prepayments from customers and importers received as at the closing date.

## 31 Statement of cash flow

The statement of cash flow shows the movements in cash and cash equivalents. The preparation of this statement is based on a comparison between the opening balance and the closing balance. Changes that have not led to cash flow, such as impairments and transfers between bank accounts, are then eliminated. Changes in the working capital can mostly be derived from the overview of changes in the relevant items in the statement of financial position, taking account of changes arising from companies acquired and divested (see note 3) and assets and liabilities held for sale (note 21). Note 25 provides the connection between the changes in interest-bearing loans and the statement of cash flow. Under IFRS 16 Leases, the lease payments are divided into interest and repayments (note 15). The interest payments are recognised under cash flow from operational activities and the repayments are recognised as cash flow from financing activities.

## 32 Objectives and policy regarding the management of financial risks

### Financial instruments and risk policy

The interest rate profile of the financial liabilities, after taking account of the hedge transactions entered into and excluding the IFRS 16 lease commitments, is as follows:

	2020	2019
Liabilities at variable interest rates	56,461	31,694
Liabilities at fixed interest rates	48,000	108,000
	<u>104,461</u>	<u>139,694</u>
<b>Liabilities at fixed interest rates</b>		
Weighted average interest rate (%)	1.8	1.8
Weighted average maturity (years)	0.9	1.2

The interest rates for the financial liabilities are mainly based on Euribor (note 25).

At 31 December 2020, Stern Group had a number of outstanding contracts for interest rate swaps for a total amount of € 48.0 million (2019: € 108.0 million). The interest rate swaps are concluded in order to convert liabilities at variable interest rates into liabilities with fixed interest rates. The average remaining maturity of the interest rate swaps is 11 months (2019: 14 months), with a weighted average interest rate, including the spread for the liability in question, of 1.8% (2019: 1.8%).

The most important financial instruments (other than derivatives) held by Stern Groep N.V. are bank loans and overdrafts, lease agreements, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the business operations. Stern Groep N.V. has various other financial assets and liabilities, such as trade receivables and payables, that arise directly as a result of its business operations. Stern Groep N.V. also enters into transactions for interest rate swaps. The purpose of the interest rate swaps is to limit the interest rate risk to which Stern Groep N.V. is exposed as a result of its business operations and its sources of funding. In principle, Stern Groep N.V. does not trade in financial instruments, nor did it do so during the year under review.

The main risks arising from the financial instruments held by Stern Groep N.V. are interest rate risk and credit risk. The Management Board evaluates and approves the policy with respect to the mitigation of these risks.

### Interest-rate risk

Stern Groep N.V. strives to mitigate the risks arising from its operational activities and the funding thereof. Interest-rate risk is partly hedged using interest-rate swaps. After initial recognition, these instruments are carried at fair value (at 31 December 2020 this amounted to € 0.2 million negative and at 31 December 2019 € 0.4 million negative). The following overview shows the carrying amounts of the interest rate swaps to which hedge accounting is applied at 31 December 2020.

Regarding	Nominal value	Carrying amount	2020	Nominal value	Carrying amount	2019
			Fair value			Fair value
Mortgage loans	12,000	(54)	(54)	12,000	(78)	(78)
Financing of used passenger cars	36,000	(163)	(163)	36,000	(62)	(62)
Credit institutions	–	–	–	60,000	(233)	(233)
<b>Total 31 December</b>	<b>48,000</b>	<b>(217)</b>	<b>(217)</b>	<b>108,000</b>	<b>(372)</b>	<b>(372)</b>

The fair value of the interest rate swaps is determined on the basis of market interest rates as at 31 December 2020 and 2019 respectively. Cash flow hedge accounting is applied to these hedges. The hedges of the future cash flows are considered to be effective with an unrealised negative result of € 0.2 million (2019: € 0.4 million negative) with a deferred tax item of € 0.1 million (2019: € 0.1 million). The result on the hedging instrument is applied to the statement of comprehensive income in 2020 and 2019. There are no margin obligations as a result of the swap contracts.

### Credit risk

Stern Groep N.V. deals only with creditworthy third parties. The policy at Stern Groep N.V. is that all customers wishing to trade with deferred payment must be subjected to credit verification procedures. Furthermore, open balances are continuously monitored so that Stern Groep N.V. is not exposed to material risk as a result of doubtful debtors. Credit risk is incurred on the other financial assets of Stern Groep N.V., which consist of cash and cash equivalents, financial assets held for trading and certain derivatives, to the extent that the counterparty may default on an amount not exceeding the carrying amounts of these instruments.

Since Stern Groep N.V. deals only with creditworthy third parties, no security is required.

### Liquidity risk

Stern Groep N.V. has concentrated the management of its cash and direct credit facilities with a limited number of banking institutions (see note 25). As part of this management, the accounts of operating companies are included in cash pooling arrangements and the maximum credit limit of each operating company is monitored centrally.

### Interest-rate exposure analysis

The following table shows the exposure of the result before tax of Stern Groep N.V. (due to the effect of loans at variable interest rates) and the equity (due to the effect of the valuation of the interest rate swaps) to a potential change in Euribor with all other variables remaining constant.

	Increase or decrease in interest rates in basis points	Effect on the result before tax	Effect on equity
<b>2020 financial year</b>	<b>+100</b>	<b>(565)</b>	<b>(93)</b>
	<b>-100</b>	<b>565</b>	<b>93</b>
<b>2019 financial year</b>	<b>+100</b>	<b>(317)</b>	<b>707</b>
	<b>-100</b>	<b>317</b>	<b>(707)</b>

## Capital management

The primary objective of capital management at Stern Groep N.V. is to maintain good creditworthiness and sound solvency to support the operations of Stern Groep N.V. and to optimise shareholder value. Stern Groep N.V. manages its capital structure and adjusts this according to changes in economic conditions. In order to maintain or adjust its capital structure, Stern Groep N.V. may change its payment of dividend to shareholders, repay capital to shareholders or issue new shares. No changes were made to the objectives, policy or processes in 2020 or 2019.

Stern Groep N.V. monitors its capital using a solvency ratio, which is the consolidated equity divided by the total assets. Regarding the facilities at credit institutions, agreements have been made with respect to minimum ratios to be achieved. The agreed ratios relate to the solvency and the interest coverage ratio (ICR) (see note 25).

## 33 Contingent assets and liabilities

### Bank guarantees

Stern Groep N.V. has provided a bank guarantee for the lessors of € 4.0 million (2019: € 3.7 million).

### Economic inventory position

If importers have not yet transferred all the major rights to economic benefits and all major risks with respect to new passenger cars and light commercial vehicles to Stern Groep N.V., the vehicles in question are not yet recognised in the statement of financial position. The economic inventory position of vehicles delivered or to be delivered by importers at 31 December 2020 amounted to € 37.0 million (2019: € 47.8 million).

Stern sells trucks with lease or finance agreements that include an option for the buyer to sell the truck back to Stern when the agreement terminates. Since past experience shows that the majority of buyers do not exercise this option, these trucks are not recognised under repurchase obligations in the statement of financial position. The maximum repurchase obligation under these agreements at 31 December 2020 was € 7.2 million (2019: € 7.5 million).

## 34 Related party disclosures

H.H. van der Kwast, Chair of the Management Board of Stern Groep N.V., owns an interest of 12.7% in Stern Groep N.V. through his personal holding company Merel Investments B.V. (2019: 12.3%).

H.H. van der Kwast, Chair of the Management Board of Stern Groep N.V., is a related party to Kluut Vastgoed B.V. (indirect interest of 50%). Stern Groep N.V. leases one premises from Kluut Vastgoed B.V. The total rent paid for 2020 was € 96,000 (2019: € 117,000).

After the sale of SternLease B.V., the cooperatives of SternPartners were dismantled in 2020 and a remaining interest of 6% of one of the cooperatives was transferred for the net asset value of € 12,000 to a company related to H.H. van der Kwast, who already held a 94% interest in this cooperative.

## 35 Remuneration of the Management Board and the Supervisory Board

The remuneration of the members of the Management Board consists of a fixed gross annual salary with pension contribution, plus a variable component of up to 33% of the fixed gross annual salary, subject to previously set criteria being met.

### Individual remuneration of the Management Board

(amounts x € 1)

	Fixed salary	Social security contributions	Bonus	One-off bonus	Pension contributions and compensation	Total
<b>Year 2020</b>						
H.H. van der Kwast	486,000	11,358	–	–	145,468	642,826
<b>Total</b>	<b>486,000</b>	<b>11,358</b>	<b>–</b>	<b>–</b>	<b>145,468</b>	<b>642,826</b>
<b>Year 2019</b>						
H.H. van der Kwast	486,000	10,703	45,000	200,000	144,854	886,557
<b>Total</b>	<b>486,000</b>	<b>10,703</b>	<b>45,000</b>	<b>200,000</b>	<b>144,854</b>	<b>886,557</b>

The criteria regarding profit-sharing and bonus payments for 2020 were:

- achievement of revenue, net profit, return on equity and cash flow in line with the budget for 2020;
- achievement of the targets set in the Focus on Value strategic plan;
- realisation of the targets in the Focus on Value strategic plan and the realisation of targets relating to development of the organisation, operating efficiency and digitalisation.

The criteria for profit-sharing and bonus payments for 2020 were not met in full. The COVID-19 pandemic and the related government measures had an effect on the business operations of Stern Group. In line with the conditions for using the NOW 3.1 scheme, the Management Board has waived its bonus for 2020.

The criteria for profit-sharing and bonus payments for 2021 are:

- achievement of revenue, net profit, return on equity and cash flow in line with the budget for 2021;
- achievement of the targets set in the strategic plan;
- achievement of targets with respect to organisational development, operational efficiency and digitalisation.

The Supervisory Board makes use of scenario analyses in the formulation and establishment of the remuneration of the Management Board as stated in best practice provision II.2.1. of the Corporate Governance Code.



**Individual remuneration of the Supervisory Board**

(amounts x € 1)

	Regular remuneration payable	Remuneration of the Audit Committee	Remuneration of the Remuneration Committee	Other remuneration	Total 2020	Total 2019
D.R. Goeminne	40,000	–	1,250	–	<b>41,250</b>	42,500
M.E.P. Sanders	32,000	10,000	–	–	<b>42,000</b>	42,000
A. Roggeveen (until 7 May 2020)	10,666	–	–	–	<b>10,666</b>	32,000
S.G. Brummelhuis (until 7 May 2020)	10,666	–	1,666	–	<b>12,333</b>	37,000
P.P.M. Nielen	32,000	5,000	–	–	<b>37,000</b>	37,000
<b>Total</b>	<b>125,332</b>	<b>15,000</b>	<b>2,916</b>	<b>–</b>	<b>143,249</b>	190,500

**Share ownership by the Management Board**

	2020	2019
H.H. van der Kwast (via Merel Investments B.V.)	<b>722,101</b>	700,000

**Share ownership by the Supervisory Board**

	2020	2019
D.R. Goeminne	<b>25,000</b>	25,000
M.E.P. Sanders	–	–
A. Roggeveen (at 7 May 2020)	–	–
S.G. Brummelhuis (at 7 May 2020)	–	–
P.P.M. Nielen	–	–

No option rights, advances or guarantees are provided to the members of the Management Board of Stern Groep N.V. and/or to members of the Supervisory Board.

**36 Subsequent events**

No noteworthy events occurred after the closing date that affect the financial statements for 2020.

(amounts x € 1,000)

# Company statement of income

	2020	2019
Net revenue	-	-
Cost of sales	-	-
<b>Gross profit</b>	-	-
Other income	-	-
Employee expenses	(2,890)	(3,291)
Depreciation of property, plant and equipment	-	(2)
Other operating expenses	(275)	(278)
<b>Operating profit</b>	(3,165)	(3,571)
Result from associates	(23,761)	25,258
Financial income and expenses	(1,660)	(1,298)
<b>Profit/(loss) before tax</b>	(28,586)	20,389
Income taxes	1,217	988
<b>Result after tax</b>	(27,369)	21,377

(amounts x € 1,000)

# Company statement of financial position at 31 December

	Note	31 December 2020	31 December 2019
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Other assets		–	–
<b>Financial non-current assets</b>	2		
Investments in group companies		201,301	225,062
Other investments		149	149
		<u>201,450</u>	<u>225,211</u>
<b>Non-current assets</b>		201,450	225,211
<b>Current assets</b>			
Receivables from group companies		1,856	–
Other receivables, accrued income and prepaid expenses		43	174
Cash and cash equivalents		8	1
		<u>1,907</u>	<u>175</u>
<b>Total assets</b>		<u>203,357</u>	<u>225,386</u>
<b>Equity</b>	3		
Issued capital		593	593
Reserves		124,794	152,046
		<u>125,387</u>	<u>152,639</u>
<b>Current liabilities</b>			
Interest-bearing loans	4	74,991	70,041
Liabilities to group companies		3	1
Tax and social security contributions		122	127
Other liabilities and accruals and deferred income		1,631	1,393
Deferred tax liability		1,223	1,185
		<u>77,970</u>	<u>72,747</u>
<b>Total liabilities</b>		<u>203,357</u>	<u>225,386</u>

(amounts x € 1,000)

# Notes to the company financial statements

## 1 Accounting policies

The company financial statements are prepared on the basis of Part 9 of Book 2 of the Dutch Civil Code with use of the option provided under Section 2:362 (8) to apply the IFRS accounting policies that are used for the consolidated financial statements.

### Principles for measurement and determination of the result

Details of the principles for measurement and determination of the result can be found in the notes to the consolidated financial statements and, unless otherwise stated, apply equally to the company financial statements.

### Investments in group companies

The investments in group companies are recognised at net asset value. The reporting dates of the group companies are the same as those of Stern Groep N.V. The principles for financial reporting are, for similar transactions and events in comparable circumstances, the same as those of Stern Groep N.V.

### Income taxes

Income taxes consist of current and deferred tax. Current tax concerns the expected tax payable on the taxable profit in the financial year on the basis of prevailing tax rates. Deferred tax is recognised for temporary differences between the valuation of assets, liabilities and deductible losses for commercial purposes and their valuation for tax purposes. Deferred tax is calculated on the basis of established tax rates and regulation that are expected to apply at the time the deferred tax asset or liability is realised. Deferred tax assets are only recognised if it is expected that sufficient future profit for tax purposes will be available against which the temporary differences and available tax-deductible losses can be realised. Stern Groep N.V. settles on the basis of the taxable result of the group companies, taking account of the benefits of the fiscal unity to the various constituent group companies.

## 2 Financial non-current assets

	Investments in group companies	Other	Total
Carrying amount at 1 January 2020	225,062	149	225,211
Result for the year	(23,761)	–	(23,761)
Other changes	–	–	–
<b>Carrying amount at 31 December 2020</b>	<b>201,301</b>	<b>149</b>	<b>201,450</b>

The investments in group companies includes the 100% interest in Stern Facilitair B.V. of Purmerend, the holding company for all other group companies.

## 3 Equity

For the development of equity, see the consolidated financial statements. The entire share premium qualifies as a recognised paid-up reserve for tax purposes.

## 4 Interest-bearing loans

Stern Groep N.V. has finance facilities at credit institutions. For details of these facilities and the associated collateral and bank covenants, see note 25 to the consolidated financial statements.

## 5 Other notes

### Dividend

No dividend will be distributed in accordance with the conditions for use of the NOW-3 compensation for salary costs scheme.

### Contingent assets and liabilities

Stern Groep N.V. has accepted joint and several liability for the debts of the group companies listed on page 98, including tax, arising from legal actions by the group companies in accordance with Section 403 of Part 9 of Book 2 of the Dutch Civil Code.

### Remuneration of the Management Board and Supervisory Directors

For the remuneration of the Management Board and Supervisory Directors, see note 35 to the 2020 consolidated financial statements.

### Audit fees

For the audit fees, see note 8 to the 2020 consolidated financial statements.

### Number of employees

The number of employees, including the Management Board, at 31 December 2020 was: 9 (2019: 8)

Amsterdam, 3 March 2021

#### The Management Board    The Supervisory Board

H.H. van der Kwast

D.R. Goeminne

M.E.P. Sanders

P.P.M. Nielen

# Other information

## Profit appropriation according to the articles of association

### Article 38

- 1 Subject to the approval of the Supervisory Board, the Executive Board transfers as much of the remaining profit to reserves as it deems necessary. Insofar as the profit is not transferred to reserves subject to the provisions of the previous sentence, it is available to the Annual General Meeting in whole or in part for distribution to the shareholders in proportion to the number of ordinary shares that they own.  
The company may only pay the shareholders and other persons entitled to the profits available for distribution to the extent that its equity exceeds the amount of the paid-up and called-up capital plus the reserves that must be held pursuant to statute.

### Article 39

- 1 Distributions of profit shall be payable four weeks after adoption, unless the General Meeting sets a different date as proposed by the Management Board.
2. Distributions of profit that have not been received within five years of being made available for payment shall lapse to the company.
- 3 Resolutions of the General Meeting to grant full or partial cancellation of reserves shall require the approval of the Management Board and the Supervisory Board, without prejudice to the provision in paragraph 6.
- 4 With the prior approval of the Supervisory Board, the Management Board may make an interim distribution of profit, subject to the provision of Section 105, Book 2 of the Dutch Civil Code.
- 5 The General Meeting may, if so proposed by the Management Board and with the prior approval of the Supervisory Board, resolve that distributions of profit should be made entirely or partially in the form of shares in the company's capital.
- 6 A shortfall may only be made up from the reserves held pursuant to statute to the extent permitted by law.

# Independent auditor's report

To: the shareholders and the Supervisory Board of Stern Groep N.V.

## Report on the audit of the financial statements 2020 included in the annual report

### Our opinion

We have audited the financial statements 2020 of Stern Groep N.V., based in Amsterdam.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Stern Groep N.V. as at 31 December 2021, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- The accompanying company financial statements give a true and fair view of the financial position of Stern Groep N.V. as at 31 December 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2020;
- The following statements for 2020: the consolidated statement of income, the consolidated statements of comprehensive income, changes in equity and cash flows;
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company statement of financial position as at 31 December 2020;
- The company statement of income for 2020;
- The notes comprising a summary of the accounting policies and other explanatory information.

### The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Stern Groep N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the “Wet toezicht accountantsorganisaties” (Wta, Audit firms supervision act), the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics).

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

### Our audit approach

#### Our understanding of the business

Stern Groep N.V. is one of the largest dealer holdings in the Netherlands. Stern Groep N.V.'s activities mainly consist of sales, mobility solutions and car services. The group structure consists of various entities and we have set up our audit accordingly. We have given particular attention in our audit to a number of topics based on the group's activities and our risk analysis.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



In 2020 we were forced to perform our procedures to a greater extent remotely due to the Covid-19 measures. This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

## Materiality

<b>Materiality</b>	€1,300,000 (2019: €1,700,000)
<b>Benchmark applied</b>	1% of the gross profit
<b>Explanation</b>	<p>Both the result before tax and the operating profit of Stern Groep N.V. have been highly volatile in recent years. For this reason, we do not consider this to be an appropriate benchmark for materiality.</p> <p>We consider that gross profit is the most appropriate materiality benchmark for Stern Groep N.V. In addition, we have identified the following relevant aspects:</p> <ul style="list-style-type: none"> <li>• Important performance indicator for Stern Groep N.V. and its stakeholders;</li> <li>• More stable trend without large fluctuations.</li> </ul>

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €85,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

## Scope of the Group audit

Stern Groep N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Stern Groep N.V.

The determining factors for the scope of the audit are:

- The fact that Stern's operations take place in the Netherlands;
- The organizational structure of Stern's operations;
- The size and/or risk profile of the other group elements and operations;
- The fact that the business processes and internal control measures are generally carried out in the same way at the various dealerships.

This means that there is no scoping for separate dealerships. We considered the dealerships as one component for our audit in addition to the rent and other operations. If entities deviate in the execution of their internal controls from the standard internal controls we have incorporated this in our audit.

All procedures at the group entities and at group level were performed by the same audit team.

As a result of these procedures we have obtained sufficient and appropriate audit evidence in relation to the financial information of the group to issue an opinion regarding the consolidated financial statements.

## Teaming, use of specialists and internal audit

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed client in the automotive industry. We included specialists in the areas of IT audit and taxes in the engagement team. In addition we have made use of our own valuation experts for the audit of the discount rate (WACC), that was applied in the goodwill impairment test.

## Our focus on fraud and non-compliance with laws and regulations

### Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

### Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including legal, human resources and directors of the group entities) and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. In our risk assessment we also considered the potential impact of the results on the bank covenants.

In the process of identifying fraud risks, we considered whether the COVID-19 pandemic would lead to specific fraud risk factors because internal controls might be less effective due to remote working, absenteeism, cybersecurity risks, possible misuse of government compensation and because of pressure on management to meet financial targets, to demonstrate that measures to limit losses have been successful or to meet certain performance indicators necessary to comply with loan covenants. Conversely, we also looked at whether the management formed excessive provisions with a view to release to the result in the future.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in 1. "Accounting principles" in the consolidated financial statements.

We have also used data analytics to identify and address high-risk journal entries. In the key audit matter Valuation of goodwill and deferred tax assets we describe how we included the fraud risk related to management override in our audit approach.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we re-evaluate our assessment of fraud risk and its resulting impact on our audit procedures.

### Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

### Going concern

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next twelve months from when the financial statements are authorized for issue.

We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism, and focused specifically on the process followed by management to make the assessment, on instances of management bias that could represent a risk, on the impact that current events and conditions have on the Company's operations and forecasted cash flows, in order to challenge management's assertion whether or not the company will have sufficient liquidity to continue to meet its obligations as they fall due. We involved specialists to review the underlying assumptions in the forecast 2021 and the outlook 2022.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Should we have concluded that a material uncertainty exists, we would be required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

### General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year, there are the following changes in key audit matters:

- Key audit matter "Sale of activities" is no longer considered a key audit matter for this year as this was related to a one-off transactions in 2019;
- Due to the significant impact of COVID-19 on the business activities of the company, we have considered "the impact of COVID-19" a key audit matter in this financial year.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit approach	Key observations
<b>The impact of COVID-19</b> We refer to note 1 "Accounting policies COVID-19" and note 12 "Interest-bearing loans" in the financial statements		
<p>COVID-19 has significantly affected the operational and financial performance of organizations and the going concern assessment. The impact continues to change, and therefore entails complexity and inherent uncertainty.</p> <p>The main risks for the financial statements are:</p> <ul style="list-style-type: none"> <li>• The valuation of goodwill and deferred tax assets. For this we refer to the key audit matter Valuation of goodwill and deferred tax assets;</li> <li>• NOW-compensation scheme: the appropriate recognition of the NOW compensation;</li> <li>• Financing: the impact of COVID-19 on the 2021 financial results is uncertain. If the company is not able to meet the covenants the lenders have the right to demand immediate repayment of the outstanding loans.</li> </ul>	<p>We discussed and evaluated the impact of COVID-19 on the 2020 financial statements of Stern Group N.V. focussing on the items stated above.</p> <p><b>The NOW compensation</b>            For the audit of the correctness and completeness of the recognition of the NOW compensation, we:</p> <ul style="list-style-type: none"> <li>• Performed our procedures for NOW-1 in accordance with to the audit protocol;</li> <li>• Among other things, recalculated the compensation for NOW 3.1 and concluded that the correct revenue and the salary expenses have been applied. The audit of the final declaration will take place after publication of the 2020 annual report.</li> </ul> <p><b>Finance</b>            We performed the following procedures for our assessment of the impact of COVID-19 on the external financing of Stern Groep N.V.:</p> <ul style="list-style-type: none"> <li>• Review the loan agreements regarding the covenants and loan conditions, including recalculating the covenant ratios;</li> <li>• Review the going concern assessment, including the projections used to assess compliance with the covenants during the forecast period;</li> <li>• Testing the forecasted revenue, result and liquidity;</li> <li>• Assessment of the disclosures.</li> </ul> <p>Finally, we evaluated the disclosures regarding the impact of COVID-19 on Stern Groep N.V. in the financial statements as a whole.</p>	<p>We agree with management's assessment of the impact of COVID-19, the use of the going concern assumption and the disclosures regarding the key estimates and assumptions in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.</p>

Risk	Our audit response	Key observations
<p><b>Valuation of goodwill and deferred tax assets</b></p> <p>We refer to note 1 "Accounting policy", note 10 "Income taxes" and note 13 "Intangible non-current assets" in the financial statements</p> <p>At 31 December 2020, Stern recognized goodwill (€ 2 million) and deferred tax assets (€ 8.3 million). Management reassessed the projected future (taxable) results. Based on this reassessment, management adjusted the expected future (taxable) results downwards. The lower expected future results combined with an adjustment to the WACC resulted in an impairment of the goodwill of dealergroep Stern of € 20.0 million. Further details are provided in note 13 'Intangible assets'. The lower expected future taxable results additionally resulted in an impairment of € 6.6 million of the deferred tax assets.</p> <p>A key variable in the valuation of goodwill and deferred tax assets is the expected future (taxable) results. These future results are, among other things, derived from the 2021 forecast and the outlooks for 2022-2023, as approved by the Supervisory Board. The main assumptions relate to car sales, margins, revenue, costs and the automotive market in general in the subsequent years.</p> <p>The assessment of whether the goodwill and the deferred tax assets are subject to impairment is considered to be a key audit matter, given the complexity of the calculations and the level of judgment that management has to apply regarding the future (taxable) results.</p> <p>Note 13 includes the sensitivity analysis with respect to the goodwill.</p>		
	<p>The audit procedures we performed included an assessment of the quality of the budgeting process, the reasonableness of the assumptions underlying the estimation of future (taxable) results and whether these are consistent with the budget for 2021 and the outlooks for 2022 and 2023 as approved by the management board and the supervisory board.</p> <p>We engaged an EY valuation expert to evaluate the discount rate applied and valuation methodology used.</p> <p>We also carried out procedures with respect to the disclosures in the financial statements on the impairment test, in particular the main assumptions that affect the recoverable value of the goodwill, such as the margin developments of the relevant revenue categories, the changes in costs and the weighted average cost of capital (WACC) applied.</p> <p>We assessed that the disclosures – including the sensitivity disclosures with respect to the various assumptions – provide sufficient information with regard to the assumptions applied and the effects of changes in these assumptions on the valuation.</p>	<p>The valuation of the goodwill and the deferred tax assets are sensitive to the assumptions made.</p> <p>We consider the assessment of the valuation of the capitalized goodwill and deferred tax assets as made by management to be reasonable and in accordance with EU-IFRS.</p> <p>We consider the disclosure in the financial statements regarding the impairment test to be adequate.</p>

## Report on other information included in the annual report

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

- The management board report including the remuneration report;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- The corporate social responsibility report.

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

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 and Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Section 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements

### Engagement

We were engaged by supervisory board as auditor of Stern Groep N.V. as of the audit for the year 2003 and have operated as statutory auditor ever since that date.

### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## Description of responsibilities for the financial statements

### Responsibilities of management and the supervisory board for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

### Communication

We communicate with the supervisory board amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect, we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding the statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 3 March 2021

**Ernst & Young Accountants LLP**

Signed by J.J. Kooistra



## Other information

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# GRI index

For this report, we have used the G4 guidelines for sustainability reporting of the Global Reporting Initiative (GRI). We report according to the “Core” option.

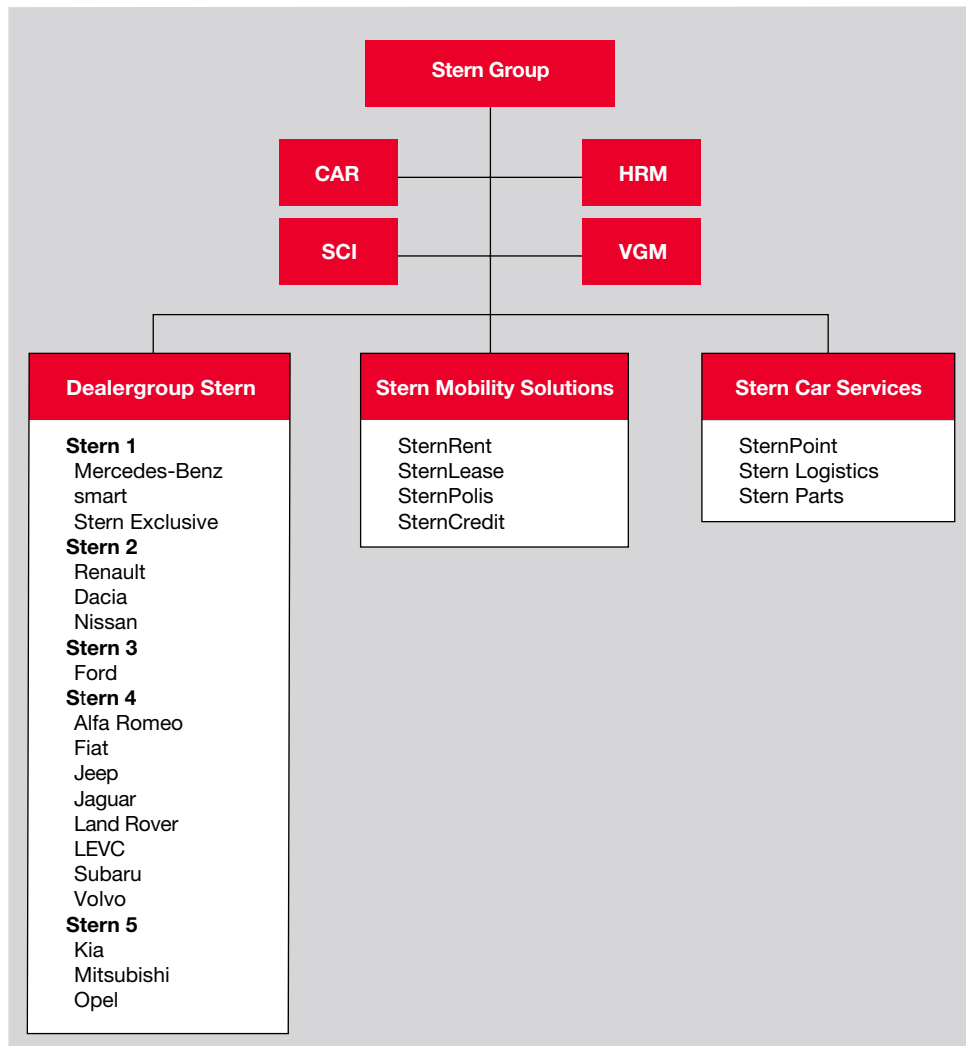
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# Organisation structure



## Stern Group

is led by the Management Board, which consists of Henk van der Kwast and Finus Porsius. The Management Board is responsible for general policy, finance and group strategy. The Management and Supervisory Boards are supported by Bastiaan Geurts, who is the Company Secretary. The operational management organ of the company is the Group Council (see page 5).

## Stern CAR

stands for controlling, analysis and reporting. Stern CAR provides the group's monthly, quarterly and annual reporting, coordinates the annual audit with the auditor, acts as the initial point of contact for financial and tax matters and coordinates the group's cash management. Stern CAR also provides guidance for improvements to processes and controls, including programmes for improving workplace productivity and optimising the use of working capital. Stern CAR is also responsible for due diligence investigations when opportunities for acquisitions arise. Stern CAR is led by Finus Porsius (Financial Director).

## Stern SCI

stands for Smart Customer Interaction and was created in mid-2020 by the combination of the branding, marketing, online, data, ICT and customer service activities. Stern SCI manages and develops the Stern brand and generates business for the Stern companies through the application of data, online marketing and relationship management in both the retail and business markets. This segment also directs and facilitates all non-physical interactions with prospects and customers, ensuring a consistent customer experience. Adjustments are made on the basis of continuous feedback and customer research. Stern SCI is led by Bastiaan Geurts (director).

### Stern HRM

develops and formulates HRM strategies, policy and procedures, coordinates and leads the implementation of HRM policy and procedures for the entire group. Stern HRM also has a supervisory role, particularly in relation to compliance with established procedures and quality standards, and is responsible for the optimal functioning of HRM systems and processes. Stern HRM supports, advises and facilitates the primary process in relation to HRM at the decentralised HR departments of the group. Stern HRM is led by Loes van Dalen (director).

### Stern VGM

manages the property portfolio owned and leased by Stern.

Its activities range from regular maintenance to the preparation of multi-year plans, from coordinating renovations to guidance for complete new-build projects. Stern VGM supports and coordinates all issues relating to premises and construction for the group and maintains contacts with the relevant external suppliers. Stern VGM is led by Paul Snelting (property manager).

### Dealergroup Stern

Dealergroup Stern represents 18 leading brands and currently consists of around 48 points of sale and service. The management team consists of Henk van der Kwast (director), Dwight de Weerd, Huub van den Brule, Gerrit Klock, Matthieu Snel and Finus Porsius.

### Stern Mobility Solutions

focuses exclusively on financial and other mobility products and services not associated with car brands to small and medium-sized enterprises and the private market. Car rental (SternRent) is also part of Stern Mobility Solutions. Stern Mobility Solutions additionally manages the relationships with the partners ALD Automotive and Bovemij. Stern Mobility Solutions is led by Marco Vlaar (director).

### Stern Car Services

aims to achieve national relevance with a network of larger car body repair branches. Stern Car Services also includes the activities relating to light commercial vehicle interiors and lettering. SternLogistiek and SternParts are also part of Stern Car Services. The management team consists of Guus Baris (director SternPoint), Marco Vlaar (director Stern Logistics and Stern Parts) and Olivier Hoffmann.

# Addresses

At 3 March 2021

Nissan dealer Stern in Amersfoort



## Stern Group

Stern Groep N.V.      Pieter Braaijweg 6      Amsterdam

## Stern Facility Services

Stern Facilitair B.V.      Ampèrestraat 65      Purmerend

### Operation of fuel stations by third parties

Lukoil	Schermerhoek 523	Capelle a/d IJssel
Lukoil	Houtmankade 20/A	Gorinchem
Lukoil	Zeverijnstraat 18	Hilversum
Lukoil	Deltalaan 217	Slidrecht
Lukoil	Provincialeweg 47	Zaandam

### Premises owned

Helderseweg 52	Alkmaar
Parelweg 5	Alkmaar
Ruimtevaart 30	Amersfoort
Radarweg 8	Amsterdam
Zeverijnstraat 16	Hilversum
Waterveste 2	Houten
Warmoezenierstraat 17	Naaldwijk
Nijverheidslaan 1	Weesp
Hogeweg 8	Wormerveer
Oost-Indische Kade 7-9	Wormerveer
Provincialeweg 43	Zaanstad

### Associates

Bovemij	Takenhofplein 2	Nijmegen
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## Locations

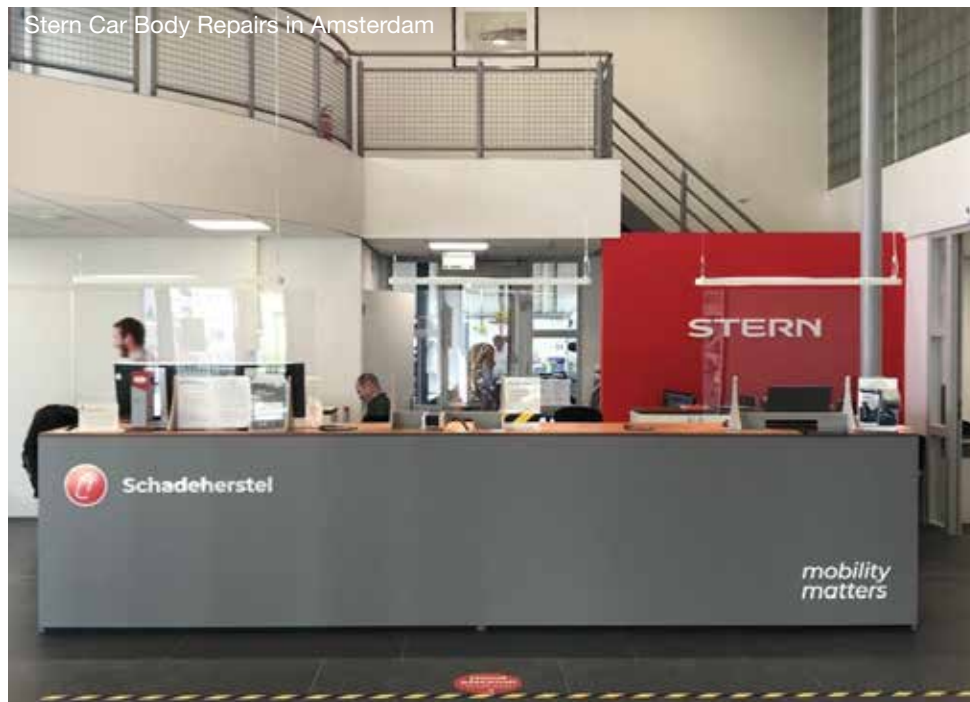
Place	Address	Car brand	Car body repairs	Car rental	Occasion Center	Other
Alkmaar	Helderseweg 52	Kia, Opel				
Almere	De Huchtstraat 10	Mercedes-Benz, smart		Car rental		
Almere	De Strubbenweg 8	Volvo			Occasion Center	
Amersfoort	Nijverheidsweg-Noord 54	Nissan				
Amersfoort	Ruimtevaart 30	Mercedes-Benz, smart		Stern Car Rental		
Amersfoort	Nijverheidsweg-Noord 65	Alfa Romeo, Fiat, Jeep, Subaru				
Amstelveen	Spinnerij 9	Mercedes-Benz, smart				
Amstelveen	Langs de Werf 1		Car body repairs			
Amsterdam	Klokkenbergweg 3-5	Ford		Stern Car Rental		
Amsterdam	Aambeeldstraat 5 (+ Gedempt Hamerkanaal)	Kia, Opel				
Amsterdam	Burg. Stramanweg 110	Mercedes-Benz, smart				
Amsterdam	Radarweg 8	Stern Trucks	Stern Car Body Repairs	Stern Car Rental		
Amsterdam	Pieter Braaijweg 6					Stern Group
Amsterdam	Kaapstadweg 36					Stern Logistics
Arnhem	Blankenweg 22			Stern Car Rental		
Assen	Balkengracht 2	Kia, Mitsubishi, Opel				
Bemmel	Nijverheidstraat 42		Stern Car Body Repairs			
Breda	Belcrumweg 5-7			Stern Car Rental		
Den Bosch	Nelson Mandelalaan 3	Dacia, Renault		Stern Car Rental		
Den Bosch	Moeskampweg 18		Stern Car Body Repairs			
The Hague	Mercuriusweg 9	Ford		Stern Car Rental		
Den Helder	Ruyghweg 200			Stern Car Rental		
Dordrecht	Mijlweg 73	Ford		Stern Car Rental		
Eindhoven	Europaweg 2	Dacia, Renault		Stern Car Rental	Occasion Center	
Gorinchem	Newtonweg 20	Ford			Occasion Center	
Groningen	Rostockweg 12	Kia, Opel		Stern Car Rental		
Groningen	Wismarweg 34		Stern Car Body Repairs			



Place	Address	Car brand	Car body repairs	Car rental	Occasion Center	Other
Haarlem	Leidsevaart 576 - 592	Volvo				
Harderwijk	Nobelstraat 4		Stern Car Body Repairs			
Hillegom	Arnoudstraat 3	Volvo				
Hilversum	Zeeverijnstraat 16				Occasion Center	Stern Exclusive
Hoofddorp	Smaragdlaan 5-15	Ford	Stern Car Body Repairs	Stern Car Rental		
Houten	Waterveste 2	Nissan				
Houten	Ringveste 4	Abarth, Alfa Romeo, Fiat, Jeep	Stern Car Body Repairs			
Katwijk	Heerenweg 2	Volvo				
Leiderdorp	Rietschans 70	Volvo				
Lelystad	Schoepenweg 29		Stern Car Body Repairs			
Lijnden	Sydneystraat 9	LEVC, Volvo			Occasion Center	
Naaldwijk	Warmoezenierstraat 21	Ford				
Nieuwegein	Ringwade 2	Mercedes-Benz, smart				
Nijkerk	Ambachtstraat 21	Mercedes-Benz Trucks, Fuso	Stern Car Body Repairs			
Noordwijk	Keyserswey 1	Ford				
Oss	Kantsingel	Dacia, Renault				
Purmerend	Van IJsendijkstraat 411	Kia				
Purmerend	Ampèrestraat 59	Jaguar, Land Rover			Occasion Center	
Purmerend	Ampèrestraat 65					Stern Facility Services
Rotterdam	Koperstraat 15	Ford				
Rotterdam	Laagjes 4	Ford		Stern Car Rental		
Rotterdam	Abraham van Stolckweg			Stern Car Rental		
Rotterdam	Aristotelestraat 36		Stern Car Body Repairs			
Schiedam	Jan Evertsenweg 6	Ford				
Tilburg	Kraaivenstraat 30	Dacia, Renault				
Utrecht	Eendrachtlaan 300	Mercedes-Benz, smart		Stern Car Rental		
Valkenswaard	Dragonder 4	Dacia, Renault				
Veenendaal	Galileistraat 15	Mercedes-Benz, smart				
Veenendaal	Turbinestraat	Mercedes-Benz Trucks, Fuso				
Veghel	Mountbattenweg 6	Dacia, Renault				
Wateringen	De Lierseweg 13		Stern Car Body Repairs			
Weesp	Nijverheidslaan 1	Volvo				

Place	Address	Car brand	Car body repairs	Car rental	Occasion Center	Other
Wormerveer	Hogeweg 8 (+ Oostindische kade)	Kia, Opel				
Wormerveer	Vrijheidsweg 2		Stern Car Body Repairs			
Zaandam	Pieter Ghijsenlaan 7	Volvo			Occasion Center	
Zaandam	Provincialeweg 43			Stern Car Rental		
Zoetermeer	Zwaardslootseweg 3	Ford				
Zwaag	De Factorij 5	Kia				
Zwolle	Simon Stevinweg 20			Stern Car Rental		Stern Signing

Stern Car Body Repairs in Amsterdam



Alfa Romeo, Fiat, Jeep and Subaru dealer in Amersfoort



# Financial Statements 2020

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(amounts x € 1,000)

# Consolidated statement of income

	Note	2020	2019	2019 Heron Auto B.V.	2019 Other activities*
<b>Continued operations</b>					
Net revenue	4	751,057	989,335	112,462	876,873
Cost of sales	5	(614,166)	(816,510)	(96,664)	(719,846)
<b>Gross profit</b>		<b>136,891</b>	<b>172,825</b>	<b>15,798</b>	<b>157,027</b>
Other income	6	7,350	6,672	177	6,495
Employee expenses	7	(88,447)	(115,635)	(9,965)	(105,670)
Impairment of goodwill	13	(20,023)	–	–	–
Amortisation of intangible assets	13	(58)	(59)	–	(59)
Depreciation of property, plant and equipment	14	(7,871)	(8,898)	(485)	(8,413)
Depreciation of leased assets	15	(16,047)	(15,928)	–	(15,928)
Other operating expenses	8	(28,049)	(36,248)	(4,857)	(31,391)
<b>Operating profit (EBIT)</b>		<b>(16,254)</b>	<b>2,729</b>	<b>668</b>	<b>2,061</b>
Result from associates		6	131	–	131
Financial income and expenses	9	(5,470)	(7,065)	(419)	(6,646)
<b>Profit/(loss) before tax</b>		<b>(21,718)</b>	<b>(4,205)</b>	<b>249</b>	<b>(4,454)</b>
Income taxes	10	(4,833)	3,006	(62)	3,068
<b>Profit/(loss) from continued operations</b>		<b>(26,551)</b>	<b>(1,199)</b>	<b>187</b>	<b>(1,386)</b>

## Discontinued operations

Profit/(loss) from discontinued operations	12	(818)	22,576	–	22,576
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## Result after tax

(attributable to the shareholders of Stern Groep N.V.)

(27,369)	21,377	187	21,190
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## Earnings per share

Weighted average number of outstanding shares

5,675,000	5,675,000
-----------	-----------

Earnings per share from continued operations

€ (4.68)	€ (0.21)
----------	----------

Earnings per share from discontinued operations

€ (0.14)	€ 3.98
----------	--------

## Total earnings per share

€ (4.82)	€ 3.77
----------	--------

\* The results in 2019 from Heron Auto B.V. are no longer stated in the Other activities in order to enable comparison with 2020 (note 12).

(amounts x € 1,000)

# Consolidated statement of comprehensive income

	Note	2020	2019
<b>Profit/(loss) after tax</b> (attributable to the shareholders of Stern Groep N.V.)		<b>(27,369)</b>	21,377
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be transferred to the statement of income in the following periods:</i>			
Effective portion of changes to the cash flow hedge	32	156	469
Income taxes		(39)	(117)
Income and expenses not recognised in the statement of income		117	352
<b>Total comprehensive income after tax</b> (attributable to the shareholders of Stern Groep N.V.)		<b>(27,252)</b>	21,729
<b>Total profit/(loss) attributable to:</b>			
Continued operations		(26,434)	(847)
Discontinued operations		(818)	22,576
<b>Total profit/(loss)</b>		<b>(27,252)</b>	21,729

(amounts x € 1,000)

# Consolidated statement of financial position at 31 December

	Note	31 December 2020	31 December 2019		Note	31 December 2020	31 December 2019
<b>Assets</b>				<b>Equity and liabilities</b>			
<b>Non-current assets</b>				<b>Equity</b> (attributable to the shareholders of Stern Groep N.V.)			
Intangible assets	13	2,314	22,395	Issued capital	22	593	593
Property, plant and equipment	14	103,848	120,966	Reserves		124,794	152,046
Lease assets	15	94,645	108,026			125,387	152,639
Other financial assets	16	18,779	14,549	<b>Non-current liabilities</b>			
Deferred tax assets	10	8,253	12,670	Interest-bearing loans	25	27,934	49,740
		227,839	278,606	Lease commitments	15	84,419	94,317
<b>Current assets</b>				Provisions	24	1,179	1,366
Inventory	17	181,187	201,401			113,532	145,423
Trade receivables	18	10,921	41,734	<b>Current liabilities</b>			
Tax and social security contributions	28	325	–	Interest-bearing loans	25	76,527	89,954
Other accounts receivable, accrued income and prepaid expenses	19	12,848	9,385	Lease commitments	15	16,852	19,779
Cash and cash equivalents	20	283	683	Provisions	24	411	3,667
		205,564	253,203	Trade payables	27	71,487	97,422
Assets held for sale	21	–	41,610	Derivatives	26	217	372
				Tax and social security contributions	28	2,160	5,681
				Repurchase obligations	29	11,032	8,866
				Other payables, accrued liabilities and deferred income	30	15,798	15,871
						194,484	241,612
				Liabilities held for sale	21	–	33,745
<b>Total assets</b>		<b>433,403</b>	<b>573,419</b>	<b>Total liabilities</b>		<b>433,403</b>	<b>573,419</b>

(amounts x € 1,000)

## Statement of changes in equity


	Issued capital	Share premium reserve	Other reserves	Revaluation reserve	Unallocated result	Total
Balance at 1 January 2020	593	114,734	10,436	5,602	21,274	152,639
Profit/(loss) after tax	-	-	-	4,249	(31,618)	(27,369)
Other comprehensive income after tax	-	-	-	117	-	117
Total comprehensive income for 2020 (attributable to the shareholders of Stern Groep N.V.)	-	-	-	4,366	(31,618)	(27,252)
Result appropriation	-	-	21,274	-	(21,274)	-
<b>Balance at 31 December 2020</b>	<b>593</b>	<b>114,734</b>	<b>31,710</b>	<b>9,968</b>	<b>(31,618)</b>	<b>125,387</b>
Balance at 1 January 2019	593	114,734	35,077	5,147	(390)	155,161
Impact IFRS 16 Leases	-	-	(4,335)	-	-	(4,335)
Balance at 1 January 2019*	593	114,734	30,742	5,147	(390)	150,826
Result after tax	-	-	-	103	21,274	21,377
Other comprehensive income after tax	-	-	-	352	-	352
Total comprehensive income for 2019 (attributable to the shareholders of Stern Groep N.V.)	-	-	-	455	21,274	21,729
Impact of IFRS 16 Leases due to sale of SternLease	-	-	(53)	-	-	(53)
Result appropriation	-	-	(390)	-	390	-
Cash dividend	-	-	(19,863)	-	-	(19,863)
<b>Balance at 31 December 2019</b>	<b>593</b>	<b>114,734</b>	<b>10,436</b>	<b>5,602</b>	<b>21,274</b>	<b>152,639</b>

\* Including the effect of IFRS 16 Leases, the new standard for leases that came into effect on 1 January 2019.




(amounts x € 1,000)

# Consolidated statement of cash flow

 For the full table 'statement of cash flow' click here.

	Note	2020	2019
<b>Profit/(loss) before tax</b>			
Continued operations		(21,718)	(4,205)
Discontinued operations		(818)	30,921
		<u>(22,536)</u>	<u>26,716</u>
<b>Adjustments for:</b>			
Result from associates		(6)	(131)
Result Bovemij N.V.	26	(4,247)	(103)
Interest expense in result		5,470	7,014
Impairment of goodwill	13	20,023	–
Amortisation of intangible assets	13	58	59
Depreciation of property, plant and equipment	14	15,175	37,085
Depreciation of lease assets	15	16,047	15,928
Result on sale of business segments	3	(375)	(29,798)
Result on sale of property, plant and equipment		(340)	(2,574)
Contribution to/(withdrawal from) allowances	24	(3,443)	3,051
<b>Changes in working capital:</b>			
• movement in inventory		20,165	5,036
• movement in accounts receivable		25,190	(22,955)
• movement in accounts payable		<u>(25,693)</u>	<u>(30,634)</u>
<b>Cash flow from business operation</b>		<b>45,488</b>	<b>8,694</b>
Dividend received		–	1,321
Tax paid		–	–
Interest paid		<u>(5,611)</u>	<u>(6,421)</u>
		<u>(5,611)</u>	<u>(5,100)</u>
<b>Cash flow from operating activities</b>		<b>39,877</b>	<b>3,594</b>

 [For the full table 'statement of cash flow' click here.](#)

	Note	2020	2019
Acquisitions	3	(187)	–
Received from sale of business divisions	3	8,351	88,839
Investments in property, plant and equipment	14	(34,020)	(115,176)
Divestments of property, plant and equipment	14	36,019	52,895
<b>Cash flow from investment activities</b>		<b>10,163</b>	<b>26,558</b>
Dividends paid		–	(19,863)
Change in interest-bearing loans	25	(35,233)	5,051
Repayment of lease commitments	15	(15,207)	(15,404)
<b>Cash flow from financing activities</b>		<b>(50,440)</b>	<b>(30,216)</b>
<b>Movement in cash</b>		<b>(400)</b>	<b>(64)</b>
Balance of cash and cash equivalents at opening date		683	747
Balance of cash and cash equivalents at closing date		283	683
<b>Movement in cash</b>		<b>(400)</b>	<b>(64)</b>

(amounts x € 1,000)

# Notes to the consolidated financial statements

## 1 Accounting policies

### General

Stern Groep N.V. has its registered office in Amsterdam and is active in car mobility in the Netherlands. The core businesses are mainly concentrated in the provinces of Noord- and Zuid-Holland, Utrecht and Noord-Brabant. Stern Groep N.V. is registered in the trade register of the Chamber of Commerce under number 24064937. The shares of Stern Groep N.V. are listed on NYSE Euronext Amsterdam.

The company's core business consists of:

- Dealergroup Stern is engaged in the sale of new and used passenger cars and light commercial vehicles, as well as the provision of maintenance and repair of passenger cars and light commercial vehicles.
- Stern Mobility Solutions is engaged in car rental, fleet management and the sale of financial and other mobility products.
- Stern Car Services focuses on car body repair services, installation of light commercial vehicle interiors and basic maintenance of passenger cars.

The Management Board prepared the financial statements on 3 March 2021. The annual financial statements will be submitted for adoption to the General Meeting on 6 May 2021.

### COVID-19

#### Management measures

The COVID-19 pandemic and the measures introduced by the government had a significant impact on Stern's gross profit. In response, the management took various measures immediately in March 2020 aimed at changing the cost base, reducing the working capital, restricting investments and optimising the use of credit. Stern also made use of the Temporary Emergency Bridging Measure to Preserve Employment (the NOW scheme). The net effect of this was a position of ample liquidity and solid solvency at 31 December 2020.

#### Going-concern assumption

It is highly likely that COVID-19 will continue to affect the macroeconomy and Stern's earning potential in 2021 and possibly for longer. Gross profit will therefore be temporarily at a lower level. The measures taken by the management and the support from the government are expected to be sufficient to compensate for the lower gross profit in 2021, meaning that liquidity will continue to be ample and the bank ratios can be met. These financial statements are therefore prepared on the basis of the going concern assumption. Based on sensitivity analyses, an operating result of € 4.0 million in 2021 will be sufficient for the bank ratios to be met.

#### Impairment of goodwill

The COVID-19 pandemic was the trigger for carrying out an impairment test on the goodwill at 30 June 2020. The impairment test performed on 30 June 2020 showed that the value in use of Dealergroup Stern was lower than the carrying amount due to an increase in the WACC and lower cash flows in the coming two years, and that an impairment had occurred. The entire goodwill of Dealergroup Stern was accordingly written off in the second quarter of 2020 and an impairment of € 20.0 million was recognised in the result (note 13).

#### Lease assets and liabilities

In line with the change in IFRS 16 Leases, the COVID-19-related rent concessions are recognised directly in the statement of income and the valuation of the lease assets and lease commitments has not been adjusted. The effect on the result in 2020 was € 0.8 million,

#### Deferred tax

To the extent it is likely that there will be taxable profit against which tax loss carryforwards can be offset, a deferred tax asset has been formed for losses sustained during the COVID-19 pandemic, taking account of the applicable set-off periods. No deferred tax asset is recognised at year-end 2020 for losses that probably will not be realised within the maximum set-off period (note 10).

**Valuation of cars**

The valuation of rental cars, cars sold with a repurchase obligation and cars in inventory is based on independent information such as Autotelex. For cars with signs of possible impairment, an estimate has been made of the recoverable value and additional depreciation is recognised in the result.

**The NOW compensation for salary costs scheme and other government support measures**

As a group, Stern made use of the NOW scheme in Q2-2020 (NOW 1) and Q4-2020 (NOW 3.1). Compared to the NOW reference revenue, the decline in revenue was 36% in Q2-2020 and 30% in Q4-2020. An application for a final determination for NOW 1 and NOW 3.1 was submitted in 2021. At 31 December, a sum of € 3.4 million is recognised for receivable NOW compensation under the item Other Receivables. The NOW salary costs compensation recognised in the result for 2020 is an estimate of the final settlement. The actual settlement still has to be effected after the audit is completed. The NOW salary costs compensation in 2020 has been deducted from the Employee Expenses (note 7).

**Credit losses**

The credit risks were reassessed as a result of COVID-19 and additional provisions have been formed for expected credit losses where necessary. In 2020, this led to an extra contribution to the provision of € 0.4 million charged to profit from discontinued operations.

**Sales of SternLease B.V., Mango Mobility and Stern Electric and the principles for recognition in the financial statements**

The activities of SternLease, Mango Mobility and Stern Electric are presented as profit from discontinued operations.

SternLease B.V. was sold to ALD Automotive on 31 May 2019. The operating profit of SternLease B.V. until 31 May 2019 and the result on the sale of SternLease B.V. are accordingly presented as profit from discontinued operations (see note 12).

The mobility scooter operations of Mango Mobility were sold on 31 December 2019, and the remaining e-mobility operations of Stern Electric were completely terminated in 2020. The operating profit of Mango Mobility until 31 December 2019, the result on the sale of mobility scooter operations of Mango Mobility and the e-mobility operations of Stern Electric terminated in 2020 are accordingly presented as profit from discontinued operations (see note 12).

**General policies for preparation of the consolidated financial statements**

The consolidated financial statements have been prepared according to the accounting policies of Stern Groep N.V. and according to the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union. The financial statements are denominated in euros. All transactions in the financial year were in euros.

The valuation and the determination of the result are made on the basis of historical cost. Unless otherwise stated under the item concerned, the assets and liabilities are included at historical cost. Income and expenses are allocated to the year to which they relate. Profits are only recognised to the extent that they have been realised on the closing date. Losses and risks originating before the end of the reporting year are included if they are known prior to the preparation of the financial statements. All balances, transactions, income and expenses within the group and profits and losses arising from transactions within the group that are included in the assets have been fully eliminated.

**Principles for consolidation and group relationships**

The consolidated financial statements include the figures for the company financial statements of Stern Groep N.V. and its group companies over which Stern Groep N.V. exercises control. Control is defined as the power to direct the financial and operational policy of the group companies in order to obtain benefits from their operations. Group companies are consolidated from the date on which decisive control can be exercised. The results of group companies that have been divested are included in the consolidation until the date on which decisive control is no longer exercised. The companies included in the consolidation are shown in the list below, which is prepared according to the organisational structure. The organisational structure differs from the legal structure.

**SternFacilitair B.V.**

- SternFacilitair MN B.V.
- SternFacilitair SLB B.V.
- Stern Customer Services B.V.
- Falco Auto B.V.
- Stern 8 B.V.
- Stern 9 B.V.
- SternElectric B.V.
- Stald B.V.
- SternExclusief B.V.
- SternPixel B.V.

**Amsterdam**

Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Amsterdam  
Haarlem  
Amsterdam

**Dealgroep Stern B.V.**

- Stern 1 B.V.
- Stern 1M B.V.
- Stern 2 B.V.,
- Stern 2R B.V.
- Stern 2N B.V.
- Stern 3 B.V.
- Stern 3F B.V.
- Stern 4 B.V.
- Stern 4V B.V.
- Stern 4J B.V.
- Stern 4F B.V.
- Stern 5 B.V.
- Stern 5K B.V.
- Stern 5O B.V.

**Amsterdam**

Utrecht  
Utrecht  
Eindhoven  
Eindhoven  
Eindhoven  
Rotterdam  
Hoofddorp  
Amsterdam  
Haarlem  
Purmerend  
Houten  
Amsterdam  
Purmerend  
Wormerveer

**Stern Mobility Solutions B.V.**

- SternRent B.V.
- SternPartners B.V.

**Purmerend**

Purmerend  
Purmerend

**Stern Car Services B.V.**

- SternPoint B.V.
- Flexmo B.V.

**Purmerend**

Amsterdam  
Wateringen

This list shows the situation at 31 December 2020. The financial data of the group companies are fully recognised in the consolidated financial statements after elimination of intragroup debt relationships and transactions.

Stern Groep N.V. has accepted joint and several liability for the obligations arising from legal actions taken by the companies appearing in the list above (all 100%-owned), in accordance with Part 9, Book 2 of the Dutch Civil Code. Stern Groep N.V. and its subsidiary companies form a fiscal unity for corporate income tax and value-added tax purposes. Under the standard conditions applying to fiscal unities, the participating companies are jointly and severally liable for tax due.

Group companies are consolidated from the date on which decisive control can be exercised. The results of group companies that have been divested are included in the consolidation until the date on which decisive control is no longer exercised.

**Significant accounting judgements and estimates**

The most significant assumptions for the future and other key sources of estimation uncertainty at closing date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the following financial year are:

**Impairment tests**

Stern Groep N.V. determines at least once a year whether goodwill has been subject to impairment. In addition, Stern Groep N.V. determines whether there are indications of impairment or there are onerous activities that could require recognition of an impairment of assets. This involves estimating the value in use of the cash-generating units to which the goodwill is attributed and the loss-making operations. To estimate the value in use, Stern Groep N.V. has to estimate the expected future cash flows of the cash-generating unit and determine a suitable discount rate to calculate the present value of these cash flows. Estimates of future cash flows are based on assumptions with respect to gross profit, developments in operating expenses, the size of the fleet and the utilisation ratio of the rental fleet. These estimates are inherently uncertain, meaning that actual cash flows may vary from the management estimates. The carrying amount of the goodwill at 31 December 2020 was € 2.0 million (2019: € 22.1 million). For further information, see note 13 Intangible assets.

**Deferred tax**

To the extent that it is likely that there will be taxable profit against which the losses can be set off, deferred tax credits are recognised for non-deductible tax losses and temporary differences between valuations for commercial and tax purposes. A significant degree of estimation of the size of future taxable profits and the times when these are expected to become available is required by the management to determine the amount of deferred tax assets that can be recognised. The actual taxable profits against which tax loss carry forward balance can be set off may vary from these management estimates. The carrying amount of the deferred tax asset recognised at 31 December 2020 was € 8.3 million (2019: € 12.7 million). The estimation of the management is that the tax loss carryforwards measured at 31 December will be realised by 2027. For further information, see note 10 Income taxes.

**Residual value analyse**

The residual values of the cars made available to customers under operating lease contracts are estimated once a year by the residual value committee. This committee includes employees possessing specific expertise, extensive knowledge of the market and years of experience in the valuation of residual values of cars. Apart from their own knowledge and experience, these employees also use independent information in their estimation of residual values, such as Autotelex.

**Off-balance sheet inventory**

For the inventory of new passenger cars and commercial vehicles, a check is made to establish whether all the key rights to economic benefits and all major risks have been transferred by the importers to Stern Groep N.V. If these rights and risks have been transferred as of the closing date, Stern Groep N.V. has power of disposal and the passenger cars and commercial vehicles concerned are recognised in the statement of financial position under Inventory (note 17). While the major rights and risks have not yet been transferred to Stern Groep N.V., the passenger cars and commercial vehicles are not recognised in the statement of financial position and are disclosed as contingent liabilities (note 33).

**Discontinued operations**

Presentation as discontinued operations occurs on divestment, or as soon as the operation meets the criteria for classification as held for sale, if earlier. The operations of SternLease B.V. and the divested operations of Mango Mobility qualified as discontinued operations in 2019 because they were separate and significant operations that were divested in 2019. The e-mobility operations of Stern Electric qualify in 2020 because these operations were fully terminated in 2020 after the sale of the mobility scooter operations. The principles for the valuation of discontinued operations and assets and liabilities held for sale are the same as the principles for valuation of the continued operations.

**Summary of the main principles for financial reporting****BUSINESS COMBINATIONS**

Business combinations are recognised using the acquisition method. The cost of an acquisition is determined as the total of the payment transferred (the fair value on the acquisition date) and the amount of any minority interest in the acquired party. For each business combination, Stern Groep N.V. values the minority interest in the acquired party at either fair value or a proportion of the net assets of the acquired party. Costs relating to the acquisition are charged directly to the statement of income. If Stern Groep N.V. acquires a company, it assesses the financial assets and liabilities acquired for the purpose of correct classification and identification of mainly intangible assets, in accordance with the contractual conditions, the economic circumstances and other relevant circumstances. This also concerns, if necessary, the separation of derivatives contractually entered into by the acquired party.

If the business combination is realised in various phases, the fair value of the interest previously held by Stern Groep N.V. in the acquired party is recalculated as at the acquisition date with changes in value recognised in the statement of income. Any contingent payments transferred by Stern Groep N.V. are recognised at fair value on the acquisition date. Subsequent changes in the fair value of the contingent payment classified as an asset or a liability are, in accordance with IAS 9, recognised either in the statement of income or as a change in other comprehensive income. If the contingent payment is classified as equity, revaluation is only effected on definitive settlement in equity.

**INTANGIBLE NON-CURRENT ASSETS****Goodwill**

Goodwill is initially measured at cost, that is the amount by which the payment transferred exceeds the net value of the assets and liabilities acquired. If this payment is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the statement of income.

After initial recognition goodwill is measured at cost, less any accumulated impairments. For the purpose of impairment testing, from the acquisition date the goodwill arising from a business combination is attributed to the cash-generating units that are expected to benefit from the business combination, regardless of whether assets or liabilities of the acquired entity are attributed to these units.

If goodwill is part of a cash-generating unit and a part of the business operation within this unit is divested, the goodwill relating to the divested operation is included in the carrying amount of this operation for the purpose of establishing the result arising from the divestment. Goodwill divested in such circumstances is calculated on the basis of the relative proportion of the value of the divested operation compared to the relative proportion of the part of the cash-generating unit that is retained.

**Licences**

Licences for the operation of fuel sales, with the associated entitlement to the operating results, that are acquired separately are initially recognised at cost. Licences acquired with a business combination are recognised as such and carried at fair value on the acquisition date. Subsequently, licences are carried at cost less cumulative amortisation and any cumulative impairments. Licences are determined as having either a limited or an indefinite useful life. Licences with a limited useful life are amortised over the period of use, taking account of residual value, and tested for impairment annually.

The amortisation period and method for a licence with a limited useful life is assessed at least at the end of each financial year. Changes in the expected useful life or in the expected pattern of the future economic benefits from the asset are recognised by means of a change to the amortisation period or method and treated as a changed estimate.

The amortisation expense on intangible non-current assets with a limited useful life is recognised in the statement of income in the cost category appropriate to the intangible asset. Licences with an indefinite useful life are not amortised, and are tested annually for impairment.

**DEPRECIATION OF TANGIBLE NON-CURRENT ASSETS****Property, plant and equipment**

Property, plant and equipment is carried at cost, excluding the costs of daily maintenance, after deduction of cumulative depreciation and cumulative impairments. This cost also includes the costs of replacing parts of property, plant or equipment if these costs meet the criteria for recognition in the statement of financial position. Depreciation is applied on a straight-line basis based on the useful life of the asset in question.

The carrying amounts of property, plant and equipment are tested for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairments are charged to the statement of income. A reversal of an impairment is credited to the statement of income up to the carrying amount that would have been determined if no impairment of the asset had been recognised in previous years.

An item of property, plant and equipment is derecognised in the statement of financial position in case of divestment or if no future economic benefits are expected to be realised from its use. Any gain or loss arising from the derecognition of the asset in the statement of financial position is recognised in the statement of income during the year in which the asset is derecognised in the statement of financial position. The residual value of the asset and its useful life are assessed annually and adjusted if necessary at year end.



**Assets in production**

Assets in production for own use are measured at the direct costs incurred as at closing date, plus directly related financing costs and less any impairment. The financing costs are attributed to the carrying amount of the asset in production until the asset in question is ready for use. The interest rate is determined as the interest rate the company pays on its short-term finance (Euribor plus a spread).

**Rental cars**

The cost of cars held for rent consists of the purchase price plus any directly attributable costs for bringing the rental cars in question up to the desired level of operation. Trade discounts are deducted in the calculation of the cost of acquisition. Rental cars are recognised at cost after deduction of cumulative depreciation and any cumulative impairments. Depreciation is applied to rental cars on a straight-line basis over the useful life to the expected residual value. The depreciation expenses are recognised under cost of sales. Losses arising from impairments are usually due to a negative development in the residual value of the rental cars. An assessment is made at the closing date to establish whether there are indications of impairment. If such indications exist, the asset's recoverable value is estimated. Impairments are recognised in the statement of income under cost of sales at such time and to the extent that the carrying amount of the rental cars exceeds their recoverable value.

**Lease assets**

The user rights for leased assets, mainly leased premises and lease cars, with a value greater than € 5,000 and a term of more than one year are capitalised in the statement of financial position. At the start of the lease contract, the initial valuation of the user right is equal to the present value of the future lease obligation, taking account of initial direct costs and lease payments made prior to the start date of the lease contract. The marginal interest rate is used to calculate the present value of the lease commitments. This is the interest rate that Stern would have to pay for a loan for a comparable asset with a similar term to maturity, collateral and under similar economic circumstances. After initial recognition of the leased assets, the cost price is recognised less cumulative depreciation, impairments and is adjusted for the revaluation of the lease commitments. Depreciation is applied to the leased assets on a straight-line basis over the useful life of the assets.

**FINANCIAL ASSETS****Other financial assets**

Investments in equity instruments are measured at fair value. The resulting changes in value are recognised in the statement of income.

**CURRENT ASSETS****Inventory**

Inventory is carried at the cost of acquisition or the recoverable value if lower. The market value of the inventory of used passenger cars and commercial vehicles is the directly realisable proceeds on sale. The acquisition price of the inventory of used and new passenger cars that are subject to purchase tax on private motor vehicles and motorcycles (Belasting Personenauto's en Motorrijwielen, or "BPM"), excludes BPM for passenger cars without vehicle registration certificates and includes BPM for passenger cars with vehicle registration certificates.

Margin cars are used cars for which the value-added tax (VAT) can no longer be reclaimed on purchase by Stern. For sales of margin cars, VAT is due only on the realised margin. The measurement of the inventory of margin cars takes account of the associated deferred VAT liability. This means that the deferred VAT liability is deducted from the carrying amount of the inventory of used passenger cars, taking account of the sale margin included in the inventory.

**Cars with a repurchase obligation**

Based on the specific provisions of IFRS 15 Revenue from contracts with customers regarding repurchase agreements, the full revenue for these sale transactions are not recognised directly. Under IFRS 15, these transactions are recognised as operating leases whereby the cars remain in inventory in the statement of financial position (see note 17) with the associated repurchase obligations under current liabilities (see note 29). The leasing revenue and depreciation expenses are recognised in the statement of income.

**Trade receivables, other receivables, prepayments and accrued income**

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost, using the effective interest method and after deduction of the provision for uncollectibility. A provision for uncollectible debt is formed for the expected credit losses. The contribution to the reserve is recognised in the statement of income.

**Cash and cash equivalents**

Cash and cash equivalents concern freely available credits at banks and cash in hand.

**LIABILITIES****Provisions**

A provision is recognised if (i) Stern Groep N.V. has a present obligation (contractual or actual) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. If Stern Groep N.V. expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted at a rate before tax that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a financial expense.

Under IAS 19, a provision for future jubilee payments has to be included. This provision is formed during the course of the employment of an employee. The provision is included at present value using the projected unit credit method, with actuarial results being recognised directly in the statement of income.

**Pensions and other arrangements for severance payments**

The pensions of virtually all the employees of Stern Groep N.V. are placed with the Occupational Pension Fund for the Metal and Technology Industry (Pensioenfonds Metaal en Techniek, or PMT). This pension scheme qualifies as a defined benefit scheme, under which the pension benefit is based on the length of service and the average salary of the employee during that service. The balance of the assets and liabilities relating to the scheme must be recognised in the statement of financial position as a receivable or an obligation. The PMT has stated that it is not able to provide the information to participating companies that is required for defined benefit pension schemes under IAS 19. There is moreover no contractual agreement between the PMT and Stern Groep N.V. stating that shortfalls have to be made up by Stern Groep N.V. For this reason, the scheme is treated as a defined contribution scheme and the pension contributions due over the financial year are recognised as pension expense in the result. The employees who do not have their pension scheme with the PMT have their pensions with Nationale Nederlanden N.V. This pension scheme is a defined contribution scheme.

**Interest-bearing loans**

All loans are carried on initial recognition at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently carried at amortised cost calculated using the effective interest method. Gains and losses are recognised in the result after tax once the loans and receivables are derecognised or impaired.

**Lease commitments**

The lease commitments for leased assets, mainly leased premises and lease cars, with a value greater than € 5,000 and a term of more than one year are capitalised in the statement of financial position. The initial valuation of the lease obligation on the start date of the lease contract is equal to the present value of the future lease obligation. The marginal interest rate is used to calculate the present value of the lease commitments. This is the interest rate that Stern would have to pay for a loan for a comparable asset with a similar term to maturity, collateral and under similar economic circumstances. After initial recognition, lease commitments are subsequently carried at amortised cost calculated using the effective interest method.

The lease commitments are adjusted if there is a modification of the lease contract or a change to the lease conditions or the fixed lease payments.

The determination of the lease obligation takes account of options to extend or purchase if it is reasonably certain that these options will be exercised. The determination of the lease obligation does not take account of options to terminate if it is reasonably certain that these options will not be exercised.

### Tax payable and available for set-off

This item concerns tax payable and tax receivable and income tax available for set-off that can be settled for current and prior years, carried at the amount expected to be claimed from or paid to the Dutch tax authorities. The tax amount is computed on the basis of applicable tax law.

### Deferred tax

A provision is formed for deferred tax liabilities based on the temporary differences at closing date between the tax base of assets and liabilities and their carrying amounts in these financial statements. Deferred tax assets are recognised for all deductible temporary differences, unused tax facilities and unused tax loss carry-forwards to the extent that it is probable that taxable profits will be available against which the deferred tax asset can be utilised, enabling the deductible temporary differences, unused tax facilities and unused tax loss carryforwards to be used.

The carrying amount of the deferred tax assets is assessed at the closing date and reduced to the extent that it is not probable that sufficient taxable profits will be available against which some or all of the deferred tax asset can be utilised. Unrecognised deferred tax assets are assessed at the closing date and recognised to the extent that it is probable that taxable profits will be available in the future against which the deferred tax asset can be utilised. Deferred tax assets and liabilities are carried at amounts measured at the tax rates expected to be applicable to the period in which the asset is realised or the liability is settled, based on applicable tax law. The tax on items recognised directly in equity is accounted for directly in equity. Deferred tax assets and liabilities are presented as a net amount if there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and the deferred tax is related to the same taxable entity and the same tax authority.

### Trade and other payables and other liabilities

Trade and other payables and other liabilities are initially recognised in the statement of financial position at fair value, and are subsequently carried at amortised cost. Given their usually short term to maturity, the fair value and amortised cost of these items is generally more or less equal to their nominal value.

## FINANCIAL INSTRUMENTS

### Financial assets

Financial assets are initially recognised at fair value and classified in one of the following valuation categories:

- Amortised cost
- Fair value with changes in value recognised in the statement of income
- Fair value with changes in value recognised in equity

The classification of financial assets depends on the contractual cash flows of an asset and the manner in which Stern Group manages these cash flows. Management of cash flows may be by collection of the contractual cash flows (repayment and interest), but also by means of the sale of financial assets. For a description of the measurement of specific financial assets, see the accounting policies for the individual assets.

### Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently at amortised cost. For a description of the measurement of specific financial liabilities, see the accounting policies for the individual liabilities.

### Derivatives and hedge accounting

Hedging is applied to cover the risk of possible variability of cash flows in connection with interest payments, with hedge accounting applied where possible. Stern Groep N.V. formally designates and documents the hedge relationship on conclusion of a hedging transaction, as well as the purpose and policy of Stern Groep N.V. with respect to the management of financial risks when entering into the hedge relationship.

Cash flow hedges that comply with the strict conditions for hedge accounting are recognised as follows:

The part of the gain or loss on the hedge instrument for which it has been established that an effective hedge exists is recognised taking account of the tax effect outside the statement of income in other comprehensive income. The non-effective part is recognised in the statement of income. The amounts recognised in equity are transferred to the statement of income in the same period in which the hedged income or expense is recognised or the expected sale or purchase is effected. Recognition is made under financial income and expenses. If the expected transaction is subsequently not expected to take place, the amounts that were first included in equity are transferred to the result. If the hedge instrument expires, is sold, terminated, exercised (without replacement or roll-over) or if the classification as a hedge is withdrawn, the amounts initially recognised in equity remain in equity until the expected transaction is effected. If the transaction in question is not expected to occur, the amount is charged to the statement of income.

## Principles for determination of the result

### Net revenue

The item net revenue includes the income from goods and services supplied in the financial year (excluding BPM and VAT) after deduction of discounts and payments for service costs. Net revenue is recognised if Stern has fulfilled a performance obligation. A performance obligation exists once Stern has concluded a contract with a customer for the delivery of a product or service at an agreed price. The main revenue flows and performance obligations from contracts with customers are:

Revenue flow	Performance obligation	Timing of performance and revenue recognition	Sub-flows (Note 4 Net Revenue)
Sale of vehicles	Delivery of vehicle (transfer of ownership/ power of disposal)	Revenue is recognised in full on delivery of the vehicle.	New passenger cars New light commercial vehicles Used passenger cars and light commercial vehicles
Sale of parts	Delivery of vehicle (transfer of ownership/ power of disposal)	Revenue is recognised in full on delivery of the parts.	Warehouses
Workshops	Performance of repairs and maintenance	Revenue is recognised in full on completion of the work. If the outstanding work orders are material, these are valued as work in progress in inventory ( <i>over time</i> ).	Workshops
Car body repairs	Performance of car body repair services	Revenue is recognised in full on completion of the work. If the outstanding work orders are material, these are valued as work in progress in inventory ( <i>over time</i> ).	Car body repairs
Light commercial vehicle interiors	Fitting of light commercial vehicle interiors	Revenue is recognised in full on completion of the work. If the outstanding work orders are material, these are valued as work in progress in inventory ( <i>over time</i> ).	Light commercial vehicle interiors
Car rental	Supply of vehicles for up to 1 year	Revenue is recognised during the term of the rental period ( <i>over time</i> ).	Car rental

The commission income for the finance is recognised on the date that the loan is provided. Regarding the insurance activities, the commission income is recognised on the date that the premium is paid by the end customer.

Commission income is recognised under cost of sale of vehicles.

### Cost of sales

The item cost of sales consists of the costs directly associated with the delivery of goods and services (excluding BPM), other than employee expenses, interest expenses and the depreciation expenses relating to the rental activities.

### Other income

Other income is income not directly related to the primary business operations of Stern and is recognised in the statement of income as soon as the services in question are provided or the rights to the economic benefits and power of disposal in relation to the non-current assets are transferred to the purchaser. Income from sales of subsidiaries or interests in subsidiaries is recognised when ownership is transferred.

### Result from associates

The share in the result of non-consolidated associates attributable to Stern Groep N.V. is recognised under result from associates. This result is determined on the basis of the principles applied by Stern Groep N.V. for valuation and result determination. The result from associates also includes the difference between the proceeds realised from the sale of a participating interest and the carrying amount at the time of the sale.

### Income taxes

Income taxes consist of current and deferred tax. Current tax concerns the expected tax payable on the taxable profit in the financial year on the basis of prevailing tax rates. Deferred tax is recognised for temporary differences between the valuation of assets, liabilities and deductible losses for commercial purposes and their valuation for tax purposes. Deferred tax is calculated on the basis of established tax rates and regulation that are expected to apply at the time the deferred tax asset or liability is realised. Deferred tax assets are only recognised if it is expected that sufficient future profit for tax purposes will be available against which the temporary differences and available tax-deductible losses can be realised.

## Principles for the preparation of the consolidated statement of cash flow

The cash flow statement is prepared using the indirect method. Receipts and payments arising from interest and corporate income tax and dividends received from non-consolidated associates are included under cash flow from operating activities. Dividends paid are recognised under cash flow from financing activities. The price paid to acquire associates is recognised under cash flow from investment activities. The movement in interest-bearing loans concerns the balance of drawdowns and repayments during the financial year. The repayment of lease commitments is recognised under cash flow from financing activities. Transactions not involving an exchange of cash are not included in the statement of cash flow.

## Changes to IFRS

The IASB regularly publishes new accounting standards, changes to existing standards and interpretations. These new accounting standards, changes to existing standards and interpretations subsequently have to be adopted by the European Union. Stern Group has applied new and amended IFRS standards and IFRIC interpretations in 2020, if applicable. Apart from the following disclosure with respect to IFRS 16 Leases - COVID-19-related rent concessions, the application of other new and amended standards and interpretations in 2020 had no material effect on the assets, the profit and the notes to the financial statements.

The following changes to existing standards apply with effect from the 2020 financial year:

- *IFRS 16 Leases amendment relating to COVID-19-related rent concessions* Various rent concessions were granted to lessees, including deferral of payments or temporary discounts. The amendment to IFRS 16 Leases gives lessees the option of accounting for rent concessions as if they are not lease modifications. The amendment has no effect for lessors. In line with the amendment, the COVID-19-related rent concessions are recognised directly in the statement of income and the valuation of the lease assets and lease commitments has not been adjusted.
- Amendments to references to the *Conceptual Framework* in IFRS Standards.
- Amendments to *IAS 1 Presentation of Financial Statements* and *IAS 8 Accounting Policies, Changes In Accounting Estimates And Errors* regarding the definition of 'material'.

- Amendments to *IFRS 9 Financial Instruments*, *IAS 39 Financial Instruments: Recognition and Measurement* and *IFRS 17 Insurance Contracts* regarding the *Interest-Rate Benchmark*.
- Amendments to *IFRS 3 Business Combinations* regarding the definition of 'a business'.

### Recent publications (IFRS)

The new and amended IFRS standards and interpretations that did not yet apply in 2020 have not been applied early. Our estimate is that new and amended IFRS standards and interpretations that have been published but will not apply until after 2020 will have no material effect on the assets, profit and notes in the financial statements.

## 2 Segmental analysis

The segments within Stern Groep N.V. are distinguished chiefly according to the different products and services they provide. The segments are separately organised and managed according to the nature of their products and services, whereby each segment represents a strategic business unit that supplies different products and serves different markets. This classification corresponds to the internal reporting structure of Stern. Stern generates virtually all its revenue in the Netherlands.

Internal settlement prices between the operating segments are set on a commercial basis in a manner that is similar to that used for transactions with third parties. The revenue per segment also consists of the mutual transactions between the operating segments that are eliminated on consolidation.

The reported segments of Stern are Dealergroup Stern, Stern Mobility Solutions, Stern Car Services and Other. Dealergroup Stern is engaged in the sale of new and used passenger cars and light commercial vehicles, as well as the provision of maintenance and repair of passenger cars and light commercial vehicles. Stern Mobility Solutions is engaged in car rental and the sale of financial and other mobility products. Stern Car Services focuses on car body repair services, installation of light commercial vehicle interiors and basic maintenance of passenger cars. The Other segment concerns the holding companies and other activities.



**2020 financial year**

	Dealer group Stern	Stern Mobility Solutions	Stern Car Services	Other	Held for sale	Total
<b>Statement of financial position</b>						
Total assets according to the statement of financial position	303,528	41,190	9,574	79,111	–	433,403
Total liabilities according to the statement of financial position	248,485	29,854	7,178	22,499	–	308,016
Investments in property, plant and equipment	4,039	22,026	505	7,450	–	34,020
	Dealer group Stern	Stern Mobility Solutions	Stern Car Services	Other	Eliminations	Total
<b>Statement of income</b>						
Net revenue	706,022	18,952	26,083	–	–	751,057
Revenue to segments	33,325	31,454	4,223	–	(69,002)	–
	739,347	50,406	30,306	–	(69,002)	751,057
<b>EBITDA</b>	27,557	6,411	(630)	2,371	–	35,709
Interest expense on financing of rental cars	–	(661)	–	–	–	(661)
Depreciation expense for rental cars	–	(7,304)	–	–	–	(7,304)
Impairment of goodwill	(20,023)	–	–	–	–	(20,023)
Amortisation of intangible assets	–	–	–	(58)	–	(58)
Depreciation of property, plant and equipment	(2,717)	(54)	(674)	(4,425)	–	(7,870)
Depreciation of lease assets	(16,047)	–	–	–	–	(16,047)
<b>Operating profit (EBIT)</b>	(11,230)	(1,608)	(1,304)	(2,112)	–	(16,254)
Result from associates						6
Financial income and expenses						(5,470)
<b>Profit/(loss) before tax</b>						(21,718)
Income taxes						(4,833)
<b>Profit/(loss) from continued operations</b>						(26,551)
<b>Discontinued operations</b>						
Profit/(loss) from discontinued operations						(818)
<b>Profit/(loss) after tax</b>						(27,369)

**2019 financial year**

	Dealergroup Stern	Stern Mobility Solutions	Stern Car Services	Other	Held for sale	Total
<b>Statement of financial position</b>						
Total assets according to the statement of financial position	375,568	57,191	11,951	87,099	41,610	573,419
Total liabilities according to the statement of financial position	309,299	44,445	9,347	23,944	33,745	420,780
Investments in property, plant and equipment	4,046	88,180	1,510	21,440		115,176
	Dealergroup Stern	Stern Mobility Solutions	Stern Car Services	Other	Eliminations	Total
<b>Statement of income</b>						
Net revenue	936,474	24,165	28,696	–	–	989,335
Revenue to segments	74,620	30,215	6,353	–	(111,188)	–
	1,011,094	54,380	35,049	–	(111,188)	989,335
<b>EBITDA</b>	24,518	10,754	911	1,490	–	37,673
Interest expense on financing of rental cars	–	(860)	–	–	–	(860)
Depreciation expense for rental cars	–	(9,199)	–	–	–	(9,199)
Amortisation of intangible assets	–	–	–	(59)	–	(59)
Depreciation of property, plant and equipment	(3,057)	(61)	(698)	(5,082)	–	(8,898)
Depreciation of lease assets	(15,928)	–	–	–	–	(15,928)
<b>Operating profit (EBIT)</b>	5,533	634	213	(3,651)	–	2,729
Result from associates						131
Financial income and expenses						(7,065)
<b>Profit/(loss) before tax</b>						(4,205)
Income taxes						3,006
<b>Profit/(loss) from continued operations</b>						(1,199)
<b>Discontinued operations</b>						
Profit/(loss) from discontinued operations						22,576
<b>Profit after tax</b>						21,377

### 3 Business combinations and divestments

The following activities were acquired or divested in 2020:

		Number of branches
Persoon Schadeherstel, Bommel	Acquired on 1-1-2020	1
Heron Auto B.V., Purmerend	Sold on 1-1-2020	(5)
Renault dealer Stern, Zaandam	Sold on 1-12-2020	(1)
		<u>(5)</u>

#### Acquisitions in 2020

The fair values as at the acquisition dates of the assets and liabilities of activities acquired in 2020 are as follows:

	Fair value recognised on acquisition
Property, plant and equipment	72
Inventory	136
Other obligations	<u>(21)</u>
<b>Net identified assets and liabilities</b>	<b>187</b>
Goodwill	-
<b>Acquisition price</b>	<b>187</b>

#### Divestments in 2020

The assets and liabilities involved in the divestments and the sums received are shown below:

	Carrying amount on sale
Property, plant and equipment	3,304
Inventory	27,783
Other receivables	12,537
Interest-bearing loans	(8,125)
Other obligations	<u>(27,523)</u>
<b>Carrying amount of assets and liabilities</b>	<b>7,976</b>
Acquisition price	<u>8,351</u>
<b>Book gain</b>	<b>375</b>

No acquisitions were effected in 2019, and the following activities were divested:

		Number of branches
SternLease B.V., Purmerend	Sold on 31-5-2019	(1)
Mango Mobility – mobility scooter operations, Purmerend	Sold on 31-12-2019	<u>(5)</u>
		<u>(6)</u>

**Divestments in 2019**

The assets and liabilities involved in the divestments and the sums received are shown below:

	Carrying amount on sale
Goodwill involved in sale	8,117
Property, plant and equipment	231,170
Inventory	2,185
Other receivables	26,777
Interest-bearing loans	(195,093)
Other obligations	(15,735)
<b>Net identified assets and liabilities</b>	<b>57,421</b>
Acquisition price	90,039
<b>Result on sale</b>	<b>32,618</b>
Less: cost of sale	(2,820)
<b>Result on sale before tax</b>	<b>29,798</b>
Less: tax	(8,106)
<b>Net book profit</b>	<b>21,692</b>

€ 1.4 million of the acquisition price of € 90.0 million in the above table relates to the sale of the mobility scooter operations of Mango Mobility, € 1.2 million of which will be paid in instalments in accordance with the sale agreement. At 31 December 2020, € 0.4 million had been paid.

**4. Net sales**

	2020	2019
New passenger cars	<b>301,274</b>	442,938
New light commercial vehicles	<b>106,782</b>	174,808
Used passenger cars and light commercial vehicles	<b>203,329</b>	257,391
Workshops	<b>70,712</b>	88,662
Warehouses	<b>93,978</b>	111,218
<b>Revenue Dealergroup Stern</b>	<b>776,075</b>	1,075,017
Fleet under management	<b>70</b>	157
Car rental	<b>50,587</b>	54,490
<b>Revenue Stern Mobility Solutions</b>	<b>50,657</b>	54,647
Car body repair services	<b>26,788</b>	31,294
Light commercial vehicle interiors	<b>3,812</b>	4,090
<b>Revenue Stern Car Services</b>	<b>30,600</b>	35,384
<b>Gross revenue</b>	<b>857,332</b>	1,165,048
Elimination of IC and internal revenue*	<b>(106,275)</b>	(175,713)
<b>Net revenue</b>	<b>751,057</b>	989,335

\*The elimination of internal revenue stated here concerns mainly the recharging of internal revenue by the workshops to the sales departments for new and used cars.

## 5 Cost of sales

	2020	2019
Costs of trade goods, raw materials and consumables	(599,628)	(798,435)
Costs of work outsourced to third parties	(6,573)	(8,016)
Interest expense for financing of rental cars	(661)	(860)
Depreciation expense for rental cars	(7,304)	(9,199)
<b>Cost of sales</b>	<b>(614,166)</b>	<b>(816,510)</b>

## 6. Other income

Other income in 2020 included rental income of € 1.4 million, dividend received, the revaluation of the interest in Bovemij N.V of € 4.7 million, a book gain of € 0.4 million on the sale of business divisions and miscellaneous commission income of € 0.7 million. Other income in 2020 for the segment Dealergroup Stern was € 1.5 million, for the segment Stern Car Services € 0.2 million and for the Other segment € 5.7 million.

Other income in 2019 included rental income of € 3.4 million, dividend received, the revaluation of the interest in Bovemij N.V of € 0.3 million, a book gain of € 1.0 million on the sale of premises and miscellaneous commission income of € 0.9 million. Other income in 2019 for the segment Dealergroup Stern was € 1.5 million, for the segment Stern Car Services € 0.1 million and for the Other segment € 5.1 million.

## 7. Employee expenses

	2020	2019
Salaries	(72,157)	(81,936)
Social security contributions	(11,906)	(13,980)
Pension costs	(7,569)	(8,389)
Restructuring costs	–	(2,572)
NOW compensation for salary costs	11,113	–
Other employee expenses	(7,928)	(8,757)
<b>Total</b>	<b>(88,447)</b>	<b>(115,635)</b>

Other employee expenses include the hiring of temporary personnel and car costs.

		2020		2019
	Number	In FTEs	Number	In FTEs
Dealergroup Stern	1,277	1,183	1,572	1,451
Stern Mobility Solutions	87	81	98	90
Stern Car Services	239	230	261	253
Other	71	63	73	64
	<u>1,674</u>	<u>1,557</u>	<u>2,004</u>	<u>1,858</u>

## 8 Other operating expenses

	2020	2019
General expenses	(16,510)	(18,707)
ICT costs	(4,141)	(4,105)
Accommodation costs	(4,441)	(8,402)
Selling expenses	(2,957)	(4,243)
Restructuring costs	–	(791)
<b>Total</b>	<b>(28,049)</b>	<b>(36,248)</b>

The auditor's fee is recognised under General expenses. The auditor's fee is as follows:

	2020	2019
Audit of the financial statements	(475)	(790)
Other services	(30)	(40)
<b>Total</b>	<b>(505)</b>	<b>(830)</b>

These expenses concern the expenses estimated for the financial year, including additional work.

## 9 Financial income and expenses

	2020	2019
Interest expense on loans	(2,379)	(3,688)
Interest expense for lease commitments	(3,091)	(3,377)
<b>Total</b>	<b>(5,470)</b>	<b>(7,065)</b>

## 10 Income taxes

		2020		2019
<b>Effective tax rate</b>	<b>%</b>		<b>%</b>	
Profit/(loss) before tax		(21,718)		(4,205)
Nominal tax burden 25.0%	25.0%	5,430	25.0%	1,051
Untaxed results	5.5%	1,187	2.6%	108
Non-deductible costs/ deductible costs subject to limitation	(23.4%)	(5,081)	19.4%	818
Adjustment to previous years	2.5%	537	0.0%	–
Change in tax rate	7.0%	1,523	0.0%	–
Change in value of deferred tax	(38.0%)	(8,250)	5.7%	238
Other changes	(0.8%)	(179)	18.8%	791
<b>Effective tax rate</b>	<b>(22%)</b>	<b>(4,833)</b>	<b>71%</b>	<b>3,006</b>
Effective tax rate (in % of profit before tax)		(22%)		71%
<b>Standard tax rate</b>		<b>25%</b>		<b>25%</b>

The presentation of the deferred tax assets is based on the development of each relevant item in the financial statements as follows. The development of the deferred tax assets is as follows:

	Intangible non-current assets	Other assets	Provisions and liabilities	Tax loss carry- forwards	Total
Balance at 1 January 2019	13,583	663	421	3,406	18,073
Impact IFRS 16 Leases	–	1,118	–	–	1,118
Income taxes in result	–	410	(172)	1,977	2,215
Tax in profit from discontinued operations	(13,583)	(350)	(143)	5,731	(8,345)
Other changes	–	200	–	(558)	(358)
Assets held for sale	–	–	(33)	–	(33)
Movements in 2019 financial year	(13,583)	1,378	(348)	7,150	(5,403)
Balance at 31 December 2019	–	2,041	73	10,556	12,670
Income taxes in result	–	368	225	(5,426)	(4,833)
Other changes	–	–	(14)	430	416
Movements in 2020 financial year	–	368	211	(4,996)	(4,249)
<b>Balance at 31 December 2020</b>	<b>–</b>	<b>2,409</b>	<b>284</b>	<b>5,560</b>	<b>8,253</b>



The tax loss carry-forwards of the fiscal unity Stern Groep N.V. that are taken into account in the measurement of the deferred tax asset at 31 December 2020 are € 22.3 million (2019: € 47.7 million) is deductible from profits of the fiscal unity until year-end 2027. The corresponding deferred tax asset at 31 December 2020 amounts to € 5.6 million (2019: € 10.6 million). The measurement of the tax loss carry-forwards includes a downward adjustment of 65% compared to the budget for the next 7 years to take account of uncertainty and to provide convincing evidence as required under IAS 12. The total tax loss carry-forward at 31-12-2020 amounts to € 55.2 million (2019: € 47.7 million). Of the deferred tax asset recognised at 31 December 2020 due to losses carried forward, approximately € 0.3 million has a term to maturity of less than one year (2019: 1.8 million).

In addition to the possibility of losses carried forward, at 31 December 2020 Stern Groep N.V. had temporary differences between commercial valuations and valuations for tax purposes of assets and liabilities amounting to € 12.6 million negative (2019: € 11.6 million negative). € 2.7 million of these differences was valued and recognised (after netting off) at 31 December 2020 under the deferred tax asset (2019: € 2.1 million).

Legislation was amended in 2020, as a result of which the corporate income tax rate will remain at 25% in the coming years. However, no account has been taken in the preparation of the 2020 financial statements of the change announced with respect to loss set-off whereby the annual set-off of losses will be limited from 2022 but losses will no longer evaporate.

## 11 Results per share

Earnings per share is calculated by dividing the profit after tax attributable to the shareholders in Stern Groep N.V. by the weighted average number of outstanding shares during the year. The data relating to profit and shares used in the calculation of the ordinary and diluted earnings per share are presented in the following overview:

	2020	2019
Profit/(loss) from continued operations	<b>(26,551)</b>	(1,199)
Profit/(loss) from discontinued operations	<b>(818)</b>	22,576
<b>Total profit/(loss)</b>	<b>(27,369)</b>	21,377
Weighted average number of outstanding shares	<b>5,675,000</b>	5,675,000
Earnings per share from continued operations	<b>€ (4.68)</b>	€ (0.21)
Earnings per share from discontinued operations	<b>€ (0.14)</b>	€ 3.98
<b>Total earnings per share*</b>	<b>€ (4.82)</b>	€ 3.77

\* There are no instruments that can lead to dilution.

## 12 Discontinued operations

The profit from discontinued operations consists of:

	2020	2019
Operating profit SternLease B.V.	–	4,283
Operating profit/(loss) Mango Mobility	(382)	(3,160)
Profit/(loss) from sale of SternLease B.V. and the operations of Mango Mobility	(436)	29,798
<b>Profit/(loss) before tax</b>	<b>(818)</b>	30,921
Income taxes	–	(8,345)
<b>Profit/(loss) from discontinued operations</b>	<b>(818)</b>	22,576

A condensed statement of income from discontinued operations is presented in the table below:

	2020	2019
Net revenue	693	57,503
Profit from sale of SternLease B.V.	–	30,468
Profit/(loss) from sale of operations of Mango Mobility	(436)	(670)
Costs	(1,075)	(56,380)
<b>Profit/(loss) before tax</b>	<b>(818)</b>	30,921
Income taxes	–	(239)
Tax on profit from sale of operations	–	(8,106)
<b>Profit/(loss) from discontinued operations</b>	<b>(818)</b>	22,576

A condensed statement of cash flow from discontinued operations is presented in the table below (excluding the cash flow from the sale of business operations):

	2020	2019
Cash flow from operating activities	(183)	30,587
Cash flow from investment activities	–	(36,792)
Cash flow from financing activities	183	6,205
<b>Movement in cash and cash equivalents</b>	<b>–</b>	<b>–</b>

The sale of SternLease B.V. and the mobility scooter operations of Mango Mobility reduced the total assets of Stern in 2019 by approximately € 245.0 million. The main assets and liabilities derecognised in the statement of financial position are the lease fleet with a value of € 231.0 million, goodwill of € 8.0 million, deferred taxes of € 13.0 million and interest-bearing loans of € 195.0 million.

The consolidated statement of income in 2020 includes an additional table showing the profit in 2019 excluding the profit of Heron Auto B.V. for reasons of clarity and comparability with the result in 2020.

## 13 Intangible non-current assets

	Goodwill	Licences	Total
<b>Acquisition cost</b>			
<b>Balance at 31 December 2018</b>	36,783	1,354	38,137
Acquisition	–	–	–
Divestments	(8,118)	–	(8,118)
<b>Balance at 31 December 2019</b>	28,665	1,354	30,019
Acquisition	–	–	–
<b>Balance at 31 December 2020</b>	<b>28,665</b>	<b>1,354</b>	<b>30,019</b>
<b>Cumulative amortisation and impairments</b>			
<b>Balance at 31 December 2018</b>	6,610	955	7,565
Depreciation	–	59	59
Divestments	–	–	–
<b>Balance at 31 December 2019</b>	6,610	1,014	7,624
Depreciation	–	58	58
Impairments	20,023	–	20,023
<b>Balance at 31 December 2020</b>	<b>26,633</b>	<b>1,072</b>	<b>27,705</b>
<b>Carrying amount at 31 December 2020</b>	<b>2,032</b>	<b>282</b>	<b>2,314</b>
Carrying amount at 31 December 2019	22,055	340	22,395

### Goodwill impairment test

For the purpose of impairment testing, goodwill acquired as a result of business combinations is allocated to the following cash-generating units, which are also reporting segments:

- Dealergroup Stern
- Stern Mobility Solutions

### Cash-generating unit Dealergroup Stern

The impairment test of the goodwill of Dealergroup Stern at 31 December 2019 showed that there was limited headroom and that reasonably possible changes in the assumptions used could lead to an impairment of the goodwill.

The COVID-19 pandemic has had a significant economic impact on the value in use of Dealergroup Stern, and an impairment test was accordingly performed on 30 June 2020. This test was performed with changed assumptions that took account of the impact of the COVID-19 pandemic on the future cash flows and WACC of Dealergroup Stern. The key changes to the assumptions compared to those used for the test at year-end 2019 were:

- the higher economic uncertainty is expected to lead to a 1.0% increase in the WACC. The impairment test performed on 30 June 2020 accordingly used a higher WACC of 6.3% (year-end 2019: 5.3%).
- the future cash flows for the coming two years are expected to be significantly lower than the estimate at year-end 2019.

The impairment test performed on 30 June 2020 showed that the value in use of Dealergroup Stern was lower than the carrying amount and that an impairment had occurred. The entire goodwill of Dealergroup Stern was accordingly written off in the second quarter of 2020 and an impairment of € 20.0 million was recognised in the result.

### Cash-generating unit Stern Mobility Solutions

The recoverable value of the unit Stern Mobility Solutions is determined on the basis of the value in use of SternRent B.V., which is calculated using cash-flow projections based on the 5-year financial forecasts approved by the Management Board. The weighted average cost of capital (WACC) applied to the cash-flow projections is 7.1% (2019: 6.2% after tax). The cash flows after the 5-year term are extrapolated without taking account of growth. The headroom would be nil with a WACC of 8.1% (currently calculated at 7.1%).

The allocation of the carrying amounts of goodwill and the other intangible assets to the cash-generating units is as follows:

	Dealergroup Stern		Stern Mobility Solutions			Other		Total
	2020	2019	2020	2019	2020	2019	2020	2019
Carrying amount of goodwill	–	20,023	<b>2,032</b>	2,032	–	–	<b>2,032</b>	22,055
Carrying amount of licences	–	–	–	–	<b>282</b>	340	<b>282</b>	340

### Key assumptions for the calculation of the value in use of the cash-generating units Dealergroup Stern and Stern Mobility Solutions

The following describes the key assumptions used in the cash-flow projections specified by the Management Board for the assessment of potential or necessary impairment of goodwill.

#### Estimated gross profit

The estimated gross profit is based on the average gross margins realised in the years preceding the estimation year, adjusted for initiated development of new mobility solutions, market developments and expectations with respect to the composition of the rental fleet, the utilisation ratio and the average daily rate.

#### Other operating expenses

Other operating expenses are based on historical actual costs, taking account of internal projects in progress and price indexation.

#### Lease assets and lease commitments

As a result of the application of IFRS 16 Leases, the lease costs of business premises and leased cars have been transferred to depreciation costs and interest expense. Lease assets and lease commitments are also recognised in the statement of financial position. Reliable market data to calculate the WACC including the effects of IFRS 16 Leases are not available. The WACC used is therefore calculated in the same way as before application of IFRS 16. The application of IFRS 16 had no effect on cash flows. IFRS 16 was also left out of consideration in the determination of the carrying amount of the cash-generating unit.

#### Fuel licences

The economic life of the fuel licences was assessed as at 31 December 2020 and it was established that this can be maintained. The remaining term of amortisation of the fuel licences is up to 10 years.

## 14 Property, plant and equipment

	Buildings and land	Machinery and equipment	Other non-current assets	Assets in production	Sub-total	Lease and rental cars	Total property, plant and equipment
<b>Acquisition cost</b>							
<b>Balance at 31 December 2018</b>	70,190	27,619	30,099	3,514	131,422	313,792	445,214
Investments/in use	23,546	3,286	2,118	(1,895)	27,055	88,121	115,176
Divestments	(14,581)	(1,994)	(1,048)	-	(17,623)	(68,267)	(85,890)
Acquisitions and sale of business units	(1,835)	(1,260)	(2,821)	-	(5,916)	(276,728)	(282,644)
<b>Balance at 31 December 2019</b>	<u>77,320</u>	<u>27,651</u>	<u>28,348</u>	<u>1,619</u>	<u>134,938</u>	<u>56,918</u>	<u>191,856</u>
Investments/in use	<b>7,761</b>	<b>1,046</b>	<b>3,377</b>	<b>(146)</b>	<b>12,038</b>	<b>21,982</b>	<b>34,020</b>
Divestments	<b>(16,955)</b>	<b>(4,832)</b>	<b>(1,472)</b>	<b>-</b>	<b>(23,259)</b>	<b>(36,335)</b>	<b>(59,594)</b>
<b>Balance at 31 December 2020</b>	<u><b>68,126</b></u>	<u><b>23,865</b></u>	<u><b>30,253</b></u>	<u><b>1,473</b></u>	<u><b>123,717</b></u>	<u><b>42,565</b></u>	<u><b>166,282</b></u>
<b>Cumulative depreciation</b>							
<b>Balance at 31 December 2018</b>	23,645	19,186	16,215	-	59,046	58,678	117,724
Depreciation	3,869	1,563	3,522	-	8,954	28,131	37,085
Divestments	(2,530)	(578)	(486)	-	(3,594)	(31,976)	(35,570)
Acquisitions and sale of business units	(584)	(487)	(1,619)	-	(2,690)	(45,659)	(48,349)
<b>Balance at 31 December 2019</b>	<u>24,400</u>	<u>19,684</u>	<u>17,632</u>	<u>-</u>	<u>61,716</u>	<u>9,174</u>	<u>70,890</u>
Depreciation	<b>3,122</b>	<b>1,542</b>	<b>3,207</b>	<b>-</b>	<b>7,871</b>	<b>7,304</b>	<b>15,175</b>
Divestments	<b>(9,425)</b>	<b>(4,010)</b>	<b>(953)</b>	<b>-</b>	<b>(14,388)</b>	<b>(9,243)</b>	<b>(23,631)</b>
<b>Balance at 31 December 2020</b>	<u><b>18,097</b></u>	<u><b>17,216</b></u>	<u><b>19,886</b></u>	<u><b>-</b></u>	<u><b>55,199</b></u>	<u><b>7,235</b></u>	<u><b>62,434</b></u>
<b>Carrying amount at 31 December 2020</b>	<u><b>50,029</b></u>	<u><b>6,649</b></u>	<u><b>10,367</b></u>	<u><b>1,473</b></u>	<u><b>68,518</b></u>	<u><b>35,330</b></u>	<u><b>103,848</b></u>
Carrying amount at 31 December 2019	52,920	7,967	10,716	1,619	73,222	47,744	120,966
Estimated economic life in years	15–40*	5–20	3–10			3–4	

\* No depreciation is applied to land in ownership.

Depreciation of rental cars is recognised under Cost of sales. Rental cars are passenger cars and light commercial vehicles provided under rental contracts.

See note 25 for information on the assets placed as collateral for finance.

## 15 Lease assets and lease commitments

	Leased premises	Lease cars	Total leased assets
<b>Leased assets</b>			
<b>1-1-2019</b>	129,063	–	129,063
Sale of SternLease*	–	2,287	2,287
New lease contracts	6,343	625	6,968
Interim contract changes	(14,486)	122	(14,364)
Depreciation	(15,020)	(908)	(15,928)
<b>Balance at 31 December 2019</b>	<b>105,900</b>	<b>2,126</b>	<b>108,026</b>
New lease contracts	<b>2,578</b>	<b>187</b>	<b>2,765</b>
Interim contract changes	<b>142</b>	<b>(241)</b>	<b>(99)</b>
Depreciation	<b>(15,095)</b>	<b>(952)</b>	<b>(16,047)</b>
<b>31 December 2020</b>	<b>93,525</b>	<b>1,120</b>	<b>94,645</b>
<b>Lease commitments</b>			
Non-current lease commitments			<b>94,317</b>
Current lease commitments			<b>19,779</b>
<b>1 January 2020</b>			<b>114,096</b>
New lease contracts			<b>2,765</b>
Interim contract changes			<b>(383)</b>
Interest expense			<b>3,091</b>
Lease payments including interest expense			<b>(18,298)</b>
<b>Balance at 31 December 2020</b>			<b>101,271</b>
Non-current lease commitments			<b>84,419</b>
Current lease commitments			<b>16,852</b>
<b>Balance at 31 December 2020</b>			<b>101,271</b>

\* After the sale of SternLease to ALD Automotive, the cars leased by Stern Group are presented in accordance with IFRS 16 Leases.

The future lease payments are discounted at an average interest rate of 2.75% (2019: 2.75%). The future lease payments for lease cars are discounted at an average interest rate of 6.50% (2019: 6.50%). The interim contract changes in the above table mostly concern lease contracts of divested business units that have been terminated and transferred.

The following costs for leased assets are recognised in the statement of income:

	2020	2019
Depreciation of leased assets	<b>(16,047)</b>	(15,928)
Costs of short-term lease contracts	–	–
Costs of low value lease contracts	–	–
Interest expense	<b>(3,091)</b>	(3,377)

## 16 Other financial assets

	2020	2019
Interests of SternPartners B.V. (less than 20%)	<b>167</b>	184
Interest in Bovemij N.V. (5.06%)	<b>18,463</b>	14,216
Other	<b>149</b>	149
<b>Total</b>	<b>18,779</b>	14,549

The interest in Bovemij N.V. is measured on the basis of a valuation of Bovemij N.V. in March 2020 carried out by PwC Consulting. This valuation is based on an unweighted average of the value based on a dividend discount method (DDM) and a price/earnings multiple method based on European listed companies considered to be comparable. Since these methods are based on liquid shares in large listed companies, the fair value is lower due to the limited tradability of the depositary receipts for shares.

## 17 Inventory

	2020	2019
New passenger cars and light commercial vehicles	110,477	127,785
Cars with a repurchase obligation	10,571	8,532
Used passenger cars and light commercial vehicles	47,352	52,926
Parts	10,259	9,864
Other	2,528	2,294
<b>Total</b>	<b>181,187</b>	<b>201,401</b>

Based on specific provisions in IFRS 15 Revenue from contracts with customers, no sale proceeds are recognised for sales transactions with a repurchase obligation. Cars with a repurchase obligation remain on the statement of financial position under inventory and are written down to fair value on the repurchase date. 90% of the cars with a repurchase obligation have a term of less than 1 year.

The provision for inventory at 31 December 2020 amounted to € 5.1 million (2019: € 4.9 million).

## 18 Trade receivables

Trade receivables are not interest-bearing and generally are subject to a payment term of 30 days. Payments not made within this period are considered to be overdue.

### Age of trade receivables

	Not overdue	<30	31-60	Days				> 365	Carrying amount
				61-90	91-180	181-365			
<b>31 December 2020</b>	<b>5,224</b>	<b>3,679</b>	<b>1,219</b>	<b>207</b>	<b>406</b>	<b>186</b>	<b>0</b>	<b>10,921</b>	
31 December 2019	28,411	7,660	3,843	1,036	415	354	15	41,734	

### Movement in provision for trade receivables

The provision for uncollectible receivables is based on expected credit losses.

	2020	2019
Balance at 1 January	422	1,131
Contribution charged to and release to the statement of income	47	(40)
Receivables written off in financial year	(54)	(68)
Sale of business divisions	100	(601)
<b>Balance at 31 December</b>	<b>515</b>	<b>422</b>



## 19 Other receivables, accrued income and prepaid expenses

The items included below have a term to maturity of up to one year. Accrued income and prepaid expenses consist mainly of prepaid costs as at closing date.

Agreement was reached in 2020 on the final settlement of the ESF subsidy that had been claimed for the period from March 2009 to the end of July 2011. At the end of July 2016, the Inspectorate SZW notified Stern that the subsidy of € 0.7 million claimed by Stern would be investigated due to alleged irregularities. Stern fully cooperated with the investigation, after which agreement was reached at the end of 2019 on a proposed transaction for which a cost of € 0.2 million was recognised in the profit for 2019. In December 2020, agreement was reached with SZW on the final settlement of the subsidy claimed, which led to a cost of € 0.5 million being recognised in the result for 2020.

## 20 Cash and cash equivalents

Cash and cash equivalents are entirely at the disposal of Stern Groep N.V. and concern cash in hand and at banks. Interest is paid on credit balances at banks at variable rates based on daily interest rates.

## 21 Assets and liabilities held for sale

The assets and liabilities of Heron Auto B.V. held for sale at 31 December 2019 consisted of:

	31-12-2019	31-12-2020
Property, plant and equipment	–	3,226
Deferred tax assets	–	33
Inventory	–	27,599
Trade receivables	–	7,766
Prepayments and accrued income	–	2,986
Interest-bearing loans	–	(8,125)
Trade payables	–	(25,156)
Other obligations	–	(464)
<b>Net assets held for sale</b>	<b>–</b>	<b>7,865</b>

## 22 Equity

### Issued capital

The company's authorised share capital stands at € 900,000, divided into 9,000,000 ordinary shares with a nominal value of € 0.10. The issued capital amounts to € 592,500 (2019: € 592,500) and consists of 5,925,000 shares (2019: 5,925,000 shares). No changes occurred during the year.

### Share premium

This item changes if shares are issued at an issue price higher than the nominal value. Dividend distributed in shares is also charged to this item.

### Revaluation reserve

The revaluation reserve consists of the unrealised part of the revaluation of financial non-current assets to fair value with a balance at 31 December 2020 of € 10.1 million (2019: € 5.8 million) and a cash-flow hedge reserve. The cash flow hedge reserve amounted to € 0.2 million negative at 31 December 2020 (2019: € 0.2 million negative) and consists of the effective part of the cumulative changes to the net value of the financial instruments to which cash-flow hedge accounting is applied.

The statutory reserve for these two items amounted to € 10.1 million at 31 December 2020 (2019: € 5.8 million).

### Other reserves

The shares in the company repurchased by Stern Groep N.V. are deducted from the other reserves. At 31 December 2020, Stern Groep N.V. held 250,000 of its own shares (2019: 250,000 shares).

## 23 Pension commitments

### The PMT pension fund

A statement from the PMT shows that the coverage ratio at 31 December 2020 stood at 95.4% (2019: 98.8%). PMT states that there is still a real possibility of curtailment.

## 24 Provisions

	Jubilee	Warranty	Restructuring	Other	Total
<b>Balance at 31 December 2018</b>	1,426	484	–	203	2,113
Usage	(114)	(387)	–	(203)	(704)
Contribution from statement of income	84	307	3,364	–	3,755
Provisions held for sale	(93)	(38)	–	–	(131)
<b>Balance at 31 December 2019</b>	1,303	366	3,364	–	5,033
Usage	(191)	(293)	(3,364)	–	(3,848)
Contribution from statement of income	75	330	–	–	405
<b>Balance at 31 December 2020</b>	1,187	403	–	–	1,590
Non-current part	1,098	81	–	–	1,179
Current part	89	322	–	–	411
<b>Balance at 31 December 2020</b>	1,187	403	–	–	1,590

If the effect of the time value of money is material, provisions are measured at the present value of the expected cash flows necessary to meet the liabilities. The discount rate used at 31 December 2020 is 2.0% (2019: 2.0%).

### Jubilee provision

This concerns the estimated costs of payments on the occasion of jubilees of personnel, taking account of mortality probabilities, personnel leaving employment and salary developments during the time until the jubilee in question.

### Warranty provision

This provision concerns the estimated costs arising from warranties on products and services provided by Stern Groep N.V. and is mainly short-term in nature. With respect to warranties on passenger cars and commercial vehicles, account is taken of payments from the vehicle manufacturers.

### Reorganisation provision

This provision concerns the estimated costs relating to approved and communicated reorganisation plans.

## 25 Interest-bearing loans

	Effective interest rate	Maturity date	2020	2019
<b>Non-current</b>				
Mortgage loans	2.75%	2021/2023	10,561	2,993
Credit institutions	2.25%	2022	17,373	46,747
<b>Total 31 December</b>			<b>27,934</b>	49,740
<b>Current</b>				
Mortgage loans	2.75%	2021	1,000	1,000
Financing of used passenger cars	0.80%	2021	46,319	49,514
Financing of rental fleet	1.60%	2021	29,208	39,440
<b>Total 31 December</b>			<b>76,527</b>	89,954

### Mortgage loans

The mortgage loans recognised under interest-bearing loans have a weighted average interest rate of 2.75% (2019: 2.75%). These loans are secured by mortgages on business premises with a carrying amount of € 26.0 million (2019: € 18.0 million). The interest rate is based on 3-month Euribor. There are no mortgages with a remaining term of more than 5 years (2019: nil).

### Credit institutions

Stern Groep N.V. has facilities at credit institutions amounting to € 57.0 million for retail activities, € 17.4 million of which was used at 31 December 2020 (2019: € 46.7 million). The facilities will be reduced to € 54.0 million in 2021. The facilities are secured by a pledge on the trade receivables, the inventory of new passenger cars and commercial vehicles paid for and the business inventory. The facility runs until 31 May 2022 and the interest rate is 3-month Euribor plus a spread.

### Financing of used passenger cars

A credit facility is provided by a finance company affiliated to a car manufacturer for the financing of used passenger cars in an amount of € 55.0 million (2019: € 57.0 million), of which € 46.3 million was drawn down at 31 December 2020 (2019: € 49.5 million). A pledge is provided for these facilities on the passenger cars financed. The interest rate is 1-month Euribor plus a spread. The credit limit is reviewed each year in June, and the facility is expected to be extended again in June 2021. The notice period is 13 months.

### Financing of rental fleet

A credit facility is provided by a finance company affiliated to a car manufacturer for the financing of the rental fleet of SternRent in an amount of € 42.0 million (2019: € 45.0 million), of which € 29.2 million was drawn down at 31 December 2020 (2019: € 39.4 million). A pledge is provided for these facilities on the rental cars financed. The interest rate is 1-month Euribor plus a spread. The credit limit is reviewed each year in June, and the facility is expected to be extended again in June 2021. The notice period is 13 months.

**Bank covenants**

Regarding the facilities at credit institutions and the mortgage loans, agreements have been made with respect to minimum ratios to be achieved. The agreed ratios relate to the solvency and the interest coverage ratio (ICR).

The solvency ratio (adjusted for goodwill and the effects of IFRS 16 Leases) must be at least 30%.

The bank covenants stipulate a minimum ICR of 3.00. This concerns a 12-month ICR that is calculated quarterly on the basis of EBITDA and the net interest expense over the past 12 months. The ICR is the result of EBITDA divided by net interest expense. Incidental costs of € 1.25 million per year may also be left out of consideration for the calculation of the ICR.

The bank covenants state that the new reporting standards will not affect the calculated ratios.

If the ratios stated in the bank covenants are breached, account has to be taken of an additional interest spread, and in such case the credit institutions also have the option of reviewing the agreements in the covenants. If the company fails to operate within the covenants, the facilities may in principle be payable on demand. The Management Board actively monitors that the company operates within the covenants.

Stern Groep N.V. operated within the agreed ratios during 2020.

Regarding the distribution of dividend, it has been agreed with the credit institutions that this may not lead to a breach of the bank covenants.

The table below provides an overview of the maturity dates of the financial obligations of Stern Groep N.V. at 31 December 2020 on the basis of contractual and not discounted payments of interest and repayments, without taking account of hedge transactions entered into (see note 32).

	Carrying amount at year-end	Within 12 months	1 to 5 years	> 5 years
<b>31-12-2020</b>				
Mortgage loans	11,561	1,304	10,903	–
Credit institutions	17,373	391	17,568	–
Financing of used passenger cars	46,319	46,505	–	–
Financing of rental fleet	29,208	29,442	–	–
Derivatives	217	217	–	–
	<b>104,678</b>	<b>77,859</b>	<b>28,471</b>	<b>–</b>
<b>31-12-2019</b>				
Mortgage loans	3,993	1,096	3,116	–
Credit institutions	46,747	1,052	47,273	–
Financing of used passenger cars	49,514	49,739	–	–
Financing of rental fleet	39,440	39,777	–	–
Derivatives	372	249	123	–
	<b>140,066</b>	<b>91,913</b>	<b>50,512</b>	<b>–</b>

The following overview shows the changes in interest-bearing loans divided into cash flows and other changes. The cash flow in the following overview corresponds to the change in interest-bearing loans shown in the statement of cash flow.

	Mortgages	Securitisation facility	Credit institutions and other finance	Derivatives	Total
<b>Balance at 31 December 2018</b>	11,763	151,079	175,019	842	338,703
Cash flow from financing activities	(7,770)	9,842	2,979	–	5,051
Sale of business divisions	–	(160,921)	(34,172)	–	(195,093)
Held for sale	–	–	(8,125)	–	(8,125)
Other changes	–	–	–	(470)	(470)
<b>Balance at 31 December 2019</b>	3,993	–	135,701	372	140,066
Cash flow from financing activities	<b>7,568</b>	–	<b>(42,801)</b>	–	<b>(35,233)</b>
Other changes	–	–	–	<b>(155)</b>	<b>(155)</b>
<b>Balance at 31 December 2020</b>	<b>11,561</b>	–	<b>92,900</b>	<b>217</b>	<b>104,678</b>

## 26 Financial instruments

### Fair value

The following overview presents a comparison between the carrying amounts and the fair values of all the financial assets and liabilities of Stern Groep N.V. recognised in the financial statements, including assets and liabilities classified as held for trading:

	Carrying amount		Fair value	
	2020	2019	2020	2019
<b>Financial assets</b>				
Cash and cash equivalents	283	683	283	683
Interests of SternPartners B.V. (less than 20%)	167	184	167	184
Interest in Bovemij				
Verzekeringsgroep N.V.	18,463	14,216	18,463	14,216
Other	149	149	149	149
<b>Financial liabilities</b>				
Mortgage loans	11,561	3,993	11,561	3,993
Credit institutions	17,373	46,747	17,373	46,747
Financing of used passenger cars	46,319	49,514	46,319	49,514
Financing of rental fleet	29,208	39,440	29,208	39,440
Lease commitments	101,271	114,096	101,271	114,096
Derivatives	217	372	217	372

The fair value of the derivatives and drawn down loans is calculated as the present value of the expected cash flows at prevailing market rates. Financing is effected mainly on the basis of a short-term interest rate so that the carrying amount approximates the fair value of the financial liabilities. The average interest rate used to calculate the present value of the lease commitments is virtually the same as the marginal interest rate at year-end 2020, so that the carrying amount approximates the fair value of the lease commitments.

Stern Groep N.V. uses the following three levels for the classification and disclosure of financial instruments measured at fair value:

- Level 1 : price quotations in active markets;
- Level 2: valuation techniques for which input can be derived from observable market data;
- Level 3: valuation techniques for which input cannot be derived from observable market data.

The following analysis shows the financial instruments measured at fair value classified according to measurement level:

	Level 1	Level 2	Level 3	Total
<b>31-12-2020</b>				
Interest in Bovemij N.V.	–	–	18,463	18,463
Derivatives	–	(217)	–	(217)
<b>31-12-2019</b>				
Interest in Bovemij N.V.	–	–	14,216	14,216
Derivatives	–	(372)	–	(372)

The development of financial instruments in level 3 in the financial year was as follows:

	2020	2019
<b>Level 3</b>		
Balance at 1 January	14,216	14,113
Changes in fair value	4,247	103
<b>Balance at 31 December</b>	<b>18,463</b>	14,216

The fair value of the interest in Bovemij N.V. is based on an external valuation report as at March 2020, taking account of particular developments during the current year.

## 27 Trade and other payables

This item includes the credit facilities provided by car manufacturers for the performance of the underlying dealer contracts. A pledge is provided for this facility on the passenger cars and light commercial vehicles financed, including parts and accessories. The interest rates are based on Euribor plus a spread.

## 28 Tax and social security contributions

Under Current Assets, the value-added tax of € 0.3 million receivable at 31 December 2020 is recognised in the item *Tax and social security contributions* (2019: € 2.9 million payable).

Under Current Liabilities, the wage tax of € 2.2 million payable at 31 December 2020 is recognised in the item *Tax and social security contributions* (2019: € 2.8 million).

## 29 Repurchase obligations

Based on specific provisions in IFRS 15 Revenue from contracts with customers, no sale proceeds are recognised for sales transactions with a repurchase obligation. Cars with a repurchase obligation remain on the statement of financial position under inventory and are written down to fair value on the repurchase date. Repurchase obligations are recognised against these cars in the statement of financial position, more than 90% of which have a term of less than 1 year.

## 30 Other accounts payable and deferred income

The other payables include € 5.0 million in payments to personnel (2019: € 5.4 million). The item accrued liabilities and deferred income consists mainly of prepayments from customers and importers received as at the closing date.

## 31 Statement of cash flow

The statement of cash flow shows the movements in cash and cash equivalents. The preparation of this statement is based on a comparison between the opening balance and the closing balance. Changes that have not led to cash flow, such as impairments and transfers between bank accounts, are then eliminated. Changes in the working capital can mostly be derived from the overview of changes in the relevant items in the statement of financial position, taking account of changes arising from companies acquired and divested (see note 3) and assets and liabilities held for sale (note 21). Note 25 provides the connection between the changes in interest-bearing loans and the statement of cash flow. Under IFRS 16 Leases, the lease payments are divided into interest and repayments (note 15). The interest payments are recognised under cash flow from operational activities and the repayments are recognised as cash flow from financing activities.



## 32 Objectives and policy regarding the management of financial risks

### Financial instruments and risk policy

The interest rate profile of the financial liabilities, after taking account of the hedge transactions entered into and excluding the IFRS 16 lease commitments, is as follows:

	2020	2019
Liabilities at variable interest rates	56,461	31,694
Liabilities at fixed interest rates	48,000	108,000
	<u>104,461</u>	<u>139,694</u>
<b>Liabilities at fixed interest rates</b>		
Weighted average interest rate (%)	1.8	1.8
Weighted average maturity (years)	<u>0.9</u>	<u>1.2</u>

The interest rates for the financial liabilities are mainly based on Euribor (note 25).

At 31 December 2020, Stern Group had a number of outstanding contracts for interest rate swaps for a total amount of € 48.0 million (2019: € 108.0 million). The interest rate swaps are concluded in order to convert liabilities at variable interest rates into liabilities with fixed interest rates. The average remaining maturity of the interest rate swaps is 11 months (2019: 14 months), with a weighted average interest rate, including the spread for the liability in question, of 1.8% (2019: 1.8%).

The most important financial instruments (other than derivatives) held by Stern Groep N.V. are bank loans and overdrafts, lease agreements, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the business operations. Stern Groep N.V. has various other financial assets and liabilities, such as trade receivables and payables, that arise directly as a result of its business operations. Stern Groep N.V. also enters into transactions for interest rate swaps. The purpose of the interest rate swaps is to limit the interest rate risk to which Stern Groep N.V. is exposed as a result of its business operations and its sources of funding. In principle, Stern Groep N.V. does not trade in financial instruments, nor did it do so during the year under review.

The main risks arising from the financial instruments held by Stern Groep N.V. are interest rate risk and credit risk. The Management Board evaluates and approves the policy with respect to the mitigation of these risks.

### Interest-rate risk

Stern Groep N.V. strives to mitigate the risks arising from its operational activities and the funding thereof. Interest-rate risk is partly hedged using interest-rate swaps. After initial recognition, these instruments are carried at fair value (at 31 December 2020 this amounted to € 0.2 million negative and at 31 December 2019 € 0.4 million negative). The following overview shows the carrying amounts of the interest rate swaps to which hedge accounting is applied at 31 December 2020.

Regarding	Nominal value	Carrying amount	2020	Nominal value	Carrying amount	2019
			Fair value			Fair value
Mortgage loans	12,000	(54)	(54)	12,000	(78)	(78)
Financing of used passenger cars	36,000	(163)	(163)	36,000	(62)	(62)
Credit institutions	–	–	–	60,000	(233)	(233)
<b>Total 31 December</b>	<b>48,000</b>	<b>(217)</b>	<b>(217)</b>	<b>108,000</b>	<b>(372)</b>	<b>(372)</b>

The fair value of the interest rate swaps is determined on the basis of market interest rates as at 31 December 2020 and 2019 respectively. Cash flow hedge accounting is applied to these hedges. The hedges of the future cash flows are considered to be effective with an unrealised negative result of € 0.2 million (2019: € 0.4 million negative) with a deferred tax item of € 0.1 million (2019: € 0.1 million). The result on the hedging instrument is applied to the statement of comprehensive income in 2020 and 2019. There are no margin obligations as a result of the swap contracts.

### Credit risk

Stern Groep N.V. deals only with creditworthy third parties. The policy at Stern Groep N.V. is that all customers wishing to trade with deferred payment must be subjected to credit verification procedures. Furthermore, open balances are continuously monitored so that Stern Groep N.V. is not exposed to material risk as a result of doubtful debtors. Credit risk is incurred on the other financial assets of Stern Groep N.V., which consist of cash and cash equivalents, financial assets held for trading and certain derivatives, to the extent that the counterparty may default on an amount not exceeding the carrying amounts of these instruments.

Since Stern Groep N.V. deals only with creditworthy third parties, no security is required.

### Liquidity risk

Stern Groep N.V. has concentrated the management of its cash and direct credit facilities with a limited number of banking institutions (see note 25). As part of this management, the accounts of operating companies are included in cash pooling arrangements and the maximum credit limit of each operating company is monitored centrally.

### Interest-rate exposure analysis

The following table shows the exposure of the result before tax of Stern Groep N.V. (due to the effect of loans at variable interest rates) and the equity (due to the effect of the valuation of the interest rate swaps) to a potential change in Euribor with all other variables remaining constant.

	Increase or decrease in interest rates in basis points	Effect on the result before tax	Effect on equity
<b>2020 financial year</b>	<b>+100</b>	<b>(565)</b>	<b>(93)</b>
	<b>-100</b>	<b>565</b>	<b>93</b>
<b>2019 financial year</b>	<b>+100</b>	<b>(317)</b>	<b>707</b>
	<b>-100</b>	<b>317</b>	<b>(707)</b>

## Capital management

The primary objective of capital management at Stern Groep N.V. is to maintain good creditworthiness and sound solvency to support the operations of Stern Groep N.V. and to optimise shareholder value. Stern Groep N.V. manages its capital structure and adjusts this according to changes in economic conditions. In order to maintain or adjust its capital structure, Stern Groep N.V. may change its payment of dividend to shareholders, repay capital to shareholders or issue new shares. No changes were made to the objectives, policy or processes in 2020 or 2019.

Stern Groep N.V. monitors its capital using a solvency ratio, which is the consolidated equity divided by the total assets. Regarding the facilities at credit institutions, agreements have been made with respect to minimum ratios to be achieved. The agreed ratios relate to the solvency and the interest coverage ratio (ICR) (see note 25).

## 33 Contingent assets and liabilities

### Bank guarantees

Stern Groep N.V. has provided a bank guarantee for the lessors of € 4.0 million (2019: € 3.7 million).

### Economic inventory position

If importers have not yet transferred all the major rights to economic benefits and all major risks with respect to new passenger cars and light commercial vehicles to Stern Groep N.V., the vehicles in question are not yet recognised in the statement of financial position. The economic inventory position of vehicles delivered or to be delivered by importers at 31 December 2020 amounted to € 37.0 million (2019: € 47.8 million).

Stern sells trucks with lease or finance agreements that include an option for the buyer to sell the truck back to Stern when the agreement terminates. Since past experience shows that the majority of buyers do not exercise this option, these trucks are not recognised under repurchase obligations in the statement of financial position. The maximum repurchase obligation under these agreements at 31 December 2020 was € 7.2 million (2019: € 7.5 million).

## 34 Related party disclosures

H.H. van der Kwast, Chair of the Management Board of Stern Groep N.V., owns an interest of 12.7% in Stern Groep N.V. through his personal holding company Merel Investments B.V. (2019: 12.3%).

H.H. van der Kwast, Chair of the Management Board of Stern Groep N.V., is a related party to Kluut Vastgoed B.V. (indirect interest of 50%). Stern Groep N.V. leases one premises from Kluut Vastgoed B.V. The total rent paid for 2020 was € 96,000 (2019: € 117,000).

After the sale of SternLease B.V., the cooperatives of SternPartners were dismantled in 2020 and a remaining interest of 6% of one of the cooperatives was transferred for the net asset value of € 12,000 to a company related to H.H. van der Kwast, who already held a 94% interest in this cooperative.

## 35 Remuneration of the Management Board and the Supervisory Board

The remuneration of the members of the Management Board consists of a fixed gross annual salary with pension contribution, plus a variable component of up to 33% of the fixed gross annual salary, subject to previously set criteria being met.

### Individual remuneration of the Management Board

(amounts x € 1)

	Fixed salary	Social security contributions	Bonus	One-off bonus	Pension contributions and compensation	Total
<b>Year 2020</b>						
H.H. van der Kwast	486,000	11,358	–	–	145,468	642,826
<b>Total</b>	<b>486,000</b>	<b>11,358</b>	<b>–</b>	<b>–</b>	<b>145,468</b>	<b>642,826</b>
<b>Year 2019</b>						
H.H. van der Kwast	486,000	10,703	45,000	200,000	144,854	886,557
<b>Total</b>	<b>486,000</b>	<b>10,703</b>	<b>45,000</b>	<b>200,000</b>	<b>144,854</b>	<b>886,557</b>

The criteria regarding profit-sharing and bonus payments for 2020 were:

- achievement of revenue, net profit, return on equity and cash flow in line with the budget for 2020;
- achievement of the targets set in the Focus on Value strategic plan;
- realisation of the targets in the Focus on Value strategic plan and the realisation of targets relating to development of the organisation, operating efficiency and digitalisation.

The criteria for profit-sharing and bonus payments for 2020 were not met in full. The COVID-19 pandemic and the related government measures had an effect on the business operations of Stern Group. In line with the conditions for using the NOW 3.1 scheme, the Management Board has waived its bonus for 2020.

The criteria for profit-sharing and bonus payments for 2021 are:

- achievement of revenue, net profit, return on equity and cash flow in line with the budget for 2021;
- achievement of the targets set in the strategic plan;
- achievement of targets with respect to organisational development, operational efficiency and digitalisation.

The Supervisory Board makes use of scenario analyses in the formulation and establishment of the remuneration of the Management Board as stated in best practice provision II.2.1. of the Corporate Governance Code.

**Individual remuneration of the Supervisory Board**

(amounts x € 1)

	Regular remuneration payable	Remuneration of the Audit Committee	Remuneration of the Remuneration Committee	Other remuneration	Total 2020	Total 2019
D.R. Goeminne	40,000	–	1,250	–	<b>41,250</b>	42,500
M.E.P. Sanders	32,000	10,000	–	–	<b>42,000</b>	42,000
A. Roggeveen (until 7 May 2020)	10,666	–	–	–	<b>10,666</b>	32,000
S.G. Brummelhuis (until 7 May 2020)	10,666	–	1,666	–	<b>12,333</b>	37,000
P.P.M. Nielen	32,000	5,000	–	–	<b>37,000</b>	37,000
<b>Total</b>	<b>125,332</b>	<b>15,000</b>	<b>2,916</b>	<b>–</b>	<b>143,249</b>	190,500

**Share ownership by the Management Board**

	2020	2019
H.H. van der Kwast (via Merel Investments B.V.)	<b>722,101</b>	700,000

**Share ownership by the Supervisory Board**

	2020	2019
D.R. Goeminne	<b>25,000</b>	25,000
M.E.P. Sanders	–	–
A. Roggeveen (at 7 May 2020)	–	–
S.G. Brummelhuis (at 7 May 2020)	–	–
P.P.M. Nielen	–	–

No option rights, advances or guarantees are provided to the members of the Management Board of Stern Groep N.V. and/or to members of the Supervisory Board.

**36 Subsequent events**

No noteworthy events occurred after the closing date that affect the financial statements for 2020.

(amounts x € 1,000)

# Company statement of income

	2020	2019
Net revenue	-	-
Cost of sales	-	-
<b>Gross profit</b>	-	-
Other income	-	-
Employee expenses	(2,890)	(3,291)
Depreciation of property, plant and equipment	-	(2)
Other operating expenses	(275)	(278)
<b>Operating profit</b>	(3,165)	(3,571)
Result from associates	(23,761)	25,258
Financial income and expenses	(1,660)	(1,298)
<b>Profit/(loss) before tax</b>	(28,586)	20,389
Income taxes	1,217	988
<b>Result after tax</b>	(27,369)	21,377

(amounts x € 1,000)

# Company statement of financial position at 31 December

	Note	31 December 2020	31 December 2019
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Other assets		–	–
<b>Financial non-current assets</b>	2		
Investments in group companies		201,301	225,062
Other investments		149	149
		<u>201,450</u>	<u>225,211</u>
<b>Non-current assets</b>		201,450	225,211
<b>Current assets</b>			
Receivables from group companies		1,856	–
Other receivables, accrued income and prepaid expenses		43	174
Cash and cash equivalents		8	1
		<u>1,907</u>	<u>175</u>
<b>Total assets</b>		<u>203,357</u>	<u>225,386</u>
<b>Equity</b>	3		
Issued capital		593	593
Reserves		124,794	152,046
		<u>125,387</u>	<u>152,639</u>
<b>Current liabilities</b>			
Interest-bearing loans	4	74,991	70,041
Liabilities to group companies		3	1
Tax and social security contributions		122	127
Other liabilities and accruals and deferred income		1,631	1,393
Deferred tax liability		1,223	1,185
		<u>77,970</u>	<u>72,747</u>
<b>Total liabilities</b>		<u>203,357</u>	<u>225,386</u>



(amounts x € 1,000)

# Notes to the company financial statements

## 1 Accounting policies

The company financial statements are prepared on the basis of Part 9 of Book 2 of the Dutch Civil Code with use of the option provided under Section 2:362 (8) to apply the IFRS accounting policies that are used for the consolidated financial statements.

### Principles for measurement and determination of the result

Details of the principles for measurement and determination of the result can be found in the notes to the consolidated financial statements and, unless otherwise stated, apply equally to the company financial statements.

### Investments in group companies

The investments in group companies are recognised at net asset value. The reporting dates of the group companies are the same as those of Stern Groep N.V. The principles for financial reporting are, for similar transactions and events in comparable circumstances, the same as those of Stern Groep N.V.

### Income taxes

Income taxes consist of current and deferred tax. Current tax concerns the expected tax payable on the taxable profit in the financial year on the basis of prevailing tax rates. Deferred tax is recognised for temporary differences between the valuation of assets, liabilities and deductible losses for commercial purposes and their valuation for tax purposes. Deferred tax is calculated on the basis of established tax rates and regulation that are expected to apply at the time the deferred tax asset or liability is realised. Deferred tax assets are only recognised if it is expected that sufficient future profit for tax purposes will be available against which the temporary differences and available tax-deductible losses can be realised. Stern Groep N.V. settles on the basis of the taxable result of the group companies, taking account of the benefits of the fiscal unity to the various constituent group companies.

## 2 Financial non-current assets

	Investments in group companies	Other	Total
Carrying amount at 1 January 2020	225,062	149	225,211
Result for the year	(23,761)	–	(23,761)
Other changes	–	–	–
<b>Carrying amount at 31 December 2020</b>	<b>201,301</b>	<b>149</b>	<b>201,450</b>

The investments in group companies includes the 100% interest in Stern Facilitair B.V. of Purmerend, the holding company for all other group companies.

## 3 Equity

For the development of equity, see the consolidated financial statements. The entire share premium qualifies as a recognised paid-up reserve for tax purposes.

## 4 Interest-bearing loans

Stern Groep N.V. has finance facilities at credit institutions. For details of these facilities and the associated collateral and bank covenants, see note 25 to the consolidated financial statements.

## 5 Other notes

### Dividend

No dividend will be distributed in accordance with the conditions for use of the NOW-3 compensation for salary costs scheme.

### Contingent assets and liabilities

Stern Groep N.V. has accepted joint and several liability for the debts of the group companies listed on page 98, including tax, arising from legal actions by the group companies in accordance with Section 403 of Part 9 of Book 2 of the Dutch Civil Code.

### Remuneration of the Management Board and Supervisory Directors

For the remuneration of the Management Board and Supervisory Directors, see note 35 to the 2020 consolidated financial statements.

### Audit fees

For the audit fees, see note 8 to the 2020 consolidated financial statements.

### Number of employees

The number of employees, including the Management Board, at 31 December 2020 was: 9 (2019: 8)

Amsterdam, 3 March 2021

#### The Management Board    The Supervisory Board

H.H. van der Kwast

D.R. Goeminne

M.E.P. Sanders

P.P.M. Nielen

# Other information

## Profit appropriation according to the articles of association

### Article 38

- 1 Subject to the approval of the Supervisory Board, the Executive Board transfers as much of the remaining profit to reserves as it deems necessary. Insofar as the profit is not transferred to reserves subject to the provisions of the previous sentence, it is available to the Annual General Meeting in whole or in part for distribution to the shareholders in proportion to the number of ordinary shares that they own.  
The company may only pay the shareholders and other persons entitled to the profits available for distribution to the extent that its equity exceeds the amount of the paid-up and called-up capital plus the reserves that must be held pursuant to statute.

### Article 39

- 1 Distributions of profit shall be payable four weeks after adoption, unless the General Meeting sets a different date as proposed by the Management Board.
2. Distributions of profit that have not been received within five years of being made available for payment shall lapse to the company.
- 3 Resolutions of the General Meeting to grant full or partial cancellation of reserves shall require the approval of the Management Board and the Supervisory Board, without prejudice to the provision in paragraph 6.
- 4 With the prior approval of the Supervisory Board, the Management Board may make an interim distribution of profit, subject to the provision of Section 105, Book 2 of the Dutch Civil Code.
- 5 The General Meeting may, if so proposed by the Management Board and with the prior approval of the Supervisory Board, resolve that distributions of profit should be made entirely or partially in the form of shares in the company's capital.
- 6 A shortfall may only be made up from the reserves held pursuant to statute to the extent permitted by law.

# Independent auditor's report

To: the shareholders and the Supervisory Board of Stern Groep N.V.

## Report on the audit of the financial statements 2020 included in the annual report

### Our opinion

We have audited the financial statements 2020 of Stern Groep N.V., based in Amsterdam.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Stern Groep N.V. as at 31 December 2021, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- The accompanying company financial statements give a true and fair view of the financial position of Stern Groep N.V. as at 31 December 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2020;
- The following statements for 2020: the consolidated statement of income, the consolidated statements of comprehensive income, changes in equity and cash flows;
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company statement of financial position as at 31 December 2020;
- The company statement of income for 2020;
- The notes comprising a summary of the accounting policies and other explanatory information.

### The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Stern Groep N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the “Wet toezicht accountantsorganisaties” (Wta, Audit firms supervision act), the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics).

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

### Our audit approach

#### Our understanding of the business

Stern Groep N.V. is one of the largest dealer holdings in the Netherlands. Stern Groep N.V.'s activities mainly consist of sales, mobility solutions and car services. The group structure consists of various entities and we have set up our audit accordingly. We have given particular attention in our audit to a number of topics based on the group's activities and our risk analysis.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In 2020 we were forced to perform our procedures to a greater extent remotely due to the Covid-19 measures. This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

## Materiality

<b>Materiality</b>	€1,300,000 (2019: €1,700,000)
<b>Benchmark applied</b>	1 % of the gross profit
<b>Explanation</b>	<p>Both the result before tax and the operating profit of Stern Groep N.V. have been highly volatile in recent years. For this reason, we do not consider this to be an appropriate benchmark for materiality.</p> <p>We consider that gross profit is the most appropriate materiality benchmark for Stern Groep N.V. In addition, we have identified the following relevant aspects:</p> <ul style="list-style-type: none"> <li>• Important performance indicator for Stern Groep N.V. and its stakeholders;</li> <li>• More stable trend without large fluctuations.</li> </ul>

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €85,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

## Scope of the Group audit

Stern Groep N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Stern Groep N.V.

The determining factors for the scope of the audit are:

- The fact that Stern's operations take place in the Netherlands;
- The organizational structure of Stern's operations;
- The size and/or risk profile of the other group elements and operations;
- The fact that the business processes and internal control measures are generally carried out in the same way at the various dealerships.

This means that there is no scoping for separate dealerships. We considered the dealerships as one component for our audit in addition to the rent and other operations. If entities deviate in the execution of their internal controls from the standard internal controls we have incorporated this in our audit.

All procedures at the group entities and at group level were performed by the same audit team.

As a result of these procedures we have obtained sufficient and appropriate audit evidence in relation to the financial information of the group to issue an opinion regarding the consolidated financial statements.

## Teaming, use of specialists and internal audit

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed client in the automotive industry. We included specialists in the areas of IT audit and taxes in the engagement team. In addition we have made use of our own valuation experts for the audit of the discount rate (WACC), that was applied in the goodwill impairment test.

## Our focus on fraud and non-compliance with laws and regulations

### Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

### Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including legal, human resources and directors of the group entities) and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. In our risk assessment we also considered the potential impact of the results on the bank covenants.

In the process of identifying fraud risks, we considered whether the COVID-19 pandemic would lead to specific fraud risk factors because internal controls might be less effective due to remote working, absenteeism, cybersecurity risks, possible misuse of government compensation and because of pressure on management to meet financial targets, to demonstrate that measures to limit losses have been successful or to meet certain performance indicators necessary to comply with loan covenants. Conversely, we also looked at whether the management formed excessive provisions with a view to release to the result in the future.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in 1. "Accounting principles" in the consolidated financial statements.

We have also used data analytics to identify and address high-risk journal entries. In the key audit matter Valuation of goodwill and deferred tax assets we describe how we included the fraud risk related to management override in our audit approach.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we re-evaluate our assessment of fraud risk and its resulting impact on our audit procedures.

### Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

### Going concern

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next twelve months from when the financial statements are authorized for issue.

We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism, and focused specifically on the process followed by management to make the assessment, on instances of management bias that could represent a risk, on the impact that current events and conditions have on the Company's operations and forecasted cash flows, in order to challenge management's assertion whether or not the company will have sufficient liquidity to continue to meet its obligations as they fall due. We involved specialists to review the underlying assumptions in the forecast 2021 and the outlook 2022.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Should we have concluded that a material uncertainty exists, we would be required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

### General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year, there are the following changes in key audit matters:

- Key audit matter "Sale of activities" is no longer considered a key audit matter for this year as this was related to a one-off transactions in 2019;
- Due to the significant impact of COVID-19 on the business activities of the company, we have considered "the impact of COVID-19" a key audit matter in this financial year.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit approach	Key observations
<b>The impact of COVID-19</b> We refer to note 1 "Accounting policies COVID-19" and note 12 "Interest-bearing loans" in the financial statements		
<p>COVID-19 has significantly affected the operational and financial performance of organizations and the going concern assessment. The impact continues to change, and therefore entails complexity and inherent uncertainty.</p> <p>The main risks for the financial statements are:</p> <ul style="list-style-type: none"> <li>• The valuation of goodwill and deferred tax assets. For this we refer to the key audit matter Valuation of goodwill and deferred tax assets;</li> <li>• NOW-compensation scheme: the appropriate recognition of the NOW compensation;</li> <li>• Financing: the impact of COVID-19 on the 2021 financial results is uncertain. If the company is not able to meet the covenants the lenders have the right to demand immediate repayment of the outstanding loans.</li> </ul>	<p>We discussed and evaluated the impact of COVID-19 on the 2020 financial statements of Stern Group N.V. focussing on the items stated above.</p> <p><b>The NOW compensation</b>            For the audit of the correctness and completeness of the recognition of the NOW compensation, we:</p> <ul style="list-style-type: none"> <li>• Performed our procedures for NOW-1 in accordance with to the audit protocol;</li> <li>• Among other things, recalculated the compensation for NOW 3.1 and concluded that the correct revenue and the salary expenses have been applied. The audit of the final declaration will take place after publication of the 2020 annual report.</li> </ul> <p><b>Finance</b>            We performed the following procedures for our assessment of the impact of COVID-19 on the external financing of Stern Groep N.V.:</p> <ul style="list-style-type: none"> <li>• Review the loan agreements regarding the covenants and loan conditions, including recalculating the covenant ratios;</li> <li>• Review the going concern assessment, including the projections used to assess compliance with the covenants during the forecast period;</li> <li>• Testing the forecasted revenue, result and liquidity;</li> <li>• Assessment of the disclosures.</li> </ul> <p>Finally, we evaluated the disclosures regarding the impact of COVID-19 on Stern Groep N.V. in the financial statements as a whole.</p>	<p>We agree with management's assessment of the impact of COVID-19, the use of the going concern assumption and the disclosures regarding the key estimates and assumptions in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.</p>



Risk	Our audit response	Key observations
<p><b>Valuation of goodwill and deferred tax assets</b></p> <p>We refer to note 1 "Accounting policy", note 10 "Income taxes" and note 13 "Intangible non-current assets" in the financial statements</p> <p>At 31 December 2020, Stern recognized goodwill (€ 2 million) and deferred tax assets (€ 8.3 million). Management reassessed the projected future (taxable) results. Based on this reassessment, management adjusted the expected future (taxable) results downwards. The lower expected future results combined with an adjustment to the WACC resulted in an impairment of the goodwill of dealergroep Stern of € 20.0 million. Further details are provided in note 13 'Intangible assets'. The lower expected future taxable results additionally resulted in an impairment of € 6.6 million of the deferred tax assets.</p> <p>A key variable in the valuation of goodwill and deferred tax assets is the expected future (taxable) results. These future results are, among other things, derived from the 2021 forecast and the outlooks for 2022-2023, as approved by the Supervisory Board. The main assumptions relate to car sales, margins, revenue, costs and the automotive market in general in the subsequent years.</p> <p>The assessment of whether the goodwill and the deferred tax assets are subject to impairment is considered to be a key audit matter, given the complexity of the calculations and the level of judgment that management has to apply regarding the future (taxable) results.</p> <p>Note 13 includes the sensitivity analysis with respect to the goodwill.</p>		
	<p>The audit procedures we performed included an assessment of the quality of the budgeting process, the reasonableness of the assumptions underlying the estimation of future (taxable) results and whether these are consistent with the budget for 2021 and the outlooks for 2022 and 2023 as approved by the management board and the supervisory board.</p> <p>We engaged an EY valuation expert to evaluate the discount rate applied and valuation methodology used.</p> <p>We also carried out procedures with respect to the disclosures in the financial statements on the impairment test, in particular the main assumptions that affect the recoverable value of the goodwill, such as the margin developments of the relevant revenue categories, the changes in costs and the weighted average cost of capital (WACC) applied.</p> <p>We assessed that the disclosures – including the sensitivity disclosures with respect to the various assumptions – provide sufficient information with regard to the assumptions applied and the effects of changes in these assumptions on the valuation.</p>	<p>The valuation of the goodwill and the deferred tax assets are sensitive to the assumptions made.</p> <p>We consider the assessment of the valuation of the capitalized goodwill and deferred tax assets as made by management to be reasonable and in accordance with EU-IFRS.</p> <p>We consider the disclosure in the financial statements regarding the impairment test to be adequate.</p>

## Report on other information included in the annual report

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

- The management board report including the remuneration report;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- The corporate social responsibility report.

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

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 and Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Section 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements

### Engagement

We were engaged by supervisory board as auditor of Stern Groep N.V. as of the audit for the year 2003 and have operated as statutory auditor ever since that date.

### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## Description of responsibilities for the financial statements

### Responsibilities of management and the supervisory board for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

### Communication

We communicate with the supervisory board amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect, we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding the statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 3 March 2021

**Ernst & Young Accountants LLP**

Signed by J.J. Kooistra

## Other information

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# GRI index

For this report, we have used the G4 guidelines for sustainability reporting of the Global Reporting Initiative (GRI). We report according to the “Core” option.

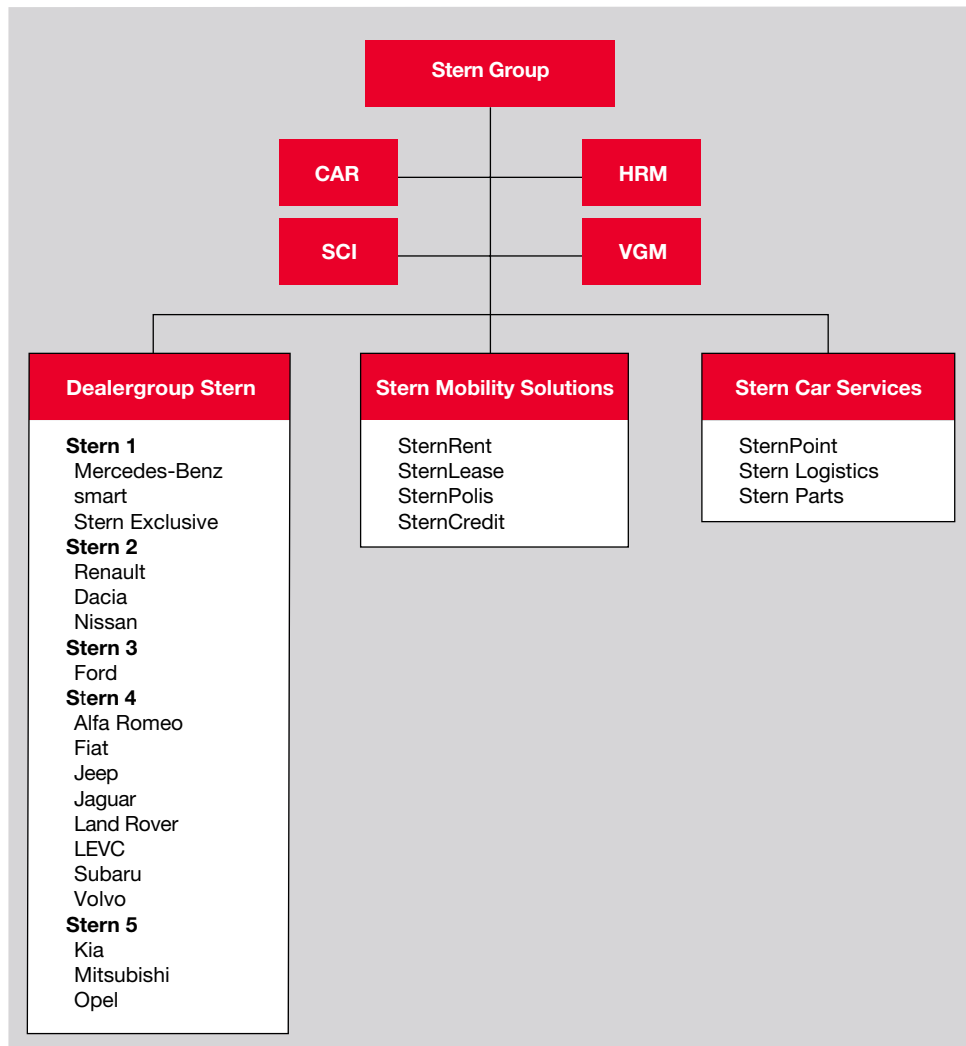
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<b>Report profile</b>			

GRI	Description	Explanation/reference	Page in the report
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G4-29	Date of previous report	13 March 2020	
G4-30	Reporting cycle	Annual	
G4-31	Contact information	jaarrapport@stern.nl	1
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# Organisation structure



## Stern Group

is led by the Management Board, which consists of Henk van der Kwast and Finus Porsius. The Management Board is responsible for general policy, finance and group strategy. The Management and Supervisory Boards are supported by Bastiaan Geurts, who is the Company Secretary. The operational management organ of the company is the Group Council (see page 5).

## Stern CAR

stands for controlling, analysis and reporting. Stern CAR provides the group's monthly, quarterly and annual reporting, coordinates the annual audit with the auditor, acts as the initial point of contact for financial and tax matters and coordinates the group's cash management. Stern CAR also provides guidance for improvements to processes and controls, including programmes for improving workplace productivity and optimising the use of working capital. Stern CAR is also responsible for due diligence investigations when opportunities for acquisitions arise. Stern CAR is led by Finus Porsius (Financial Director).

## Stern SCI

stands for Smart Customer Interaction and was created in mid-2020 by the combination of the branding, marketing, online, data, ICT and customer service activities. Stern SCI manages and develops the Stern brand and generates business for the Stern companies through the application of data, online marketing and relationship management in both the retail and business markets. This segment also directs and facilitates all non-physical interactions with prospects and customers, ensuring a consistent customer experience. Adjustments are made on the basis of continuous feedback and customer research. Stern SCI is led by Bastiaan Geurts (director).

### Stern HRM

develops and formulates HRM strategies, policy and procedures, coordinates and leads the implementation of HRM policy and procedures for the entire group. Stern HRM also has a supervisory role, particularly in relation to compliance with established procedures and quality standards, and is responsible for the optimal functioning of HRM systems and processes. Stern HRM supports, advises and facilitates the primary process in relation to HRM at the decentralised HR departments of the group. Stern HRM is led by Loes van Dalen (director).

### Stern VGM

manages the property portfolio owned and leased by Stern.

Its activities range from regular maintenance to the preparation of multi-year plans, from coordinating renovations to guidance for complete new-build projects. Stern VGM supports and coordinates all issues relating to premises and construction for the group and maintains contacts with the relevant external suppliers. Stern VGM is led by Paul Snelting (property manager).

### Dealergroup Stern

Dealergroup Stern represents 18 leading brands and currently consists of around 48 points of sale and service. The management team consists of Henk van der Kwast (director), Dwight de Weerd, Huub van den Brule, Gerrit Klock, Matthieu Snel and Finus Porsius.

### Stern Mobility Solutions

focuses exclusively on financial and other mobility products and services not associated with car brands to small and medium-sized enterprises and the private market. Car rental (SternRent) is also part of Stern Mobility Solutions. Stern Mobility Solutions additionally manages the relationships with the partners ALD Automotive and Bovemij. Stern Mobility Solutions is led by Marco Vlaar (director).

### Stern Car Services

aims to achieve national relevance with a network of larger car body repair branches. Stern Car Services also includes the activities relating to light commercial vehicle interiors and lettering. SternLogistiek and SternParts are also part of Stern Car Services. The management team consists of Guus Baris (director SternPoint), Marco Vlaar (director Stern Logistics and Stern Parts) and Olivier Hoffmann.



# Addresses

At 3 March 2021

Nissan dealer Stern in Amersfoort



## Stern Group

Stern Groep N.V.      Pieter Braaijweg 6      Amsterdam

## Stern Facility Services

Stern Facilitair B.V.      Ampèrestraat 65      Purmerend

### Operation of fuel stations by third parties

Lukoil	Schermerhoek 523	Capelle a/d IJssel
Lukoil	Houtmankade 20/A	Gorinchem
Lukoil	Zeverijnstraat 18	Hilversum
Lukoil	Deltalaan 217	Slidrecht
Lukoil	Provincialeweg 47	Zaandam

### Premises owned

Helderseweg 52	Alkmaar
Parelweg 5	Alkmaar
Ruimtevaart 30	Amersfoort
Radarweg 8	Amsterdam
Zeverijnstraat 16	Hilversum
Waterveste 2	Houten
Warmoezenierstraat 17	Naaldwijk
Nijverheidslaan 1	Weesp
Hogeweg 8	Wormerveer
Oost-Indische Kade 7-9	Wormerveer
Provincialeweg 43	Zaanstad

### Associates

Bovemij	Takenhofplein 2	Nijmegen
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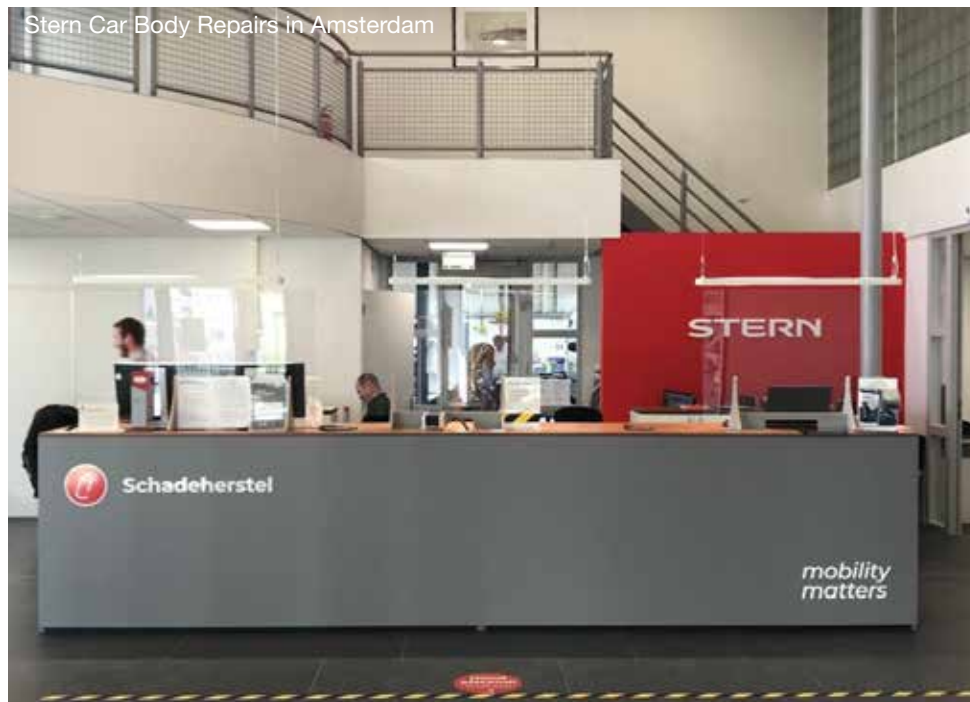
## Locations

Place	Address	Car brand	Car body repairs	Car rental	Occasion Center	Other
Alkmaar	Helderseweg 52	Kia, Opel				
Almere	De Huchtstraat 10	Mercedes-Benz, smart		Car rental		
Almere	De Strubbenweg 8	Volvo			Occasion Center	
Amersfoort	Nijverheidsweg-Noord 54	Nissan				
Amersfoort	Ruimtevaart 30	Mercedes-Benz, smart		Car rental		
Amersfoort	Nijverheidsweg-Noord 65	Alfa Romeo, Fiat, Jeep, Subaru				
Amstelveen	Spinnerij 9	Mercedes-Benz, smart				
Amstelveen	Langs de Werf 1		Car body repairs			
Amsterdam	Klokkenbergweg 3-5	Ford		Car rental		
Amsterdam	Aambeeldstraat 5 (+ Gedempt Hamerkanaal)	Kia, Opel				
Amsterdam	Burg. Stramanweg 110	Mercedes-Benz, smart				
Amsterdam	Radarweg 8	Stern Trucks	Car body repairs	Car rental		
Amsterdam	Pieter Braaijweg 6					Stern Group
Amsterdam	Kaapstadweg 36					Stern Logistics
Arnhem	Blankenweg 22			Car rental		
Assen	Balkengracht 2	Kia, Mitsubishi, Opel				
Bemmel	Nijverheidstraat 42		Car body repairs			
Breda	Belcrumweg 5-7			Car rental		
Den Bosch	Nelson Mandelalaan 3	Dacia, Renault		Car rental		
Den Bosch	Moeskampweg 18		Car body repairs			
The Hague	Mercuriusweg 9	Ford		Car rental		
Den Helder	Ruyghweg 200			Car rental		
Dordrecht	Mijlweg 73	Ford		Car rental		
Eindhoven	Europaweg 2	Dacia, Renault		Car rental	Occasion Center	
Gorinchem	Newtonweg 20	Ford			Occasion Center	
Groningen	Rostockweg 12	Kia, Opel		Car rental		
Groningen	Wismarweg 34		Car body repairs			

Place	Address	Car brand	Car body repairs	Car rental	Occasion Center	Other
Haarlem	Leidsevaart 576 - 592	Volvo				
Harderwijk	Nobelstraat 4		Car body repairs			
Hillegom	Arnoudstraat 3	Volvo				
Hilversum	Zeverijnstraat 16				Occasion Center	Stern Exclusive
Hoofddorp	Smaragdlaan 5-15	Ford	Car body repairs	Car rental		
Houten	Waterveste 2	Nissan				
Houten	Ringveste 4	Abarth, Alfa Romeo, Fiat, Jeep	Car body repairs			
Katwijk	Heerenweg 2	Volvo				
Leiderdorp	Rietschans 70	Volvo				
Lelystad	Schoepenweg 29		Car body repairs			
Lijnden	Sydneystraat 9	LEVC, Volvo			Occasion Center	
Naaldwijk	Warmoezenierstraat 21	Ford				
Nieuwegein	Ringwade 2	Mercedes-Benz, smart				
Nijkerk	Ambachtstraat 21	Mercedes-Benz Trucks, Fuso	Car body repairs			
Noordwijk	Keyserswey 1	Ford				
Oss	Kantsingel	Dacia, Renault				
Purmerend	Van IJsendijkstraat 411	Kia				
Purmerend	Ampèrestraat 59	Jaguar, Land Rover			Occasion Center	
Purmerend	Ampèrestraat 65					Stern Facility Services
Rotterdam	Koperstraat 15	Ford				
Rotterdam	Laagjes 4	Ford		Car rental		
Rotterdam	Abraham van Stolckweg			Car rental		
Rotterdam	Aristotelestraat 36		Car body repairs			
Schiedam	Jan Evertsenweg 6	Ford				
Tilburg	Kraaivenstraat 30	Dacia, Renault				
Utrecht	Eendrachtlaan 300	Mercedes-Benz, smart		Car rental		
Valkenswaard	Dragonder 4	Dacia, Renault				
Veenendaal	Galileistraat 15	Mercedes-Benz, smart				
Veenendaal	Turbinestraat	Mercedes-Benz Trucks, Fuso				
Veghel	Mountbattenweg 6	Dacia, Renault				
Wateringen	De Lierseweg 13		Car body repairs			
Weesp	Nijverheidslaan 1	Volvo				

Place	Address	Car brand	Car body repairs	Car rental	Occasion Center	Other
Wormerveer	Hogeweg 8 (+ Oostindische kade)	Kia, Opel				
Wormerveer	Vrijheidsweg 2		Car Body Repairs			
Zaandam	Pieter Ghijsenlaan 7	Volvo			Occasion Center	
Zaandam	Provincialeweg 43			Car rental		
Zoetermeer	Zwaardslootseweg 3	Ford				
Zwaag	De Factorij 5	Kia				
Zwolle	Simon Stevinweg 20			Car rental		Stern Signing

Stern Car Body Repairs in Amsterdam



Alfa Romeo, Fiat, Jeep and Subaru dealer in Amersfoort



## Colophon

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