

GROUPE RENAULT

CONSOLIDATED FINANCIAL STATEMENTS 2020

4.2 CONSOLIDATED FINANCIAL STATEMENTS

| | |
|--|-----|
| 4.2.1 CONSOLIDATED INCOME STATEMENT | 3 |
| 4.2.2 CONSOLIDATED COMPREHENSIVE INCOME | 4 |
| 4.2.3 CONSOLIDATED FINANCIAL POSITION..... | 5 |
| 4.2.4 CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY..... | 7 |
| 4.2.5 CONSOLIDATED CASH FLOWS..... | 8 |
| 4.2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 9 |
| 4.2.6.1 <i>Information on operating segments and regions</i> | 9 |
| A - Information by operating segment | 10 |
| A1 - Consolidated income statement by operating segment..... | 10 |
| A2 - Consolidated financial position by operating segment..... | 11 |
| A3 - Consolidated cash flows by operating segment | 13 |
| A4 - Other information for the Automotive segments: net cash position (net financial indebtedness), Operational free cash flow and roce | 17 |
| B - Information by Region..... | 20 |
| 4.2.6.2 <i>Accounting policies and scope of consolidation</i> | 21 |
| Note 1 - Approval of the financial statements | 21 |
| Note 2 - Accounting policies..... | 22 |
| Note 3 - Changes in the scope of consolidation..... | 36 |
| 4.2.6.3 <i>Consolidated income statement</i> | 37 |
| Note 4 - Revenues | 37 |
| Note 5 - Other income and expenses included in the operating margin, by nature..... | 38 |
| Note 6 - Other operating income and expenses | 39 |
| Note 7 - Financial income (expenses)..... | 41 |
| Note 8 - Current and deferred taxes | 42 |
| Note 9 - Basic and diluted earnings per share..... | 45 |
| 4.2.6.4 <i>Operating assets and liabilities, shareholders' equity</i> | 46 |
| Note 10 - Intangible assets and property, plant and equipment | 46 |
| Note 11 - Impairment tests on fixed assets | 49 |
| Note 12 - Investment in Nissan | 51 |
| Note 13 - Investments in other associates and joint ventures..... | 56 |
| Note 14 - Inventories..... | 59 |
| Note 15 - Sales Financing receivables | 60 |
| Note 16 - receivables..... | 62 |
| Note 17 - Other current and non-current assets..... | 63 |
| Note 18 - Shareholders' equity | 64 |
| Note 19 - Provisions for pensions and other long-term employee benefit obligations | 69 |
| Note 20 - Change in provisions | 74 |
| Note 21 - Other current and non-current liabilities | 75 |
| 4.2.6.5 <i>Financial assets and liabilities, fair value and management of financial risks</i> | 76 |
| Note 22 - Financial assets – cash and cash equivalents | 76 |
| Note 23 - Financial liabilities and sales financing debts | 77 |
| Note 24 - Financial instruments by category, fair value and impact on net income..... | 83 |
| Note 25 - Derivatives and management of financial risks..... | 86 |
| 4.2.6.6 <i>Cash flows and other information</i> | 95 |
| Note 26 - Cash flows..... | 95 |
| Note 27 - Related parties | 96 |
| Note 28 - Off-balance sheet commitments and contingent assets and liabilities..... | 97 |
| Note 29 - Fees paid to statutory auditors and their network | 99 |
| Note 30 - Subsequent events | 100 |
| Note 31 - Consolidated companies | 101 |

4.2.1 Consolidated income statement

| (€ million) | Notes | 2020 | 2019 |
|--|-------|----------------|---------------|
| Revenues | 4 | 43,474 | 55,537 |
| Cost of goods and services sold | | (36,257) | (44,665) |
| Research and development expenses | 10-A | (2,569) | (2,658) |
| Selling, general and administrative expenses | | (4,985) | (5,552) |
| Other operating income and expenses | 6 | (1,662) | (557) |
| <i>Other operating income</i> | 6 | 181 | 80 |
| <i>Other operating expenses</i> | 6 | (1,843) | (637) |
| Operating income (loss) | | (1,999) | 2,105 |
| Cost of net financial indebtedness | 7 | (337) | (311) |
| <i>Cost of gross financial indebtedness</i> | 7 | (355) | (386) |
| <i>Income on cash and financial assets</i> | 7 | 18 | 75 |
| Other financial income and expenses | 7 | (145) | (131) |
| Financial income (expenses) | 7 | (482) | (442) |
| Share in net income (loss) of associates and joint ventures | | (5,145) | (190) |
| <i>Nissan</i> | 12 | (4,970) | 242 |
| <i>Other associates and joint ventures</i> | 13 | (175) | (432) |
| Pre-tax income | | (7,626) | 1,473 |
| Current and deferred taxes | 8 | (420) | (1,454) |
| NET INCOME | | (8,046) | 19 |
| Net income – parent-company shareholders' share | | (8,008) | (141) |
| Net income - non-controlling interests' share | | (38) | 160 |
| Basic earnings per share ⁽¹⁾ in € | | (29,51) | (0,52) |
| Diluted earnings per share ⁽¹⁾ in € | | (29,51) | (0,52) |
| Number of shares outstanding (in thousands) | | | |
| <i>for basic earnings per share</i> | 9 | 271,349 | 271,639 |
| <i>for diluted earnings per share</i> | 9 | 271,349 | 271,639 |

(1) Net income – parent-company shareholders' share divided by the number of shares stated.

4.2.2 Consolidated comprehensive income

| (€ million) | 2020 | | | 2019 | | |
|---|----------------|--------------|----------------|--------------|----------------|--------------|
| | Gross | Tax effect | Net | Gross | Tax effect | Net |
| Net income | (7,626) | (420) | (8,046) | 1,473 | (1,454) | 19 |
| Other components of comprehensive income from parent company and Subsidiaries | | | | | | |
| Items that will not be reclassified subsequently to profit or loss | 76 | (66) | 10 | (137) | 49 | (88) |
| <i>Actuarial gains and losses on defined-benefit pension plans</i> | (62) | (62) | (124) | (194) | 50 | (144) |
| <i>Equity instruments at fair value through equity</i> | 138 | (4) | 134 | 57 | (1) | 56 |
| Items that have been or will be reclassified to profit or loss in subsequent periods | (665) | (1) | (666) | (8) | (81) | (89) |
| <i>Translation adjustments on foreign activities</i> | (652) | - | (652) | 119 | - | 119 |
| <i>Translation adjustments on foreign activities in hyperinflationary economies</i> | (21) | - | (21) | (40) | - | (40) |
| <i>Partial hedge of the investment in Nissan</i> | - | - | - | (70) | (87) | (157) |
| <i>Fair value adjustments on cash flow hedging instruments ⁽¹⁾</i> | 8 | (1) | 7 | (17) | 6 | (11) |
| TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME FROM PARENT COMPANY AND SUBSIDIARIES (A) | (589) | (67) | (656) | (145) | (32) | (177) |
| Share of associates and joint ventures in other components of comprehensive income | | | | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | 146 | - | 146 | 24 | - | 24 |
| <i>Actuarial gains and losses on defined-benefit pension plans</i> | 94 | - | 94 | 23 | - | 23 |
| <i>Other</i> | 52 | - | 52 | 1 | - | 1 |
| Items that have been or will be reclassified to profit or loss in subsequent periods | (1,268) | - | (1,268) | 327 | - | 327 |
| <i>Translation adjustments on foreign activities</i> | (1,228) | - | (1,228) | 382 | - | 382 |
| <i>Other</i> | (40) | - | (40) | (55) | - | (55) |
| TOTAL SHARE OF ASSOCIATES AND JOINT VENTURES IN OTHER COMPONENTS OF COMPREHENSIVE INCOME (B) | (1,122) | - | (1,122) | 351 | - | 351 |
| OTHER COMPONENTS OF COMPREHENSIVE INCOME (A) + (B) | (1,711) | (67) | (1,778) | 206 | (32) | 174 |
| COMPREHENSIVE INCOME | (9,337) | (487) | (9,824) | 1,679 | (1,486) | 193 |
| Parent company shareholders' share | | | (9,760) | | | 35 |
| Non-controlling interests' share | | | (64) | | | 158 |

(1) Including €7 million reclassified to profit and loss in 2020 (€10 million in 2019).

4.2.3 Consolidated financial position

| | Notes | December 31, 2020 | December 31, 2019 |
|--|-------|-------------------|-------------------|
| ASSETS (€ million) | | | |
| NON-CURRENT ASSETS | | | |
| Intangible assets and goodwill | 10-A | 6,347 | 6,949 |
| Property, plant and equipment | 10-B | 17,135 | 16,900 |
| Investments in associates and joint ventures | | 15,120 | 21,232 |
| <i>Nissan</i> | 12 | 14,618 | 20,622 |
| <i>Other associates and joint ventures</i> | 13 | 502 | 610 |
| Non-current financial assets | 22 | 1,253 | 1,072 |
| Deferred tax assets | 8 | 651 | 1,016 |
| Other non-current assets | 17 | 956 | 1,224 |
| TOTAL NON-CURRENT ASSETS | | 41,462 | 48,393 |
| CURRENT ASSETS | | | |
| Inventories | 14 | 5,640 | 5,780 |
| Sales Financing receivables | 15 | 40,820 | 45,374 |
| Automotive receivables | 16 | 910 | 1,258 |
| Current financial assets | 22 | 1,181 | 2,216 |
| Current tax assets | 17 | 153 | 86 |
| Other current assets | 17 | 3,874 | 4,082 |
| Cash and cash equivalents | 22 | 21,697 | 14,982 |
| TOTAL CURRENT ASSETS | | 74,275 | 73,778 |
| TOTAL ASSETS | | 115,737 | 122,171 |

| SHAREHOLDERS' EQUITY AND LIABILITIES (€ MILLION) | Notes | December 31, 2020 | December 31, 2019 ⁽¹⁾ |
|--|-------|-------------------|----------------------------------|
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 1,127 | 1,127 |
| Share premium | | 3,785 | 3,785 |
| Treasury shares | | (284) | (344) |
| Revaluation of financial instruments | | 384 | 232 |
| Translation adjustment | | (4,108) | (2,235) |
| Reserves | | 31,876 | 32,140 |
| Net income – parent-company shareholders' share | | (8,008) | (141) |
| Shareholders' equity – parent-company shareholders' share | | 24,772 | 34,564 |
| Shareholders' equity – non-controlling interests' share | | 566 | 767 |
| TOTAL SHAREHOLDERS' EQUITY | 18 | 25,338 | 35,331 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | 8 | 922 | 1,044 |
| Provisions for pension and other long-term employee benefit obligations – long-term | 19 | 1,544 | 1,636 |
| Other provisions – long-term | 20 | 1,356 | 1,458 |
| Non-current financial liabilities | 23 | 13,423 | 8,794 |
| Provisions for uncertain tax liabilities – long-term | 21 | 179 | 187 |
| Other non-current liabilities | 21 | 1,685 | 1,734 |
| TOTAL NON-CURRENT LIABILITIES | | 19,109 | 14,853 |
| CURRENT LIABILITIES | | | |
| Provisions for pension and other long-term employee benefit obligations – short-term | 19 | 103 | 64 |
| Other provisions – short-term | 20 | 1,570 | 1,064 |
| Current financial liabilities | 23 | 3,924 | 2,780 |
| Sales Financing debts | 23 | 47,547 | 47,465 |
| Trade payables | | 8,277 | 9,582 |
| Current tax liabilities | 21 | 221 | 223 |
| Provisions for uncertain tax liabilities – short-term | 21 | 6 | 8 |
| Other current liabilities | 21 | 9,642 | 10,801 |
| TOTAL CURRENT LIABILITIES | | 71,290 | 71,987 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 115,737 | 122,171 |

(1) The figures at December 31, 2019 have been restated to reflect index-based restatements of equity items in hyperinflationary economies, in accordance with the IFRS IC agenda decision issued in March 2020 (see note 2-A 2).

4.2.4 Changes in consolidated shareholders' equity

| (€ million) | Number of shares (thousands) | Share capital | Share premium | Treasury shares | Revaluation of financial instruments | Translation adjustment | Reserves ⁽¹⁾ | Net income (parent – company shareholders' share) | Shareholders' equity (parent – company shareholders' share) | Shareholders' equity (non-controlling interests' share) | Total shareholders' equity |
|---|------------------------------|---------------|---------------|-----------------|--------------------------------------|------------------------|-------------------------|---|---|---|----------------------------|
| BALANCE AT DECEMBER 31, 2018 | 295,722 | 1,127 | 3,785 | (400) | 236 | (2,536) | 29,975 | 3,302 | 35,489 | 599 | 36,088 |
| 2019 net income | | | | | | | | (141) | (141) | 160 | 19 |
| Other components of comprehensive income ⁽²⁾ | | | | | (4) | 301 | (121) | | 176 | (2) | 174 |
| 2019 COMPREHENSIVE INCOME | | | | | (4) | 301 | (121) | (141) | 35 | 158 | 193 |
| Allocation of 2018 net income | | | | | | | 3,302 | (3,302) | | | |
| Dividends | | | | | | | (966) | | (966) | (96) | (1,062) |
| (Acquisitions) / disposals of treasury shares and impact of capital increases | | | | 56 | | | | | 56 | | 56 |
| Changes in ownership interests | | | | | | | (5) | | (5) | 106 | 101 |
| Cost of share-based payments and other | | | | | | | (45) | | (45) | | (45) |
| BALANCE AT DECEMBER 31, 2019 | 295,722 | 1,127 | 3,785 | (344) | 232 | (2,235) | 32,140 | (141) | 34,564 | 767 | 35,331 |
| 2020 net income | | | | | | | | (8,008) | (8,008) | (38) | (8,046) |
| Other components of comprehensive income ⁽²⁾ | | | | | 152 | (1,873) | (31) | | (1,752) | (26) | (1,778) |
| 2020 COMPREHENSIVE INCOME | | | | | 152 | (1,873) | (31) | (8,008) | (9,760) | (64) | (9,824) |
| Allocation of 2019 net income | | | | | | | (141) | 141 | | | |
| Dividends | | | | | | | | | | (21) | (21) |
| (Acquisitions) / disposals of treasury shares and impact of capital increases | | | | 60 | | | | | 60 | | 60 |
| Changes in ownership interests | | | | | | | (23) | | (23) | (119) | (142) |
| Cost of share-based payments and other | | | | | | | (69) | | (69) | 3 | (66) |
| BALANCE AT DECEMBER 31, 2020 | 295,722 | 1,127 | 3,785 | (284) | 384 | (4,108) | 31,876 | (8,008) | 24,772 | 566 | 25,338 |

(1) Reserves no longer include index-based restatements of equity items in hyperinflationary economies, in accordance with the IFRS IC agenda decision issued in March 2020 (see note 2-A). The comprehensive income has also been adjusted.

(2) Changes in reserves correspond to actuarial gains and losses on defined-benefit pension plans recognized during the period.

Details of changes in consolidated shareholders' equity in 2020 are given in note 18.

4.2.5 Consolidated cash flows

| (€ million) | Notes | 2020 | 2019 |
|---|-------|----------------|----------------|
| Net income | | (8,046) | 19 |
| Cancellation of dividends received from unconsolidated listed investments | | (11) | (46) |
| Cancellation of income and expenses with no impact on cash | | | |
| Depreciation, amortization and impairment | | 4,750 | 3,809 |
| Share in net (income) loss of associates and joint ventures | | 5,145 | 190 |
| Other income and expenses with no impact on cash before interest and tax | 26-A | 1,513 | 1,937 |
| Dividends received from unlisted associates and joint ventures | | 5 | 4 |
| Cash flows before interest and tax ⁽¹⁾ | | 3,356 | 5,913 |
| Dividends received from listed companies ⁽²⁾ | | 11 | 625 |
| Net change in financing for final customers | | 287 | (2,612) |
| Net change in renewable dealer financing | | 2,820 | (659) |
| Decrease (increase) in Sales Financing receivables | | 3,107 | (3,271) |
| Bond issuance by the Sales Financing segment | 23-C | 1,598 | 3,869 |
| Bond redemption by the Sales Financing segment | 23-C | (2,621) | (4,034) |
| Net change in other debts of the Sales Financing segment | | 2,195 | 3,696 |
| Net change in other securities and loans of the Sales Financing segment | | 884 | (428) |
| Net change in financial assets and debts of the Sales Financing Segment | | 2,056 | 3,103 |
| Change in capitalized leased assets | | (929) | (1,059) |
| Change in working capital before tax | 26-B | (1,192) | 1,214 |
| CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX | | 6,409 | 6,525 |
| Interest received | | 71 | 78 |
| Interest paid | | (352) | (368) |
| Current taxes (paid) / received | | (375) | (636) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | 5,753 | 5,599 |
| Property, plant and equipment and intangible investments | 26-C | (4,208) | (5,022) |
| Disposals of property, plant and equipment and intangible assets | | 187 | 31 |
| Acquisitions of investments involving gain of control, net of cash acquired | | - | 5 |
| Acquisitions of other investments | | (129) | (157) |
| Disposals of investments involving loss of control, net of cash transferred | | - | 2 |
| Disposals of other investments | | (146) | 36 |
| Net decrease (increase) in other securities and loans of the Automotive segments | | 57 | (2) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | (4,239) | (5,107) |
| Dividends paid to parent-company shareholders | 18-D | - | (1,035) |
| Transactions with non-controlling interests | | 10 | (10) |
| Dividends paid to non-controlling interests | 18-H | (21) | (96) |
| (Acquisitions) sales of treasury shares | | (44) | (36) |
| Cash flows with shareholders | | (55) | (1,177) |
| Bond issuance by the Automotive segments | 23-C | 1,000 | 1,557 |
| Bond redemption by the Automotive segments | 23-C | (590) | (574) |
| Net increase (decrease) in other financial liabilities of the Automotive segments | | 5,250 | (59) |
| Net change in financial liabilities of the Automotive segments | 23-B | 5,660 | 924 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | 5,605 | (253) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | 7,119 | 239 |

(1) Cash flows before interest and tax do not include dividends received from listed companies.

(2) Dividends received from Daimler (€11 million in 2020 and €46 million in 2019) and Nissan (€579 million in 2019).

| (€ million) | 2020 | 2019 |
|--|---------------|---------------|
| Cash and cash equivalents: opening balance | 14,982 | 14,777 |
| Increase (decrease) in cash and cash equivalents | 7,119 | 239 |
| Effect of changes in exchange rate and other changes | (404) | (34) |
| Cash and cash equivalents: closing balance ⁽¹⁾ | 21,697 | 14,982 |

(1) Cash subject to restrictions on use is described in note 22-D.

4.2.6 Notes to the consolidated financial statements

4.2.6.1 Information on operating segments and regions

The operating segments defined by Renault are the following:

- The **“Automotive”** segments, which in practice consist of two segments:
 - The **“Automotive excluding AVTOVAZ”** segment, consisting of the Group’s automotive activities as they existed before Renault acquired control of the AVTOVAZ group under IFRS 10. This segment comprises the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automobile service subsidiaries for the Renault, Dacia and Samsung brands, and the subsidiaries in charge of the segment’s cash management. It also includes investments in automotive-sector associates and joint ventures, principally Nissan.
 - The **“AVTOVAZ”** segment, consisting of the Russian automotive group AVTOVAZ and its parent company Alliance Rostec Auto b.v., which was formed at the end of 2016, after Renault acquired control over them, as defined by IFRS 10, in December 2016.
- The **“Sales Financing”** segment, which the Group considers as an operating activity in its own right, carried out for the distribution network and final customers by RCI Banque, its subsidiaries and its investments in associates and joint ventures.
- The **“Mobility Services”** segment, created on January 1, 2020, consisting of services for new mobilities brought together in the holding company Renault M.A.I. (Mobility As an Industry). This segment includes Flit Technologies Ltd and its subsidiaries (a taxi reservation platform), Coolnagour Ltd and its subsidiaries (software development for taxis under the iCabbi brand), Glide.io (car-share services) and the joint venture Car Sharing Mobility (car-share services under the Zity brand). The 2019 figures have not been restated due to the non-significant nature of these operations, which are included in the Sales Financing in 2019.

The segment result regularly reviewed by the Group Executive Committee, identified as the **“Chief Operating Decision-Maker”**, is the **operating margin**. The definition of this indicator is unchanged from previous years and is detailed in the note 2-D Presentation of the consolidated financial statements. This interim result is no longer presented in the consolidated income statement. It is only reported in the consolidated income statements by operating segment below.

The operating margin excludes restructuring costs. The definition of these costs has been reviewed to bring it into line with IAS 37 – Provisions, Contingent liabilities and Contingent assets, which defines **“a restructuring”** as **“a programme that is planned and controlled by management, and materially changes either: a) the scope of a business undertaken by an entity; or b) the manner in which that business is conducted.”** The impact of this change on previous periods is considered non-significant and its determination is not practicable. Consequently, no adjustments have been made to the amounts of the operating margin for those periods.

The new brand-based organization announced by Luca de Meo, effective from 2021, will not affect the operating segments defined above. The presentation of business results to the Board of Management (which replaces the Group Executive Committee from January 1, 2021), identified as the **“Chief Operating Decision-Maker”**, will continue to use the same segments as at December 31, 2020.

A - Information by operating segment

A1 - CONSOLIDATED INCOME STATEMENT BY OPERATING SEGMENT

| (€ million) | Automotive (excluding AVTOVAZ) ⁽¹⁾ | AVTOVAZ ⁽¹⁾ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Mobility services | Intersegment transactions | CONSOLIDATED TOTAL |
|---|---|------------------------|----------------------------------|---------------------|-----------------|-------------------|------------------------------|-----------------------|
| 2020 | | | | | | | | |
| External sales | 37,736 | 2,581 | - | 40,317 | 3,138 | 19 | - | 43,474 |
| Intersegment sales | 95 | 651 | (651) | 95 | 21 | 1 | (117) | - |
| Sales by segment | 37,831 | 3,232 | (651) | 40,412 | 3,159 | 20 | (117) | 43,474 |
| Operating margin ⁽²⁾ ⁽³⁾ | (1,452) | 140 | 1 | (1,311) | 1,007 | (35) | 2 | (337) |
| Operating income | (3,061) | 129 | 1 | (2,931) | 990 | (60) | 2 | (1,999) |
| Financial income (expenses) ⁽⁴⁾ | (414) | (52) | - | (466) | (15) | (1) | - | (482) |
| Share in net income (loss) of associates and joint ventures | (5,161) | - | - | (5,161) | 19 | (3) | - | (5,145) |
| Pre-tax income | (8,636) | 77 | 1 | (8,558) | 994 | (64) | 2 | (7,626) |
| Current and deferred taxes | 55 | (273) | - | (218) | (205) | 1 | 2 | (420) |
| NET INCOME | (8,581) | (196) | 1 | (8,776) | 789 | (63) | 4 | (8,046) |

(1) External sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €218 million in 2020, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.

(2) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.

(3) The Automotive (excluding AVTOVAZ) segment's contribution to the operating margin after elimination of intersegment transactions amounts to €(1,450) million in 2020.

(4) Dividends paid by the Sales Financing segment to the Automotive segments are included in the Automotive segments' financial income and eliminated in the intersegment transactions. No dividend was paid in 2020.

| (€ million) | Automotive (excluding AVTOVAZ) ⁽¹⁾ | AVTOVAZ ⁽¹⁾ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Mobility services | Intersegment transactions | CONSOLIDATED TOTAL |
|---|---|------------------------|----------------------------------|---------------------|-----------------|-------------------|------------------------------|-----------------------|
| 2019 | | | | | | | | |
| External sales | 49,002 | 3,130 | - | 52,132 | 3,405 | - | - | 55,537 |
| Intersegment sales | 105 | 774 | (774) | 105 | 18 | - | (123) | - |
| Sales by segment | 49,107 | 3,904 | (774) | 52,237 | 3,423 | - | (123) | 55,537 |
| Operating margin ⁽²⁾ | 1,289 | 156 | (1) | 1,444 | 1,223 | - | (5) | 2,662 |
| Operating income | 762 | 130 | (1) | 891 | 1,294 | - | (80) | 2,105 |
| Financial income (expenses) ⁽³⁾ | 179 | (111) | - | 68 | (10) | - | (500) | (442) |
| Share in net income (loss) of associates and joint ventures | (213) | 2 | - | (211) | 21 | - | - | (190) |
| Pre-tax income | 728 | 21 | (1) | 748 | 1,305 | - | (580) | 1,473 |
| Current and deferred taxes | (1,122) | 51 | - | (1,071) | (383) | - | - | (1,454) |
| NET INCOME | (394) | 72 | (1) | (323) | 922 | - | (580) | 19 |

(1) External sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €246 million in 2019, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.

(2) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.

(3) Dividends paid by the Sales Financing segment to the Automotive segments are included in the Automotive segments' financial income and eliminated in the intersegment transactions. They amounted to €500 million in 2019.

A2 - CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT

| (€ million) | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Mobility services | Intersegment transactions | CONSOLIDATED TOTAL |
|---|--------------------------------------|--------------|----------------------------------|---------------------|-----------------|-------------------|------------------------------|-----------------------|
| December 31, 2020 | | | | | | | | |
| ASSETS | | | | | | | | |
| Non-current assets | | | | | | | | |
| Property, plant and equipment and intangible assets | 21,432 | 1,569 | - | 23,001 | 415 | 66 | - | 23,482 |
| Investments in associates and joint ventures | 14,981 | 2 | - | 14,983 | 129 | 7 | 1 | 15,120 |
| Non-current financial assets – equity investments | 7,908 | - | (670) | 7,238 | 3 | - | (6,244) | 997 |
| Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments | 257 | - | - | 257 | - | - | (1) | 256 |
| Deferred tax assets | 416 | 21 | - | 437 | 214 | - | - | 651 |
| Other non-current assets | 795 | 5 | (32) | 768 | 188 | - | - | 956 |
| TOTAL NON-CURRENT ASSETS | 45,789 | 1,597 | (702) | 46,684 | 949 | 73 | (6,244) | 41,462 |
| Current assets | | | | | | | | |
| Inventories | 5,337 | 262 | - | 5,599 | 41 | - | - | 5,640 |
| Customer receivables | 1,053 | 130 | (113) | 1,070 | 41,983 | 2 | (1,325) | 41,730 |
| Current financial assets | 1,065 | - | (4) | 1,061 | 943 | - | (823) | 1,181 |
| Current tax assets and other current assets | 2,667 | 274 | (2) | 2,939 | 6,122 | 5 | (5,039) | 4,027 |
| Cash and cash equivalents | 12,524 | 558 | (133) | 12,949 | 8,738 | 15 | (5) | 21,697 |
| TOTAL CURRENT ASSETS | 22,646 | 1,224 | (252) | 23,618 | 57,827 | 22 | (7,192) | 74,275 |
| TOTAL ASSETS | 68,435 | 2,821 | (954) | 70,302 | 58,776 | 95 | (13,436) | 115,737 |
| Shareholders' equity and liabilities | | | | | | | | |
| Shareholders' equity | 25,346 | 678 | (671) | 25,353 | 6,195 | 48 | (6,258) | 25,338 |
| Non-current liabilities | | | | | | | | |
| Long-term provisions | 2,454 | 21 | - | 2,475 | 604 | - | - | 3,079 |
| Non-current financial liabilities | 11,489 | 1,030 | - | 12,519 | 890 | 15 | (1) | 13,423 |
| Deferred tax liabilities | 314 | 34 | (1) | 347 | 573 | 2 | - | 922 |
| Other non-current liabilities | 1,408 | 37 | (32) | 1,413 | 270 | 2 | - | 1,685 |
| TOTAL NON-CURRENT LIABILITIES | 15,665 | 1,122 | (33) | 16,754 | 2,337 | 19 | (1) | 19,109 |
| Current liabilities | | | | | | | | |
| Short-term provisions | 1,575 | 56 | - | 1,631 | 49 | - | (1) | 1,679 |
| Current financial liabilities | 5,145 | 139 | (137) | 5,147 | (1) | 18 | (1,240) | 3,924 |
| Trade payables and Sales Financing debts | 8,025 | 452 | (108) | 8,369 | 48,298 | 2 | (845) | 55,824 |
| Current tax liabilities and other current liabilities | 12,679 | 374 | (5) | 13,048 | 1,898 | 8 | (5,091) | 9,863 |
| TOTAL CURRENT LIABILITIES | 27,424 | 1,021 | (250) | 28,195 | 50,244 | 28 | (7,177) | 71,290 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 68,435 | 2,821 | (954) | 70,302 | 58,776 | 95 | (13,436) | 115,737 |

| (€ million) | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Mobility services | Intersegment transactions | CONSOLIDATED TOTAL |
|---|--------------------------------------|--------------|----------------------------------|---------------------|--------------------|-------------------|------------------------------|-----------------------|
| December 31, 2019 | | | | | | | | |
| ASSETS | | | | | | | | |
| Non-current assets | | | | | | | | |
| Property, plant and equipment and intangible assets | 21,701 | 1,740 | - | 23,441 | 408 | - | - | 23,849 |
| Investments in associates and joint ventures | 21,087 | 3 | - | 21,090 | 142 | - | - | 21,232 |
| Non-current financial assets – equity investments | 7,478 | - | (1,025) | 6,453 | 2 | - | (5,577) | 878 |
| Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments | 194 | - | - | 194 | - | - | - | 194 |
| Deferred tax assets | 475 | 341 | - | 816 | 200 | - | - | 1,016 |
| Other non-current assets | 971 | 128 | (108) | 991 | 233 | - | - | 1,224 |
| TOTAL NON-CURRENT ASSETS | 51,906 | 2,212 | (1,133) | 52,985 | 985 | - | (5,577) | 48,393 |
| Current assets | | | | | | | | |
| Inventories | 5,379 | 352 | - | 5,731 | 49 | - | - | 5,780 |
| Customer receivables | 1,175 | 183 | (87) | 1,271 | 46,252 | - | (891) | 46,632 |
| Current financial assets | 1,197 | 5 | (7) | 1,195 | 1,948 | - | (927) | 2,216 |
| Current tax assets and other current assets | 3,003 | 66 | (3) | 3,066 | 5,984 | - | (4,882) | 4,168 |
| Cash and cash equivalents | 12,231 | 70 | (3) | 12,298 | 2,762 | - | (78) | 14,982 |
| TOTAL CURRENT ASSETS | 22,985 | 676 | (100) | 23,561 | 56,995 | - | (6,778) | 73,778 |
| TOTAL ASSETS | 74,891 | 2,888 | (1,233) | 76,546 | 57,980 | - | (12,355) | 122,171 |
| Shareholders' equity and liabilities | | | | | | | | |
| Shareholders' equity | 35,214 | 1,108 | (1,028) | 35,294 | 5,632 | - | (5,595) | 35,331 |
| Non-current liabilities | | | | | | | | |
| Long-term provisions | 2,604 | 37 | - | 2,641 | 640 | - | - | 3,281 |
| Non-current financial liabilities | 7,106 | 821 | - | 7,927 | 867 | - | - | 8,794 |
| Deferred tax liabilities | 428 | 40 | - | 468 | 576 | - | - | 1,044 |
| Other non-current liabilities | 1,554 | 20 | (108) | 1,466 | 268 | - | - | 1,734 |
| TOTAL NON-CURRENT LIABILITIES | 11,692 | 918 | (108) | 12,502 | 2,351 | - | - | 14,853 |
| Current liabilities | | | | | | | | |
| Short-term provisions | 1,034 | 66 | - | 1,100 | 36 | - | - | 1,136 |
| Current financial liabilities | 3,785 | 100 | (10) | 3,875 | - | - | (1,095) | 2,780 |
| Trade payables and Sales Financing debts | 9,520 | 487 | (84) | 9,923 | 48,253 | - | (1,129) | 57,047 |
| Current tax liabilities and other current liabilities | 13,646 | 209 | (3) | 13,852 | 1,708 | - | (4,536) | 11,024 |
| TOTAL CURRENT LIABILITIES | 27,985 | 862 | (97) | 28,750 | 49,997 | - | (6,760) | 71,987 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 74,891 | 2,888 | (1,233) | 76,546 | 57,980 | - | (12,355) | 122,171 |

A3 - CONSOLIDATED CASH FLOWS BY OPERATING SEGMENT

| (€ million) | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Mobility services | Intersegment transactions | CONSOLIDATED TOTAL |
|---|--------------------------------------|--------------|----------------------------------|---------------------|--------------------|----------------------|------------------------------|-----------------------|
| 2020 | | | | | | | | |
| Net income ⁽¹⁾ | (8,581) | (196) | 1 | (8,776) | 789 | (63) | 4 | (8,046) |
| Cancellation of dividends received from unconsolidated listed investments | (11) | - | - | (11) | - | - | - | (11) |
| Cancellation of income and expenses with no impact on cash | | | | | | | | |
| Depreciation, amortization and impairment | 4,571 | 80 | - | 4,651 | 83 | 16 | - | 4,750 |
| Share in net (income) loss of associates and joint ventures | 5,160 | - | - | 5,160 | (19) | 4 | - | 5,145 |
| Other income and expenses with no impact on cash, before interest and tax | 754 | 317 | - | 1,071 | 452 | 14 | (24) | 1,513 |
| Dividends received from unlisted associates and joint ventures | 3 | 2 | - | 5 | - | - | - | 5 |
| Cash flows before interest and tax ⁽²⁾ | 1,896 | 203 | 1 | 2,100 | 1,305 | (29) | (20) | 3,356 |
| Dividends received from listed companies ⁽³⁾ | 11 | - | - | 11 | - | - | - | 11 |
| Decrease (increase) in Sales Financing receivables | - | - | - | - | 2,837 | - | 270 | 3,107 |
| Net change in financial assets and Sales Financing debts | - | - | - | - | 2,154 | - | (98) | 2,056 |
| Change in capitalized leased assets | (839) | - | - | (839) | (90) | - | - | (929) |
| Change in working capital before tax | (1,527) | 233 | (78) | (1,372) | 180 | 2 | (2) | (1,192) |
| CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX | (459) | 436 | (77) | (100) | 6,386 | (27) | 150 | 6,409 |
| Interest received | 51 | 22 | (4) | 69 | - | 2 | - | 71 |
| Interest paid | (297) | (81) | 4 | (374) | - | - | 22 | (352) |
| Current taxes (paid)/received | (127) | (8) | - | (135) | (240) | - | - | (375) |
| CASH FLOWS FROM OPERATING ACTIVITIES | (832) | 369 | (77) | (540) | 6,146 | (25) | 172 | 5,753 |

(1) Dividends paid by the Sales Financing segment to the Automotive segments are included in the net income of the Automotive (excluding AVTOVAZ) segment. No dividend was paid in 2020.

(2) Cash flows before interest and tax do not include dividends received from listed companies.

(3) Dividends received from Daimler (€11 million).

| (€ million) | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Mobility services | Intersegment transactions | CONSOLIDATED TOTAL |
|---|--------------------------------------|--------------|----------------------------------|---------------------|--------------------|----------------------|------------------------------|-----------------------|
| 2020 | | | | | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | (832) | 369 | (77) | (540) | 6,146 | (25) | 172 | 5,753 |
| Purchases of intangible assets | (1,412) | (74) | - | (1,486) | (3) | (11) | - | (1,500) |
| Purchases of property, plant and equipment | (2,602) | (182) | 83 | (2,701) | (7) | - | - | (2,708) |
| Disposals of property, plant and equipment and intangibles | 187 | 6 | (6) | 187 | - | - | - | 187 |
| Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired | - | - | - | - | - | - | - | - |
| Acquisitions and disposals of other investments and other | (281) | - | - | (281) | - | (23) | 29 | (275) |
| Net decrease (increase) in other securities and loans of the Automotive segments | 42 | 2 | (2) | 42 | - | (2) | 17 | 57 |
| CASH FLOWS FROM INVESTING ACTIVITIES | (4,066) | (248) | 75 | (4,239) | (10) | (36) | 46 | (4,239) |
| Cash flows with shareholders | (44) | - | - | (44) | (11) | 29 | (29) | (55) |
| Net change in financial liabilities of the Automotive segments | 5,476 | 437 | (143) | 5,770 | - | 23 | (133) | 5,660 |
| CASH FLOWS FROM FINANCING ACTIVITIES | 5,432 | 437 | (143) | 5,726 | (11) | 52 | (162) | 5,605 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 534 | 558 | (145) | 947 | 6,125 | (9) | 56 | 7,119 |

| (€ million) | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Mobility services | Intersegment transactions | CONSOLIDATED TOTAL |
|--|--------------------------------------|------------|----------------------------------|---------------------|--------------------|----------------------|------------------------------|-----------------------|
| 2020 | | | | | | | | |
| CASH AND CASH EQUIVALENTS: OPENING BALANCE | 12,231 | 70 | (3) | 12,298 | 2,762 | - | (78) | 14,982 |
| Increase (decrease) in cash and cash equivalents | 534 | 558 | (145) | 947 | 6,125 | (9) | 56 | 7,119 |
| Effect of changes in exchange rate and other changes | (241) | (70) | 15 | (296) | (149) | 24 | 17 | (404) |
| CASH AND CASH EQUIVALENTS: CLOSING BALANCE | 12,524 | 558 | (133) | 12,949 | 8,738 | 15 | (5) | 21,697 |

| (€ million) | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Intersegment transactions | CONSOLIDATED TOTAL |
|---|--------------------------------------|------------|----------------------------------|---------------------|--------------------|------------------------------|-----------------------|
| 2019 | | | | | | | |
| Net income ⁽¹⁾ | (394) | 72 | (1) | (323) | 922 | (580) | 19 |
| Cancellation of dividends received from unconsolidated listed investments | (46) | - | - | (46) | - | - | (46) |
| Cancellation of income and expenses with no impact on cash | | | | | | | |
| Depreciation, amortization and impairment | 3,607 | 120 | - | 3,727 | 82 | - | 3,809 |
| Share in net (income) loss of associates and joint ventures | 213 | (2) | - | 211 | (21) | - | 190 |
| Other income and expenses with no impact on cash, before interest and tax | 1,355 | 50 | - | 1,405 | 475 | 57 | 1,937 |
| Dividends received from unlisted associates and joint ventures | 4 | - | - | 4 | - | - | 4 |
| Cash flows before interest and tax ⁽²⁾ | 4,739 | 240 | (1) | 4,978 | 1,458 | (523) | 5,913 |
| Dividends received from listed companies ⁽³⁾ | 625 | - | - | 625 | - | - | 625 |
| Decrease (increase) in Sales Financing receivables | - | - | - | - | (3,353) | 82 | (3,271) |
| Net change in financial assets and Sales Financing debts | - | - | - | - | 2,968 | 135 | 3,103 |
| Change in capitalized leased assets | (1,002) | - | - | (1,002) | (57) | - | (1,059) |
| Change in working capital before tax | 1,829 | 15 | - | 1,844 | (635) | 5 | 1,214 |
| CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX | 6,191 | 255 | (1) | 6,445 | 381 | (301) | 6,525 |
| Interest received | 73 | 5 | - | 78 | - | - | 78 |
| Interest paid | (301) | (87) | 1 | (387) | - | 19 | (368) |
| Current taxes (paid)/received | (367) | (11) | - | (378) | (258) | - | (636) |
| CASH FLOWS FROM OPERATING ACTIVITIES | 5,596 | 162 | - | 5,758 | 123 | (282) | 5,599 |

(1) Dividends paid by the Sales Financing segment to the Automotive segments are included in the net income of the Automotive (excluding AVTOVAZ) segment. They amounted to €500 million in 2019.

(2) Cash flows before interest and tax do not include dividends received from listed companies.

(3) Dividends received from Daimler (€46 million) and Nissan (€579 million).

| (€ million) | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Intersegment transactions | CONSOLIDATED TOTAL |
|---|--------------------------------------|--------------|----------------------------------|---------------------|--------------------|------------------------------|-----------------------|
| 2019 | | | | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | 5,596 | 162 | - | 5,758 | 123 | (282) | 5,599 |
| Purchases of intangible assets | (2,016) | (67) | - | (2,083) | (3) | - | (2,086) |
| Purchases of property, plant and equipment | (2,846) | (95) | 15 | (2,926) | (10) | - | (2,936) |
| Disposals of property, plant and equipment and intangibles | 16 | 27 | (14) | 29 | 2 | - | 31 |
| Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired | (55) | (9) | - | (64) | 71 | - | 7 |
| Acquisitions and disposals of other investments and other | (120) | - | - | (120) | (1) | - | (121) |
| Net decrease (increase) in other securities and loans of the Automotive segments | (3) | 1 | - | (2) | - | - | (2) |
| CASH FLOWS FROM INVESTING ACTIVITIES | (5,024) | (143) | 1 | (5,166) | 59 | - | (5,107) |
| Cash flows with shareholders | (1,165) | (1) | - | (1,166) | (511) | 500 | (1,177) |
| Net change in financial liabilities of the Automotive segments | 1,180 | (49) | - | 1,131 | - | (207) | 924 |
| CASH FLOWS FROM FINANCING ACTIVITIES | 15 | (50) | - | (35) | (511) | 293 | (253) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 587 | (31) | 1 | 557 | (329) | 11 | 239 |

| (€ million) | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE | Sales Financing | Intersegment transactions | CONSOLIDATED TOTAL |
|--|--------------------------------------|-----------|----------------------------------|---------------------|--------------------|------------------------------|-----------------------|
| 2019 | | | | | | | |
| CASH AND CASH EQUIVALENTS: OPENING BALANCE | 11,691 | 89 | (3) | 11,777 | 3,094 | (94) | 14,777 |
| Increase (decrease) in cash and cash equivalents | 587 | (31) | 1 | 557 | (329) | 11 | 239 |
| Effect of changes in exchange rate and other changes | (47) | 12 | (1) | (36) | (3) | 5 | (34) |
| CASH AND CASH EQUIVALENTS: CLOSING BALANCE | 12,231 | 70 | (3) | 12,298 | 2,762 | (78) | 14,982 |

A4 - OTHER INFORMATION FOR THE AUTOMOTIVE SEGMENTS: NET CASH POSITION (NET FINANCIAL INDEBTEDNESS), OPERATIONAL FREE CASH FLOW AND ROCE

The net cash position or net financial indebtedness, operational free cash flow and ROCE are only presented for the Automotive segments.

The net cash position or net financial indebtedness includes all non-operating interest-bearing financial liabilities and commitments less cash and cash equivalents and other non-operating financial assets such as marketable securities or the segment's loans.

Net cash position (net financial indebtedness)

| (€ million) | December 31, 2020 | | | |
|--|--------------------------------|--------------|-------------------------------|------------------|
| | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE |
| Non-current financial liabilities | (11,489) | (1,030) | - | (12,519) |
| Current financial liabilities | (5,145) | (139) | 137 | (5,147) |
| Non-current financial assets – other securities, loans and derivatives on financing operations | 118 | - | - | 118 |
| Current financial assets | 1,024 | - | (4) | 1,020 |
| Cash and cash equivalents | 12,524 | 558 | (133) | 12,949 |
| NET CASH POSITION (NET FINANCIAL INDEBTEDNESS) OF THE AUTOMOTIVE SEGMENTS | (2,968) | (611) | - | (3,579) |

| (€ million) | December 31, 2019 | | | |
|--|--------------------------------|--------------|-------------------------------|------------------|
| | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE |
| Non-current financial liabilities | (7,106) | (821) | - | (7,927) |
| Current financial liabilities | (3,785) | (100) | 10 | (3,875) |
| Non-current financial assets – other securities, loans and derivatives on financing operations | 64 | - | - | 64 |
| Current financial assets | 1,180 | 1 | (7) | 1,174 |
| Cash and cash equivalents | 12,231 | 70 | (3) | 12,298 |
| NET CASH POSITION (NET FINANCIAL INDEBTEDNESS) OF THE AUTOMOTIVE SEGMENTS | 2,584 | (850) | - | 1,734 |

Operational free cash flow

| (€ million) | 2020 | | | |
|---|--------------------------------|------------|-------------------------------|------------------|
| | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE |
| Cash flows (excluding dividends from listed companies) before interest and tax | 1,896 | 203 | 1 | 2,100 |
| Changes in working capital before tax ⁽¹⁾ | (1,527) | 233 | (78) | (1,372) |
| Interest received by the Automotive segments | 51 | 22 | (4) | 69 |
| Interest paid by the Automotive segments | (297) | (81) | 4 | (374) |
| Current taxes (paid) / received | (127) | (8) | - | (135) |
| Acquisitions of property, plant and equipment, and intangible assets net of disposals | (3,827) | (250) | 77 | (4,000) |
| Capitalized leased vehicles and batteries | (839) | - | - | (839) |
| Operational free cash flow of the Automotive segments | (4,670) | 119 | - | (4,551) |
| Payments for restructuring expenses | (325) | (14) | - | (339) |
| Operational free cash flow of the Automotive segments excluding restructuring ⁽²⁾ | (4,345) | 133 | - | (4,212) |

(1) Settlements of supplier payables covered by a reverse factoring program that are analysed as financing operations are not included in the change in working capital, but in cash flows from operating activities (see notes 2-A2 and 2-P). In 2020, such payments gave rise to an amount of €173 million of cash flows from operating activities (€127 million in 2019, classified in the change in working capital).

(2) The definition of restructuring is presented in the introduction to note 4.2.6.1. and the amounts included in profit and loss for the period are presented in note 6-A. The operational free cash flow excluding restructuring is presented due to the existence of a 2020 target for that performance indicator, initially announced in February 2020. In view of the Covid-19 pandemic, that target was suspended when the Universal Registration Document was filed in April 2020.

| (€ million) | 2019 | | | |
|---|--------------------------------|-----------|-------------------------------|------------------|
| | Automotive (excluding AVTOVAZ) | AVTOVAZ | Intra-Automotive Transactions | TOTAL AUTOMOTIVE |
| Cash flows (excluding dividends from listed companies) before interest and tax | 4,739 | 240 | (1) | 4,978 |
| Changes in working capital before tax | 1,829 | 15 | - | 1,844 |
| Interest received by the Automotive segments | 73 | 5 | - | 78 |
| Interest paid by the Automotive segments | (301) | (87) | 1 | (387) |
| Current taxes (paid) / received | (367) | (11) | - | (378) |
| Acquisitions of property, plant and equipment, and intangible assets net of disposals | (4,846) | (135) | 1 | (4,980) |
| Capitalized leased vehicles and batteries | (1,002) | - | - | (1,002) |
| Operational free cash flow of the Automotive segments ⁽¹⁾ | 125 | 27 | 1 | 153 |

(1) The definition of Operational free cash flow is unchanged from 2019 and does not incorporate normative changes that occurred in 2020.

ROCE

ROCE (Return On Capital Employed) is an indicator that measures the profitability of capital invested. It is reported for the Automotive segments. The shares of entities in the Sales Financing segment, the Mobility Services segment, Nissan and Daimler are not included in the definition of capital employed by the Automotive segments.

| (€ million) | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Operating margin | (1,311) | 1,444 |
| Normative tax rate | 28% | 28% |
| Operating margin after tax (A) ⁽¹⁾ | (944) | 1,040 |
| Property, plant and equipment, intangible assets and goodwill | 23,001 | 23,441 |
| Investments in associates and joint ventures excluding Nissan | 365 | 468 |
| Non-current financial assets – equity investments excluding RCI Banque SA, Renault M.A.I and Daimler | 43 | 64 |
| Working capital | (12,454) | (14,182) |
| Capital employed (B) | 10,955 | 9,791 |
| Return on capital employed (ROCE = A/B) | (8,6)% | 10,6% |

(1) The approach used to determine ROCE includes a theoretical tax effect based on a normative tax rate of 28%.

Working capital is determined from the following segment reporting items:

| (€ million) | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|
| Other non-current assets | 768 | 991 |
| Inventories | 5,599 | 5,731 |
| Customer receivables | 1,070 | 1,271 |
| Current tax assets and other current assets | 2,939 | 3,066 |
| Other non-current liabilities | (1,413) | (1,466) |
| Trade payables | (8,369) | (9,923) |
| Current tax liabilities and other current liabilities | (13,048) | (13,852) |
| Working capital | (12,454) | (14,182) |

B - Information by Region

The Regions presented correspond to the geographic divisions used for Group management. The Regions are defined in section 1.3.1.1 of the Universal Registration Document.

Consolidated revenues are presented by location of customers.

Property, plant and equipment and intangibles are presented by location of subsidiaries and joint operations.

| (€ million) | Europe ⁽¹⁾ | Americas | China | Africa - Middle East - India – Asia - Pacific | Eurasia | Consolidated total |
|---|-----------------------|----------|-------|---|---------|--------------------|
| 2020 | | | | | | |
| Revenues | 29,335 | 2,488 | 124 | 4,603 | 6,924 | 43,474 |
| - AVTOVAZ | 2 | 2 | - | 11 | 2,784 | 2,799 |
| Property, plant and equipment and intangible assets | 17,588 | 600 | 172 | 1,354 | 3,768 | 23,482 |
| - AVTOVAZ | - | - | - | - | 1,569 | 1,569 |
| 2019 | | | | | | |
| Revenues | 36,516 | 4,435 | 127 | 7,038 | 7,421 | 55,537 |
| - AVTOVAZ | 42 | 3 | - | 14 | 3,317 | 3,376 |
| Property, plant and equipment and intangible assets | 17,392 | 852 | 179 | 1,307 | 4,119 | 23,849 |
| - AVTOVAZ | - | - | - | - | 1,740 | 1,740 |

⁽¹⁾ Including France :

| | | |
|--|---------------|---------------|
| (€ million) | 2020 | 2019 |
| Revenues | 12,019 | 13,581 |
| Property, plant and equipment and intangible assets | 13,869 | 13,773 |

4.2.6.2 Accounting policies and scope of consolidation

NOTE 1 - APPROVAL OF THE FINANCIAL STATEMENTS

The Renault Group's consolidated financial statements for 2020 were examined at the Board of Directors' meeting of February 18, 2021 and will be submitted for approval by the shareholders at the General Shareholders' Meeting.

NOTE 2 - ACCOUNTING POLICIES

In application of European regulations, the Renault Group's consolidated financial statements for 2020 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2020 and adopted by the European Union at the year-end.

2 - A. CHANGES IN ACCOUNTING POLICIES

A1 - Changes in accounting policies in 2020

The Renault Group applies the accounting standards and amendments that have been published in the Official Journal of the European Union and are mandatory from January 1, 2020.

| New amendments that became mandatory on January 1, 2020 | |
|---|--|
| Amendments to IFRS 9, IAS 39 and IFRS 7 | Interest rate benchmark reform – Phase 1 |
| Amendments to IAS 1 and IAS 8 | Definition of Material |
| Amendment to IFRS 3 | Definition of a Business |
| Conceptual Framework | Amendments to References to the Conceptual Framework in IFRS Standards |

The standards and amendments that became mandatory on January 1, 2020 have no significant impact on the Group's financial statements.

The amendments to IFRS 9, IAS 39 and IFRS 7 (financial instruments) related to the interest rate benchmark reform Phase 1 were applied early by the Renault Group in its financial Statements at December 31, 2019.

New amendment effective from June 1, 2020

On May 28, 2020 the IASB published an amendment to IFRS 16 entitled "Covid-19-Related rent concessions", with an effective date of June 1, 2020, which was approved by the European Union on October 12, 2020. This amendment offers an optional exemption for lessees, allowing them to recognise lease payment reductions granted by agreement with lessors in profit and loss. This applies to lease payments initially due up to June 30, 2021. Lessees can choose to apply IFRS 16 unamended, i.e. carry out a detailed analysis of rent concession agreements and treat them as modifications to the lease if necessary. The Renault Group has not applied this IFRS 16 amendment in the financial statements at December 31, 2020. The concessions from which the Group has benefited have no significant impact.

Other standards applied by the Group from January 1, 2020

From January 1, 2020 the Group applies phase 3 of IFRS 9 concerning hedge accounting. This has no material impact on the Group's financial statements, but allows an aggregated position consisting of an exposure and a derivative to be designated as hedged item in the Sales Financing segment.

The Renault Group has opted for early application, at December 31, 2020, of the amendments to IAS 39, IFRS 9 and IFRS 7 concerning phase 2 of the interest rate benchmark reform. From July 2020, interest on the Sales Financing segment's margin call account with France's clearing house switched from the Euro overnight index average (EONIA) to the Euro short-term rate (ESTER) rate. Application of these amendments allows the Group to modify the effective rate for this financial instrument prospectively. This has no immediate impact on the income statement.

At December 31, 2020, no other financial instrument negotiated with a non-Group counterparty had been renegotiated as a result of the interest rate benchmark reform. The Automotive segments (through the intermediary of Renault Finance) adhered to the ISDA 2018 Benchmarks Supplement Protocol, and the Sales Financing segment adhered to the ISDA 2020 Fallbacks protocol governing fallback clauses.

The Renault Group has identified the interest rate benchmarks used in interest rate hedging relationships that are concerned by the reform: LIBOR EURO, LIBOR GBP and LIBOR CHF. The Group considers there is no uncertainty regarding the future of the EURIBOR index since it was validated as benchmark regulation-compliant by the European Banking Authority. At December 31, 2020, the Sales Financing segment had interest rate swaps designated as fair value hedges amounting to CHF300 million (floating rate indexed on LIBOR CHF) and £100 million (floating rate indexed on LIBOR GBP). The risk hedging strategies have so far not been modified by the transition to the new benchmark rates

Early application of these amendments has no impact on the Group's financial statements at December 31, 2020.

Other standards and amendments not yet adopted by the European Union

The IASB has also published the following new standards and amendments that have not yet been adopted by the European Union.

| New IFRS standards and amendments not yet adopted by the European Union | | Application date set by the IASB |
|---|---|----------------------------------|
| Amendment to IAS 1 | Classification of Liabilities as Current or Non-current | January 1, 2023 |
| Amendments to IAS 16 | Proceeds before Intended Use | January 1, 2022 |
| Amendments to IFRS 3 | Updating a Reference to the Conceptual Framework | January 1, 2022 |
| Amendments to IAS 37 | Onerous Contracts — Cost of Fulfilling a Contract | January 1, 2022 |
| Annual improvements (2018-2020 cycle) | Annual improvements process | January 1, 2022 |
| IFRS 17 and amendments / Amendments to IFRS 4 | Insurance contracts | January 1, 2023 |

The Group is currently analysing the potential impacts, but does not at this stage anticipate that application of these amendments will have any significant impact on the consolidated financial statements.

A2 - IFRIC agenda decision concerning classification of the effects of index-based restatement and translation of the financial statements of subsidiaries in hyperinflationary economies

In view of the IFRIC's agenda decision of March 2020 concerning classification of the effects of index-based restatement and translation of the financial statements of subsidiaries in hyperinflationary economies, the Group has concluded that the combined effect of index-based restatement and translation qualifies as an exchange difference under IAS 21 – The Effects of Changes in Foreign Exchange Rates, as restatement based on price indexes is correlated with movements in the exchange rate between the Argentinian peso and the euro, and mitigates the effect of the peso's devaluation. Consequently, the effects of restatement and translation of the equity of subsidiaries located in Argentina are now reported in the translation adjustment in other components of comprehensive income, whereas the effects of index-based restatement were included in reserves in the 2018 and 2019 financial statements. The change led to reclassification of €349 million to the translation adjustment reserve at January 1, 2020.

A3 - Application of the IFRIC agenda decision concerning recognition of the impacts of reverse factoring programs in the statement of financial position and cash flow statement

In December 2020 the IFRIC published an agenda decision concerning reverse factoring programs, concluding that the existing standards are sufficient for appropriate treatment of such programs in the financial position and cash flow statement. This decision notably clarifies that supplier payables covered by reverse factoring programs should be classified in the statement of financial position as trade payables or financial liabilities, or presented in a separate line. The treatment applied by the Group to these programs is consistent with this decision (see note 2-P).

The IFRIC's decision also clarifies that the presentation in the cash flow statement depends on the analysis of the transaction, particularly because a repayment considered to concern a non-operating finance arrangement must be classified as a cash flow from financing activities. To date the group has presented repayments of liabilities covered by reverse factoring programs as cash flows from operating activities, even when the transaction was considered a financing operation. The amounts concerned in 2020 have been reclassified in accordance with the IFRIC decision (see section 4.2.6.1 – A4). The amounts concerned in previous years have not been reclassified since they are not significant.

2 - B. ESTIMATES AND JUDGMENTS

Specific context of 2020

In the context of the Covid-19 pandemic that appeared in the first quarter of 2020 and continued throughout the year, the global automobile market suffered a downturn of 14.4% compared to 2019. To protect its employees, and in compliance with the measures introduced by national governments, the Renault Group suspended its commercial and production activities in most countries during March. During the lockdown periods, practically all employees not working in production and sales worked from home, and furlough measures were put in place. Production and sales resumed mainly from May 2020, respecting the end-of-lockdown measures imposed by the governments of the countries where the Renault Group has operations. A second lockdown and curfews were imposed in several countries, including France, during the second half of the year, and these also had negative effects on the Group's business activity. Total sales volumes for 2020 were thus 21.3% lower than in 2019, at 2,951,971 vehicles.

To maintain a sufficient level of liquidity for operations, the Renault Group arranged a €5 billion credit line guaranteed by the French government, on which it made three drawings totalling €4 billion (note 23). At December 31, 2020, the undrawn amount of €1 billion is no longer available. The Group also issued a new bond in November 2020 with nominal value of €1 billion (note 23-C). At the date of publication of these consolidated financial statements, the Group has sufficient cash and sources of financing to ensure continuity of operations for the next twelve months (note 25-B) and demonstrated its capacity to issue debt in the second half of the year (note 23-C).

Expenses and income recognized that are identified as resulting wholly or partly from the Covid-19 pandemic are not considered as "Other operating income and expenses", except for expenses which due to their nature are always included in that category, such as impairment of tangible and intangible assets.

Payroll costs net of state aid received by Renault, additional logistics costs, the costs of introducing new health protocols, and depreciation on assets unused or only partially-used during the period because of the lockdown rules are allocated to the relevant functions (cost of goods and services sold, research and development expenses, and selling, general and administrative expenses). The amounts concerned are not reported because it is impossible to reliably identify the amounts solely attributable to the Covid-19 pandemic.

The consolidated financial statements for 2020 include restatements of some assets and liabilities undertaken in the context of this pandemic, and the update of the "Renaulution" medium-term business plan (2021-2025). The principal impacts are €762 million of impairment in respect of certain tangible and intangible assets (see note 6), €248 million resulting from discontinuation of recognition of deferred tax assets (see note 8-A), and a €216 million increase in impairment for expected credit losses on sales financing receivables (see note 15). Estimation of the impacts of the Covid-19 pandemic described in this chapter on the financial statements is particularly complex and involves the use of judgments that are explained in the notes where relevant.

On April 14, 2020 the Renault Group announced its new business strategy in China, and the signature of a preliminary agreement with Dongfeng Motor Corporation under which Renault transferred its shares in the joint venture Dongfeng Renault Automotive Company Ltd (DRAC) to Dongfeng. DRAC ceased operations concerning the Renault brand on April 1, 2020 (see notes 3 and 6-B). The Renault Group is refocusing its business activities in China on light commercial vehicles (through Renault Brilliance Jinbei Automotive Co. Ltd (RBJAC) – see note 13) and on electric vehicles (through New Energy Automotive Co. Ltd (eGT) and Jiangxi Jiangling Group Electric Vehicle Co. Ltd (JMEV) – see note 3).

On November 20, 2020 the Renault group signed an agreement in France with its social partners to transform technical and service skills in preparation for future developments in the automotive world. This agreement lays down the conditions for a new outplacement policy, and includes a voluntary work-exemption plan for relevant personnel in 2021, and a Collective Contractual Separation plan for a maximum 1,900 employee departures. In the foreign subsidiaries, the group is rolling out restructuring actions in line with the 2022 cost reduction plan. Restructuring and workforce adjustments have been recognized for these plans (note 6-A and 20).

In the context of the Covid-19 pandemic, the new strategy in China, new workforce reduction plans and the new medium-term business plan Renaulution (2021-2025), the main items in the Group's consolidated financial statements that are dependent on estimates and judgements and have been paid particular attention are the following:

- Potential impairment of fixed assets, particularly impairment on specific assets linked to vehicles (see note 6-C), the goodwill of AVTOVAZ and the Lada brand (see note 11);
- The recoverable value of leased vehicles classified as property, plant and equipment or inventories (notes 2-G, 11 and 14);
- Investments in associates, notably Nissan and RBJAC (see notes 12 and 13);
- Impairment for expected credit losses concerning Sales financing receivables (notes 2-G and 15);
- Determination of restructuring provisions (see note 6-A and 20);
- Determination of risks associated with distressed suppliers;
- The potential impact of the European CAFE (Corporate Average Fuel Economy) regulation from 2020: under this regulation, automakers will be fined if the average CO₂ emissions target for all vehicles registered in Europe each calendar year is exceeded (see note 28-A2).

This list is not exhaustive due to the constantly evolving Covid-19 situation and its effects on the financial health of the world's economies, and it remains very difficult to predict the magnitude and duration of the pandemic's economic impacts on our business.

Other important estimates and judgments

Renault often has to make estimates and assumptions that affect the book value of certain assets and liabilities, income and expenses, and disclosures made in certain notes to the financial statements. In preparing its financial statements, Renault regularly revises its estimates and assessments to take account of past experience and other factors deemed relevant in view of the economic circumstances. If changes in these assumptions or circumstances are not as anticipated, the figures reported in Renault's future consolidated financial statements could differ from the estimates established at the time these financial statements were finalized. The main items in the Group's consolidated financial statements at December 31, 2020 that are dependent on estimates and judgements are the following:

- Capitalization of research and development expenses and their amortization period (notes 2-K and 10-A),
- The depreciation and amortization periods for fixed assets other than capitalized development expenses (notes 2-K, 2-L and 10),
- Recognition of deferred tax assets on tax loss carryforwards (notes 2-I and 8),
- Provisions, particularly warranty provisions on vehicles and batteries sold (note 2-G), provisions for pensions and other long-term employee benefit obligations (notes 2-S and 19), provisions for workforce adjustment measures (notes 2-T and 6-A), provisions for legal risks and tax risks (other than income tax risks) (note 20) and provisions for uncertain tax liabilities (note 21),
- Valuation of lease liabilities, particularly the incremental borrowing rates and the value of renewal options that are reasonably certain to be exercised (note 23).

2 - C. CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of all companies controlled exclusively by the Group either directly or indirectly (subsidiaries). Jointly controlled companies are accounted for under the equity method when they are classified as joint ventures and consolidated on the basis of the percentage share specific to each balance sheet and income statement item when they are classified as joint operations.

Companies in which the Group exercises significant influence (associates) are included in the financial statements on an equity basis.

Significant intercompany transactions and unrealized internal profits are eliminated.

Investments in non-significant companies that are controlled exclusively by the Group but not consolidated, even though they fulfil the above criteria, are recorded as other non-current assets.

Their consolidation would have a negligible impact on the consolidated financial statements, since they are Group-financed entities whose losses, if any, are recognized via impairment losses, and which:

- acquire almost all their purchases from Group companies or
- carry out almost all their sales transactions with Group companies.

Put options on non-controlling interests are carried in the consolidated financial position at fair value, and classified in other financial liabilities in the Automotive segments and in other non-current liabilities in the Sales Financing segment, with a corresponding adjustment to equity.

2 - D. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Valuation basis

The consolidated financial statements are established under the historical cost convention, except for certain categories of assets and liabilities, in compliance with IFRS rules. The categories concerned are detailed in the following notes.

Operating income and operating margin

Operating income includes all revenues and costs directly related to the Group's activities, whether recurrent or resulting from non-recurring decisions or operations, such as restructuring costs.

The operating margin, which corresponds to the operating income of an individual segment as defined in IFRS 8, Operating Segments, corresponds to the operating income before other operating income and expenses, which are by nature unusual or significant and could affect comparability of the margin. Other operating income and expenses cover:

- restructuring and workforce adjustment costs, and significant costs relating to discontinued activities. Restructuring costs are defined as follows in the definition given in IAS 37 - Provisions, Contingent Liabilities and Contingent Assets: "A restructuring is a programme that is planned and controlled by management, and materially changes either: a) the scope of a business undertaken by the entity; or b) the manner in which that business is conducted."
- gains or losses on partial or total disposal of businesses or operating entities, gains or losses on total or partial disposals of investments in associates and joint ventures, other gains and losses relating to changes in the scope of consolidation such as acquisitions of control, as defined by IFRS 10, over entities previously accounted for under the equity method, and direct acquisition costs for entities that are fully consolidated or consolidated on a line-by-line percentage of interest basis;
- gains or losses on disposal of property, plant and equipment or intangible assets (except leased assets sales);
- impairment on property, plant and equipment or intangible assets and goodwill (excluding goodwill of associates or joint ventures);
- unusual items, i.e. income and charges that are unusual in their frequency, nature or amount, relating to significant litigation or impairment of operating receivables.

Equity method consolidation of associates and joint ventures

The share in net income of associates and joint ventures reported in the Group's consolidated income statement comprises the share in these entities' profits or losses, impairment and recoveries of impairment relating to these entities (note 2-M). The impairment booked is limited to the net book value of the investment, unless an additional commitment has been made.

The gain or loss resulting from the sale or loss of significant influence or joint control over associates and joint ventures accounted for by the equity method, and the gain or loss on acquisition of control, as defined by IFRS 10, over companies that were already consolidated but not controlled, is reported in other operating income and expenses in the Group's consolidated income statement. This includes transfers of accumulated translation adjustments during the period the entity was accounted for by the equity method.

The Group recognizes a deferred tax liability on dividend distributions for all differences between the book and tax values of its investments in associates and joint ventures (note 2-I). This tax is included in current and deferred taxes in the Group's income statement.

Goodwill relating to associates and joint ventures is included in the value of the relevant entities as stated in the assets in the consolidated statement of financial position. In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates and joint ventures (note 2-J).

Acquisition expenses related to investments in associates and joint ventures are included in the initial acquisition cost for these investments.

Cross-investments between a consolidated entity and an associate are neutralized in measuring the investment in the associate as stated in the assets of the statement of financial position. Nissan's 15% stake in Renault is therefore neutralized in valuing the investment in Nissan shown in the assets of the consolidated statement of financial position (note 12).

Dividends received from unlisted associates and joint ventures are included in the Automotive segments' operational free cash flow, while dividends received from listed associates and joint ventures, i.e. Nissan, are excluded from the operational free cash flow of the Automotive (excluding AVTOVAZ) segment.

Reporting by operating segment

The information by operating segment is based on internal reporting to the Group Executive Committee, identified as the "Chief Operating Decision-Maker". This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments. The "Intersegment transactions" and "Intra-Automotive" columns are reserved for transactions between the segments, which are carried out on near-market terms. Dividends paid by the Sales Financing segment to the Automotive (excluding AVTOVAZ) segment are included in the Automotive (excluding AVTOVAZ) segment's financial income.

The indicator used to evaluate segment performance is the operating margin.

Apart from taxes and the associates' share in net income, income and expenses relating to Sales Financing are recorded as operating items. The tax effect inherent to the French consolidated taxation system is included in the tax expense of the Automotive (excluding AVTOVAZ) segment.

Assets and liabilities are specific to each segment. Receivables assigned by the Automotive segments to the Sales Financing companies are treated as operating assets by the assignee when the risks and benefits are substantially transferred. These receivables are mostly receivables on the dealership network.

Vehicles and batteries for which the Automotive (excluding AVTOVAZ) segment has a repurchase commitment are included in the segment's assets. When these assets are financed by the Sales Financing segment, the Sales Financing segment recognizes a receivable on the Automotive (excluding AVTOVAZ) segment.

Current and non-current assets and liabilities

Sales Financing receivables, other securities, derivatives, loans and financial liabilities of the Sales Financing segment (other than redeemable shares and subordinated loans) are considered as current assets and liabilities, because they are used in this operating segment's normal business cycle.

For the Automotive segments, in addition to items directly related to the business cycle, all assets and liabilities maturing within one year are classified as current.

2 - E. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The Group's presentation currency is the euro.

For foreign companies, the functional currency is generally the local currency. In cases where most transactions are carried out in a different currency, that is adopted as the functional currency.

Foreign companies' accounts are established in their functional currency, and subsequently translated into the Group's presentation currency as follows:

- financial position items other than components of shareholders' equity, which are stated at historical value, are translated at the closing exchange rate;
- income statement items are translated at the average exchange rate for the period;
- the translation adjustment is one of the other components of comprehensive income, and therefore has no impact on net income.

Goodwill generated by a business combination with a foreign company is treated as an asset or liability of the entity acquired, as appropriate. It is therefore expressed in the relevant entity's functional currency, and translated into euros at the closing rate.

When a foreign company is sold, the accumulated translation adjustments on its assets and liabilities are transferred to other operating income and expenses in the income statement.

In an exception to the above principles, the financial statements of entities in hyperinflationary economies are translated in accordance with IAS 29 "Financial reporting in hyperinflationary economies". Non-monetary balance sheet items, income statement items, comprehensive income items and cash flow statement items are adjusted for inflation in their original local currency, then all the financial statements are translated at the closing exchange rate for the period. This hyperinflationary accounting leads to recognition of a gain or loss resulting from exposure to hyperinflation, which is classified as other financial income and expenses and thus included in reserves the following year.

The effects of index-based restatement and translation of the equity of subsidiaries in Argentina are all included in the translation adjustment in other components of comprehensive income, since restatement based on price indexes is correlated with movements in the exchange rate between the Argentinian peso and the euro, and mitigates the effect of the peso's devaluation.

To determine whether a country is in hyperinflation, the Group refers to the list published by the International Practices Task Force (IPTF) of the Center for Audit Quality. The financial statements of the Group's subsidiaries in Argentina are consolidated in accordance with the principles of IAS 29, which are applied from January 1, 2018. As operations in Iran are no longer consolidated, the Group has no other subsidiary in countries on the IPTF list.

2 - F. TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

Transactions undertaken in a currency other than the functional currency of the entity concerned are initially translated to and recorded in the functional currency, using the rate applicable at the transaction date.

For financial reporting purposes, monetary assets and liabilities in currencies other than the functional currency are translated at the closing rate. All resulting foreign exchange differences are recognized in the income statement, except for foreign exchange gains and losses on financial instruments designated as hedges of a net investment in a foreign entity (note 2-X).

The following impacts are therefore recorded in net income:

- translation adjustments related to financial operations by the Automotive segments are included in the net financial income;
- other translation adjustments are included in the operating income (operating margin in the information by operating segment).

Derivatives are measured and recorded as described in note 2-X.

2 - G. REVENUES AND MARGIN

Revenues comprise all proceeds from sales of the Group's automotive goods, services related to these sales, and the various Sales Financing products marketed by the Group's companies to their customers.

Sales of goods and services

- Sales and margin recognition

Sales of automotive goods are recognized at the date control is transferred. The transfer of control over automotive goods takes place when the goods are made available to the distribution network in the case of non-Group dealers (at the time they are added to or removed from stock, depending on the contractual arrangements) or upon delivery to the end-user in the case of direct sales.

However, there is no transfer of control in the case of goods sold under an operating lease by a Group finance company, or in the case of goods sold with a buy-back commitment if it is highly likely that they will be returned. In such transactions, the revenues are recognized progressively over the lease period, and a used vehicle sale is recorded when control of the used vehicle is transferred. The difference between the price paid by the customer and the buy-back price is treated as rental income and spread over the period the automotive item is at the customer's disposal. The production cost for the new automotive item concerned is recorded in inventories for contracts of less than one year, or included in property, plant and equipment under fixed assets leased to customers when the contracts exceed one year. The forecast resale value takes account of recent known developments on the second-hand automotive market but also future anticipated developments over the period in which the automotive goods will be sold, which may be influenced by factors both external (economic situation, taxation) and internal (changes in the range or the manufacturer's pricing strategy). As soon as a loss is expected on the resale, a provision (if the automotive item is in inventories) or additional depreciation (if the automotive item is included in property, plant and equipment) is recognized to cover the loss.

- Sales incentive programs

Sales incentive programs based on the volumes or prices of products sold are deducted from sales when the sales operations concerned are recorded. Any provisions are based on estimates of the most probable amount.

The Group undertakes certain promotional campaigns offering reduced-interest customer credit or discounts on services. Because these are sales incentives, the cost of these operations is recognized as a reduction in sales by the Automotive segments when the vehicle sale takes place and is not spread over the duration of the financing or the services concerned.

- Warranty

The Group makes a distinction between insurance-type warranties and service-type warranties. Provisions are established for insurance-type warranties, while service-type warranties give rise to revenue that is spread over the duration of the warranty extension.

The estimated or incurred costs relating to manufacturer's product or part warranties classified as insurance-type warranties are charged to expenses when the sales are recorded. Provisions for costs to be borne by Renault are valued on the basis of observed data by model and engine, i.e. the level of costs, and their distribution over the periods covered by the manufacturer's warranty. In the event of product recalls following incidents that come to light after the vehicle has been put on the market, provisions are established to cover the costs involved as soon as the decision to undertake the recall campaign has been made. Amounts claimed from suppliers are deducted from the warranty expense when it is considered practically certain they will be recovered.

- Services related to sales of automotive products

Revenues from service contracts sold by the Group are recognized on a percentage-of-completion basis. These contracts may be for warranty extensions, maintenance or insurance.

Such service contracts may be sold separately to the final customer or included free of charge in a sale package covering a vehicle and related services. In either case, the Group considers service contracts as a separate service obligation from delivery of the vehicle and allocates a portion of revenue to the service contract.

When the customer makes regular payments for the service contract, the revenue is recognized on a straight-line basis. When the contract is prepaid (for example, when it is paid for by the customer at the time of the vehicle purchase), the amounts received are recorded as deferred income, and spread over the duration of the contract, on a straight-line basis for warranty extensions and following an experience curve for maintenance contracts.

- Impairment of customer receivables

Impairment is booked in respect of the Automotive segment's customer receivables to reflect the prospective assessment of the credit risk at the inception of the receivable and any deterioration of that risk over time. When there is an incurred credit loss, impairment is recorded individually for each receivable.

Sales Financing revenues

- Sales Financing revenues

Sales Financing revenues are generated by financing operations for sales of vehicles to dealers and end-users. These financing operations take the form of loans from the Sales Financing segment companies and are carried in the balance sheet at amortized cost under the effective interest rate method, less any impairment. Income on these contracts is calculated so as to give a constant interest rate over the period and is included in sales revenues.

- Sales Financing costs

Sales financing costs are considered as operating expenses and included in the operating income (operating margin in the information by operating segment). They mainly comprise interest incurred by sales financing companies to refinance their customer loan transactions, other costs and revenues directly related to administration of this type of refinancing (temporary investments, hedging and management of exchange and interest rate risks), and the cost of risks related to receivables. Refinancing comes from diversified sources: public and private bond issues, public and private securitization backed by Automotive segments loans, negotiable debt instruments, savings collected and financing from credit institutions and assimilates.

- Commissions payable to business intermediaries

Commissions are treated as external distribution costs, and therefore deferred as contract acquisition costs, so as to give a constant interest rate over the term of the financing contracts.

- Classification and impairment of receivables

The impairment method for financial receivables depends on the category concerned. For healthy receivables (stage 1), impairment is equivalent to the 12-month expected credit loss; for receivables on which the credit risk has significantly deteriorated since initial recognition or which received extensions during the lockdown (stage 2), impairment is equivalent to the lifetime expected losses; and for receivables in default (stage 3), impairment is equivalent to the incurred credit loss.

The Sales Financing segment uses an internal scoring system or external ratings to identify any significant deterioration in the credit risk. In addition, this segment has decided to use the assumptions set out in the standard and thus downgrades any receivable outstanding after 30 days to stage 2, and any receivable still outstanding after 90 days to stage 3.

The Sales Financing segment refers to the current recommendations of the Basel Committee to generate the parameters needed to calculate the probability of default and the loss rates in the event of default on loans and financing, finance lease receivables, irrevocable financing commitments, and financial guarantees given to customers and dealers in its principal countries of business (Germany, Brazil, Spain, France, Italy and the United Kingdom for customer and dealer financing, Korea for customer financing only). These assets account for more than 85% of financial assets. For other assets, a standard approach based on a simplified methodology is applied.

As the assumptions used are essentially based on observable market data, the calculation of impairment for expected credit losses in the Sales Financing segment also incorporates forward-looking macro-economic data (GDP, long-term rates, etc) to reflect changes in indicators and sector-specific information.

- Write-off rules

The gross book value of a financial asset is written off when there are no reasonable expectations of recovery. The asset is derecognized via a loss account, and the associated impairment is reversed when the non-recoverability of receivables is confirmed, or at the latest when the Sales Financing segment's rights as creditor are extinguished. Examples of receivables that become non-recoverable and are derecognized are waivers negotiated with customers (notably as part of a recovery plan), time-barred receivables, receivables concerned by an unfavourable legal judgement (when the outcome of a lawsuit or litigation is negative), and receivables owed by a customer that no longer exists.

2 - H. FINANCIAL INCOME (EXPENSES)

The cost of net financial indebtedness comprises the cost of gross financial indebtedness less income associated with cash, cash equivalents and financial assets of the Automotive segments. The cost of gross financial indebtedness consists of income and expenses generated by the Automotive segments' financial indebtedness during the period, including the impact of the effective portion of the related interest rate hedges.

Other financial income and expenses mainly include foreign exchange gains and losses on financial items and related hedges, the gain or loss caused by exposure to hyperinflation (note 2-E), the net interest on provisions for pensions, and dividends and impairment of companies that are neither controlled nor under significant influence by the Group.

2 - I. INCOME TAX

The Group recognizes deferred taxes for all temporary differences between the tax and book values of assets and liabilities in the consolidated statement of financial position. Deferred taxes are calculated at the latest tax rate enacted at the closing date applicable to the period when temporary differences are reversed. Each individual fiscal entity (legal entity, establishment or group of entities that pays tax to the tax administration) that is authorized to offset its current tax assets and liabilities reports deferred tax assets and liabilities net. Recognition of deferred tax assets depends on the probability of future recovery.

For associates and joint ventures, a deferred tax liability on dividend distributions is booked for all differences between the book value and tax value of shares held.

Tax credits that can only be used against a taxable profit are recorded as a deduction from the income tax payable. Tax credits that are recoverable regardless of whether the company makes a taxable profit are set against the relevant nature of expense.

To determine the provisions for uncertain tax liabilities, the Group uses a case-by-case method based on the most probable value. In view of their qualitative characteristics these provisions are reported on specific lines in the consolidated financial position.

2 - J. GOODWILL

Non-controlling interests (formerly called "minority interests") are carried at fair value (the full goodwill method) or at their share in the fair value of assets acquired and liabilities transferred (the partial goodwill method). To date Renault has only recognized goodwill valued under the partial goodwill method. The choice of which method to use is made for each individual case.

Goodwill is not amortized, but impairment tests are carried out at least annually or whenever there is evidence of loss of value. After initial recognition, goodwill is stated at cost less any accumulated impairment.

Goodwill relating to associates and joint ventures is included in the value of the entities concerned as reported in the assets in the statement of financial position. In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates and joint ventures.

Acquisitions of additional investments concerning non-controlling interests in companies controlled by the Group are treated as equity transactions. The positive or negative difference between the cost of acquiring shares and the book value of the non-controlling interests acquired is recorded in shareholders' equity.

2 - K. RESEARCH AND DEVELOPMENT EXPENSES AND OTHER INTANGIBLE ASSETS

- Research and development expenses

Development expenses incurred between the decision to begin development and implement production facilities for a new vehicle or component (e.g. engine or gearbox) and the subsequent approval of the design for mass production are capitalized as intangible assets. They are amortized on a straight-line basis from the date of approval for production, over the expected market life of the vehicle or part, which is initially no longer than seven years. Market lives are regularly reviewed and subsequently adjusted if there is a significant difference from the initial estimate. Capitalized development expenses mainly comprise the cost of prototypes, the cost of studies invoiced by external firms, the cost of personnel assigned to the project and a share of overheads dedicated exclusively to development activities.

Borrowing costs directly attributable to the development of a project requiring at least 12 months of preparation before commissioning are included in the gross value of the asset, which is a "qualifying asset". The capitalization rate for borrowing costs is limited such that capitalized borrowing costs do not exceed the total borrowing costs borne during the year. When a project is financed through a specific borrowing, the capitalization rate is equal to the interest rate on the borrowing.

Expenses incurred before the decision to begin product development are recorded as costs in the period they are incurred, in the same way as research expenses. Expenses incurred after the start of mass production are treated as production costs.

- Other intangible assets

Other intangible assets comprise patents, leasehold rights, intangible business assets, licences, software, brands and similar rights purchased by the Group. When they have a finite useful life, patents, leasehold rights, licences, brands and similar rights purchased are amortized on a straight-line basis over the period of protection stipulated by the contract or the law, or over the useful life if shorter. Intangible business assets and softwares are amortized over their useful life. The useful life of intangible assets is generally between 3 and 5 years. Intangible assets with an indefinite useful life, such as the Lada brand (note 11-C), are subjected to an impairment test at least once a year and when there is any indication of impairment.

2 - L. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The gross value of property, plant and equipment corresponds to historical acquisition or production cost.

Design and preparation expenses are included in the asset's production cost.

The production cost for property, plant and equipment also includes financing costs borne during the construction phase, under the same method as for intangible assets. When a project is financed through a specific borrowing, the capitalization rate is equal to the interest rate on the borrowing.

Investment subsidies received are deducted from the gross value of the assets concerned.

Subsequent expenses for property, plant and equipment, except those incurred to increase productivity or prolong the life of an asset, are charged to expenses as incurred.

Assets leased to customers include vehicles leased for more than one year from a Group finance company with a buy-back commitment by the Group, and vehicles sold under an agreement including a clause for buy-back after a minimum one year of use. Assets leased to customers also include batteries leased to electric vehicle users by Group finance companies (note 2-G).

Right-of-use assets

The Group is a party to leases of real estate property (land, concessions, warehouses, offices, etc) and movable property (IT and operating equipment, transport equipment).

A contract contains a lease if it gives the lessee the right to use an identified asset for a specified period of time in exchange for payment.

At the contract's commencement date, a lessee recognizes an asset related to the right of use, and a financial liability that represents the lease obligation. The right-of-use asset is amortized over the term of the lease. The lease liability is initially recognized at the present value of lease payments over the expected term of the lease. The discount is unwound using the implicit interest rate of the lease agreement if it can be readily determined, or at the incremental borrowing rate otherwise. As lessee, the Group uses the incremental borrowing rate, calculated for each monetary zone as the risk-free rate applicable in the zone, plus the Group's risk premium for the local currency. In the income statement, amortization of the right-of-use asset is recorded in the operating income (operating margin in the information by operating segment) and a financial expense corresponding to the interest on the lease liability is recorded in financial income and expenses, replacing the lease payments previously charged to the operating margin. The tax impact of this consolidation adjustment is recognized via deferred taxes. In the cash flow statement, cash flows from operating activities are impacted by interest expenses paid, and cash flows from financing activities are impacted by the reimbursed lease liability.

Lease payments on short-term leases (12 months or less) and leases of low-value assets are treated as operating expenses and amortized on a straight-line basis.

The term of the lease is the non-cancellable period of a lease contract during which the lessee has the right to use the leased asset, extended by any renewal options the Group is reasonably certain to exercise. For French commercial leases, the lease term is generally 9 years. Last term estimation and consideration of extension and termination options is conducted with the help of the real estate department, considering the types of site and their development plans.

Improvements to leased buildings are depreciated over a duration that is equal to or shorter than the lease term used to estimate the lease liability (if the lessee has neither the intention nor the ability to use them for a longer period).

When a lease contract contains a purchase option the Group is reasonably certain to exercise, it is in substance a purchase rather than a lease. The corresponding liability is considered as a financial liability under IFRS 9, and the asset as a tangible asset in compliance with IAS 16.

Provisions for repairs required contractually by lessors are recognized at the start of the lease, with a corresponding tangible asset.

Depreciation

In the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment, depreciation is calculated on a straight-line basis over the following estimated useful lives:

| | |
|--|----------------|
| Buildings ⁽¹⁾ | 15 to 30 years |
| Specific tools | 2 to 7 years |
| Machinery and other tools (other than press lines) | 5 to 15 years |
| Press lines and stamping installations | 20 to 30 years |
| Other tangible assets ⁽²⁾ | 4 to 6 years |

(1) Buildings in use before 1987 are depreciated over a period of up to 40 years.

(2) Except for leased batteries, which are depreciated over periods of 8 to 10 years depending on the models.

Useful lives are regularly reviewed, and accelerated depreciation is recorded when an asset's useful life becomes shorter than the initially expected period of use, particularly when it is decided to withdraw a vehicle or component from the market.

Depreciation for the AVTOVAZ segment is calculated on a straight-line basis over useful lives that may be longer than those used in other Renault Group companies.

2 - M. IMPAIRMENT

Impairment of fixed assets (other than leased assets)

Fixed assets are subjected to impairment tests as soon as there is any indication of a loss of value, such as significant adverse changes in the market in which the company operates, or changes affecting the circumstances and manner of use of the assets.

For the **Automotive (excluding AVTOVAZ) segment**, impairment tests are carried out at two levels:

- At the level of vehicle-specific assets (including components)

Vehicle-specific assets (including components) consist of capitalized development expenses and tools. Impairment tests are carried out by comparing the net book value of the assets with the recoverable value, calculated based on discounted future cash flows related to the vehicle and its components. These assets may be specific to the model and/or the country of destination.

- At the level of cash-generating units

A cash-generating unit is defined as a coherent subset that generates largely independent cash flows. Other cash-generating units may represent an economic entity (plant or subsidiary) or the whole Automotive (excluding AVTOVAZ) segment. Net fixed assets related to cash-generating units notably include goodwill, specific assets and capacity assets, and components of working capital.

For each of the two levels, impairment tests are carried out by comparing the net book value with the recoverable value. Recoverable value is defined as the higher of value in use or fair value less selling costs.

Value in use is the present value of estimated future cash flows expected to arise from the use of an asset. Future cash flows derive from the business plan drawn up and validated by the Management, plus a terminal value based on discounted normative cash flows after application of a growth rate to infinity. They also include a bonus ("excess earnings") paid to the Automotive segments for business referrals to the Sales Financing segment. The assumptions underlying the business plan include estimates of market developments in countries in which the Group operates and its share of those markets, changes in the sale price of products and the prices of purchased components and commodities. The pre-tax discount rate used is the weighted average cost of capital as determined by the company.

When the recoverable value is lower than the net book value, impairment equivalent to the difference is recorded against the assets concerned.

For the **Sales Financing segment**, an impairment test is carried out at least once a year or whenever there is an indication of loss of value, by comparing the book value and recoverable value of assets. Recoverable value is defined as the higher of fair value (less selling costs) and value in use. The value in use is based on a market approach, determined by using multiples for each group of cash-generating units made up of legal entities or groups of legal entities in the same country. The same discount rate is used for all cash-generating units tested: a risk-free 10-year rate increased by the average risk premium for the sector in which the cash-generating units operate. The forecast horizon for income and losses is one year.

For **AVTOVAZ**, impairment tests are also carried out at different levels (on specific assets, on the Lada brand, and on the whole Group). The AVTOVAZ Group as a whole is considered as one cash-generating unit, and no tests are conducted for individual factories or economic entities.

Impairment of investments in associates and joint ventures

Impairment tests of the value of investments in associates and joint ventures are carried out as soon as there is any indication of a loss of value, essentially significant adverse changes in the markets in which the company operates, or a major or long-term decline in stock market value.

Impairment tests are carried out in compliance with IAS 28 and IAS 36, by comparing the book value of the investment in the associate or joint venture with the recoverable value, which is the higher of value in use and fair value, less selling costs. The value in use is equal to the share of the present value of future estimated cash flows expected by the associate or joint venture. If the associate or joint venture is listed, the fair value is its stock market value.

When the recoverable value is lower than the book value, impairment equivalent to the difference is recorded against the relevant investment in an associate or joint venture, and included in the Group's income statement via the share in net income (loss) of associates and joint ventures.

2 - N. NON-CURRENT ASSETS OR GROUPS OF ASSETS HELD FOR SALE

Assets held for sale are non-current assets or groups of assets that are available for immediate sale and have a high probability of being sold.

Non-current assets or groups of assets considered to be held for sale are measured and recorded at the lower of net book value or fair value less selling costs. No further amortization is recorded once an asset is classified as held for sale (or included in a group of assets held for sale). These assets are reported on a specific line of the consolidated financial position.

2 - O. INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Cost corresponds to acquisition cost or production cost, which includes direct and indirect production expenses and a share of manufacturing overheads, based on a forecast level of activity, and the results of any related hedges. The level of activity is forecast site by site, in order to determine the share of fixed costs to be excluded if the actual level of activity is lower.

Inventories of the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment are valued under the FIFO (First In First Out) method. Inventories of AVTOVAZ are valued at weighted average cost.

When the net realizable value is lower than the financial position value, impairment equal to the difference is recorded.

2 - P. ASSIGNMENT OF RECEIVABLES AND REVERSE FACTORING

Receivables assigned to third parties (through securitization, discounting, or factoring) are removed from Group assets when the associated risks and benefits are also substantially transferred to the third parties in question. Risk analysis principally concerns the credit risk, the risk of late payment and the country risk. The same rule applies in the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment.

The Automotive segments participate in reverse-factoring programs. These programs can be used to support a supplier, or to benefit the Group by extending payment deadlines. In the first case, the liability continues to be considered as part of the operating cycle and the amounts concerned remain in trade payables in the financial position. In the second case, if the reverse factoring contract includes an unconditional commitment by the Group to pay the amount initially due to the supplier to the financial institution that is a party to the contract, the liability is no longer considered as part of the operating cycle and the amounts concerned are reclassified as financial liabilities (this has no impact on the cash flow statement at the reclassification date). If the contract is considered as a financial liability and covers a financing requirement for the group subsidiary involved, the repayments to financial institutions impact cash flows from financing activities in the cash flow statement; otherwise, they are included in cash flows from operating activities.

2 - Q. TREASURY SHARES

Treasury shares are shares held for the purposes of stock option plans, performance share plans and other share-based payment arrangements awarded to Group managers and executives.

They are recorded at acquisition cost and deducted from Group shareholders' equity until the date of sale.

When these shares are sold, the sale price is directly included in consolidated shareholders' equity. Consequently, no gain or loss on treasury shares is included in the net income for the period.

2 - R. STOCK OPTION PLANS / PERFORMANCE SHARE ATTRIBUTION PLANS AND OTHER SHARE-BASED PAYMENTS AGREEMENTS

The Group awards stock option plans, performance share attribution plans and other share-based payments, all for Renault shares. The grant date is the date at which beneficiaries are informed of the decision to grant these options or performance shares, and the terms of the relevant plans. For plans subject to performance conditions, an estimate of achievement of those conditions is taken into account in determining the number of options or shares attributed. This estimate is reviewed annually based on changes in the probability of performance condition achievement. The final fair value of services rendered in return for attribution of options or shares is measured by reference to the fair value of those options or shares at their grant date, using a suitable binomial mathematical model that assumes exercise of the options is spread over the exercise period on a straight-line basis. Entitlements to attribution of performance shares are valued based on the share value at grant date less dividends expected during the vesting period. Where relevant, a discount is applied to reflect the fact that the shares must be held for a certain period. The share price volatility factor applied is implicit volatility at the grant date. The expected dividend used is determined by reference to the dividend payout schedule announced at the time each plan is valued.

The total fair value calculated in this way is spread on a straight-line basis over the vesting period for the relevant plan. The cost is included in personnel expenses, with a corresponding adjustment to consolidated reserves. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to consolidated reserves.

2 - S. PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

The Group's payments for defined-contribution benefit plans are recorded as expenses for the relevant period.

For defined-benefit plans concerning post-employment benefits, the Group uses the Projected Unit Credit Method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula, principally on a straight-line basis over the years of service.

The future payments for employee benefits are measured on the basis of future salary increases, retirement age, mortality and length of employment with the company, and are discounted at a rate determined by reference to yields on long-term high quality corporate bonds of a duration corresponding to the estimated average duration of the benefit plan concerned.

The actuarial gains and losses resulting from revisions of the underlying assumptions and experience-based adjustments are included in other components of comprehensive income.

The net expense for the year, corresponding to the current period service cost plus the past service cost where relevant, is charged to the operating income (operating margin in the information by operating segment). The interest expense on the net defined-benefit liability (asset) is recorded in the net financial income and expenses

2 - T. WORKFORCE ADJUSTMENT MEASURES

The estimated cost of workforce adjustment measures, which for accounting purposes is treated as an employee benefit, is covered by a provision over the estimated residual employment period of the employees concerned.

The cost of termination indemnities is recognized as soon as a detailed plan has either been announced or is in progress. The amount recorded is net of existing provisions for pensions.

2 - U. FINANCIAL ASSETS

The Group recognizes a financial asset when it becomes a party to the contractual provisions of a financial instrument.

Financial assets comprise investments in non-controlled companies in which Renault does not exercise significant influence, marketable securities, negotiable debt instruments, loans, and derivative assets related to financial transactions (note 2-X).

These instruments are presented as non-current assets, apart from those maturing within 12 months of the closing date, which are classified as current assets.

Investments in non-controlled companies in which Renault does not have significant influence

Investments in non-controlled companies in which Renault does not have significant influence are classified as equity instruments at fair value through profit and loss. The fair values of such financial assets are determined in priority by reference to the market price. If this is not possible, the Group uses a valuation method that is not based on market data.

In an exception to this rule, the Group has made an irrevocable option to present the Daimler shares at fair value other components of comprehensive income.

Marketable securities and negotiable debt instruments

Short-term investments in the form of marketable securities and negotiable debt instruments are undertaken for the management of cash surpluses, but do not meet the requirements to qualify as cash equivalents. These are debt instruments carried at fair value through other components of comprehensive income, except for shares in investment funds (UCITS) which are carried at fair value through profit and loss.

Impairment equivalent to expected credit losses is booked upon initial recognition of debt instruments carried at fair value through other components of comprehensive income.

Loans

Loans essentially include loans for investment of cash surpluses and loans to associates.

Loans are carried at amortized cost. Impairment equivalent to expected credit losses is recognized upon initial recognition of the financial asset, and when there is objective evidence of loss of value caused by an event arising after the initial recognition.

2 - V. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, current accounts and other demand deposits, with the exception of bank overdrafts, which are included in financial liabilities. These instruments are stated at amortized cost except for shares in investment funds (UCITS) which are carried at fair value through profit and loss.

Cash equivalents are investments held for the purpose of meeting short-term cash commitments. For an investment to qualify as a cash equivalent, it must be considered as liquid, be readily convertible for a known amount of cash and be subject to an insignificant risk of change in value.

Bank accounts subject to restrictions due to sector-specific regulations (for example, banking or insurance regulations) or bank accounts allocated to increasing credit on securitized receivables are included in cash and cash equivalents.

2 - W. FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENTS AND SALES FINANCING DEBTS

The Group recognizes a financial liability (for the Automotive segments) or a Sales Financing debt when it becomes a party to the contractual provisions of a financial instrument.

Financial liabilities and Sales Financing debts comprise redeemable shares, bonds, other debts represented by a certificate, borrowings from credit institutions, lease liabilities in application of IFRS 16 (notes 2-L), other interest-bearing borrowings and derivative liabilities related to financial transactions (note 2-X).

Redeemable shares are listed subordinated debt instruments that earn a variable return indexed on consolidated revenues. They are carried at amortized cost, determined by discounting forecast coupons using the effective interest rate on borrowings. The estimated effective interest rate takes account of indexation, and the amortized cost recorded in financial result is re-estimated when there is a significant change in future sales prospects, particularly when medium-term business plans are released.

Financial liabilities not concerned by specific hedge accounting methods (note 2-X) are generally recorded at amortized cost using the effective interest rate method. financial expense calculated in this way includes issuance expenses and issuance or redemption premiums, together with the impact of debt renegotiations when the old and new terms are not substantially different.

2 - X. DERIVATIVES AND HEDGE ACCOUNTING

Measurement and presentation

Derivatives are initially stated at fair value. This fair value is subsequently reviewed at each closing date.

- The fair value of forward exchange contracts and currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates).
- The fair value of interest rate derivatives is the amount the Group would receive (or pay) to settle outstanding contracts at the closing date, taking into account interest rates forward curves and the quality of the counterparty to each contract at the closing date. This fair value includes accrued interest.
- The fair value of commodity derivatives is based on market conditions.

The Automotive segments' derivatives are reported in the financial position as current if they mature within 12 months and non-current otherwise. All Sales Financing segment derivatives are reported in the financial position as current.

Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- fair value hedge;
- cash flow hedge;
- hedge of a net investment in a foreign operation.

The Group identifies the hedging instrument and the hedged item as soon as the hedge is set up, and documents the hedging relationship, stating the hedging strategy, the risk hedged and the method used to assess the hedge's effectiveness. The Sales Financing segment documents hedging relationships concerning one or more homogeneous items to cover its risks. This documentation is subsequently updated such that the effectiveness of the designated hedge can be demonstrated.

Hedge accounting uses specific measurement and recognition methods for each category of hedge.

- Fair value hedges: the hedged item is adjusted to fair value up to the risk hedged and the hedging instrument is recorded at fair value. As changes in these items are recorded in the income statement simultaneously, only the ineffective portion of the hedge has an impact on net income. It is recorded in the same income statement item as changes in the fair value of the hedged item and the hedging instrument.
- Cash flow hedges: no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged risk is recorded, net of taxes, in other components of comprehensive income, while the ineffective portion is included in net income. The cumulative amount included in shareholders' equity is transferred to the income statement when the hedged item has an impact on net income.
- Hedge of a net investment in a foreign operation: the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in other components of comprehensive income, while the ineffective portion is included in net income. The cumulative amount included in shareholders' equity is transferred to net income at the date of liquidation or sale of the investment. The interest rate component of borrowings in yen used to hedge the investment in Nissan is considered as the ineffective portion, and is therefore recorded directly in financial income and expenses.

Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are recognized directly in financial income, except in the case of derivatives entered into exclusively for reasons closely related to business operations. In this case, changes in the fair value of derivatives are included in the operating income (operating margin in the information by operating segment).

NOTE 3 - CHANGES IN THE SCOPE OF CONSOLIDATION

| | Automotive (excluding AVTOVAZ) | AVTOVAZ | Sales Financing | Mobility services | Total |
|---|--------------------------------------|-----------|--------------------|----------------------|------------|
| Number of companies consolidated at December 31, 2019 | 128 | 53 | 42 | - | 223 |
| Newly consolidated companies (acquisitions, formations, etc.) | 2 | - | 0 | 6 | 8 |
| Deconsolidated companies (disposals, mergers, liquidations, etc.) | 4 | 2 | 0 | - | 6 |
| Number of companies consolidated at December 31, 2020 | 126 | 51 | 42 | 6 | 225 |

The principal changes and significant events concerning the scope of consolidation in 2020 were the following.

3 - A. AUTOMOTIVE (EXCLUDING AVTOVAZ) SEGMENT

- In January 2020, the Group sold its 35.11% investment in Les Éditions Croque Futur (magazine titles) for the price of €5 million. This company was previously accounted for by the equity method in the consolidated financial statements.
- On April 14, 2020, the Renault Group announced its new business strategy in China. For petrol and diesel passenger cars, Renault SA signed an agreement in April 2020 for the sale of its 50% share in the Chinese joint venture DRAC, discontinuation of production of Renault brand petrol and diesel cars, and the takeover of after-sales service for Renault vehicles sold by DRAC, which is accounted for by the equity method until March 31, 2020. The shares were transferred to Dongfeng Motor Group Company Ltd in August 2020. The costs associated with this agreement are classified as "other operating income and expenses".
- The Group completed negotiations with its Chinese partner and proceeded to a capital increase for JMEV Jiangxi Jiangling Group Electric Vehicle Co. Ltd which has been under the exclusive control of Renault since July 2019. This capital increase totalled RMB 380 million, or €48 million, equal to a 50% share in JMEV. The three-month time lag for inclusion of JMEV's financial statements ended in 2020. Determination of the fair value of the assets acquired and liabilities transferred has been finalized in the financial statements at December 31, 2020.

3 - B. AVTOVAZ

- There was no change during 2020 or 2019 in Renault's percentage ownership of Alliance Rostec Auto b.v. The value of the non-controlling interest at December 31, 2020 is €9 million (€83 million at December 31, 2019).
- The purchase price allocation related to the takeover in December 2019 of GM-AVTO, now renamed Lada Zapad, was finalized during the first half-year of 2020 and the goodwill was consequently adjusted. It now amounts to €10 million (RUB 886 million) versus €19 million (RUB 1,298 million) at December 31, 2019.

4.2.6.3 Consolidated income statement

NOTE 4 - REVENUES

4 - A. BREAKDOWN OF REVENUES

| (€ million) | 2020 | 2019 |
|--|---------------|---------------|
| Sales of goods - Automotive segments | 34,724 | 43,901 |
| Sales to partners of the Automotive segments ⁽¹⁾ | 3,651 | 6,203 |
| Rental income on leased assets ⁽²⁾ | 660 | 630 |
| Sales of other services | 1,283 | 1,398 |
| Sales of services - Automotive segments | 1,943 | 2,028 |
| Sales of goods - Sales Financing segment | 38 | 36 |
| Rental income on leased assets ⁽²⁾ | 108 | 116 |
| Interest income on Sales Financing receivables | 1,982 | 2,210 |
| Sales of other services ⁽³⁾ | 1,010 | 1,043 |
| Sales of services - Sales Financing segment | 3,100 | 3,369 |
| Sales of services - Mobility Services segment | 19 | - |
| TOTAL REVENUES | 43,474 | 55,537 |

(1) Most partners are automakers. The Automotive segments' main partners are Nissan and Daimler. Sales to partners include sales of parts, components, and vehicles to be sold under the partners' own brands, and other services such as engineering developments.

(2) Rental income recorded by the Group on vehicle sales with a buy-back commitment or fixed asset rentals.

(3) Mainly income on services comprising insurance, maintenance, and replacement vehicles under a financing contract or otherwise.

4 - B. 2019 REVENUES APPLYING 2020 SCOPE AND METHODS

| (€ million) | Automotive (excluding AVTOVAZ) | AVTOVAZ | Sales Financing | Mobility services | Total |
|--|--------------------------------------|--------------|--------------------|-------------------|---------------|
| 2019 revenues | 49,002 | 3,130 | 3,405 | - | 55,537 |
| Changes in scope of consolidation | 33 | 55 | - | 19 | 107 |
| 2019 revenues applying 2020 scope and methods | 49,035 | 3,185 | 3,405 | 19 | 55,644 |
| 2020 revenues | 37,736 | 2,581 | 3,138 | 19 | 43,474 |

NOTE 5 - OTHER INCOME AND EXPENSES INCLUDED IN THE OPERATING MARGIN, BY NATURE

5 - A. PERSONNEL EXPENSES

Personnel expenses amount to €6,157 million in 2020 (€6,706 million in 2019).

The average workforce during the year for consolidated entities is presented in section 2.4- Human Capital of the 2020 Universal Registration Document.

Details of pensions and other long-term employee benefit expenses are presented in note 19.

Share-based payments concern stock options, performance shares and other share-based payments granted to personnel, and amounted to a personnel expense of €46 million for 2020 (€89 million in 2019).

The plan valuation method is presented in note 18-G.

5 - B. FOREIGN EXCHANGE GAINS/LOSSES

In 2020, the operating income includes a net foreign exchange expenses of €125 million, mainly related to movements in the Argentinian peso, Brazilian real and the Turkish lira (compared to a net foreign exchange gain of €42 million in 2019 mainly related to movements in the Turkish lira).

5 - C. LEASE PAYMENTS

At December 31, 2020, lease payments in the statement of financial position that are not restated under IFRS 16 because they relate to non-material or short-term leases:

| (€ million) | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Lease payments for short-term leases | (15) | (33) |
| Lease payments for leases of low-value assets | (25) | (31) |
| Other lease payments including variable lease payments | (51) | (48) |

NOTE 6 - OTHER OPERATING INCOME AND EXPENSES

| (€ million) | 2020 | 2019 |
|--|----------------|--------------|
| Restructuring and workforce adjustment costs | (600) | (236) |
| Gains and losses on total or partial disposal of businesses or operating entities, and other gains and losses related to changes in the scope of consolidation | (183) | (5) |
| Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales) | 96 | (10) |
| Impairment of property, plant and equipment, intangible assets and goodwill (excluding goodwill of associates and joint ventures) | (762) | (229) |
| Other unusual items | (213) | (77) |
| Total | (1,662) | (557) |

As stated in note 2-B, expenses and income recognized for 2020 that are identified as resulting wholly or partly from the Covid-19 pandemic are not considered as "Other operating income and expenses", except for expenses which due to their nature are always included in that category, such as impairment of tangible and intangible assets.

6 - A. RESTRUCTURING AND WORKFORCE ADJUSTMENT COSTS

From 2020, restructuring costs include the costs of planned programs that significantly modify an entity's scope of activity and/or the way the activity is managed, as stated in the introduction in section 4.2.6.1.

Restructuring and workforce adjustment costs mainly concern the Europe region in 2020 and 2019.

In 2020, these costs include €(115) million for a work exemption plan in France which eligible employees could join between April 1, 2020 and January 1, 2021.

On May 29, 2020 the Group announced a proposed plan to reduce fixed costs by more than €2 billion over 3 years, including a workforce reduction by 4,600 employees in France and 10,000 employees worldwide.

The proposal was confirmed by the signature in France of an agreement with Renault's social partners on November 20, 2020 to transform technical and service skills in preparation for future developments in the automobile world. This agreement lays down the conditions for a new outplacement policy, and includes a new voluntary work-exemption plan in 2021, which eligible personnel can join between February 1 and December 1, 2021, and a Collective Contractual Separation plan for a maximum 1,900 employee departures. Restructuring provisions were recorded at December 31, 2020 of €(70) million for the new voluntary work-exemption plan, and €(197) million for the Collective Contractual Separation plan.

Restructuring costs and provisions for the rest of the world at December 31, 2020 include restructuring costs of €(218) million. The principal countries concerned are Argentina (restructuring costs of €(37) million), Spain (restructuring costs of €(26) million), Romania (restructuring costs of €(21) million), AVTOVAZ (restructuring costs of €(21) million), Morocco (restructuring costs of €(17) million), and Brazil (restructuring costs of €(15) million).

A restructuring plan was announced in South Korea on January 20, 2021. This plan will be recognized in the 2021 financial statements, in accordance with the IAS 37 rules for restructuring provisions.

In 2019, restructuring costs mainly included €(89) million of complementary expenses following revision of the assumptions to reflect the higher than anticipated numbers signing up to the French career-end work exemption plan set out in the initial agreement named "Renault France CAP 2020 – Contrat d'Activité pour une Performance durable" (activity contract for sustainable performance), signed on January 13, 2017 and amended on April 16, 2018.

6 - B. GAINS AND LOSSES ON DISPOSAL OF BUSINESSES OR OPERATING ENTITIES

In 2020, costs associated with the sale of Renault's share in the joint venture DRAC and the takeover of the after-sales activity were recognized in the total amount of €(172) million.

6 - C. IMPAIRMENT OF FIXED ASSETS AND GOODWILL (EXCLUDING GOODWILL OF ASSOCIATES AND JOINT VENTURES)

Impairment net of reversals amounts to €(762) million at December 31, 2020 (€(229) million in 2019). The new impairment was principally recorded as a result of impairment tests on petrol and diesel engine vehicles given the lower sales volumes in 2020, the downward revision of business prospects in view of the Covid-19 pandemic, and the assumptions used in the medium-term plan for the period 2021-2025 presented in January 2021.

No reversal of impairment was recorded in 2020 (€10 million of reversals were recognized in 2019).

In 2020, impairment concerns intangible assets (net increase of €(565) million, compared to €(201) million in 2019) and property, plant and equipment (net increase of €(197) million, compared to €(28) million in 2019 (notes 10 and 11)).

6 - D. OTHER UNUSUAL ITEMS

Impairment tests on certain vehicles led to recognition of unusual expenses corresponding to advance and future payments to partners and suppliers in connection with those vehicles, amounting to €(75) million in 2020 and €(78) million in 2019.

Business activity in Algeria was halted in early 2020 following government decisions, notably concerning authorizations to import parts necessary for production, and it is not possible to determine when this activity might resume. Certain assets (receivables,

inventories, etc) associated with the business have consequently been fully written off for a total amount of €99 million in 2020. Moreover, production in Algeria is carried out by Renault Algérie Production, an entity accounted for by the equity method (see note 13-C).

NOTE 7 - FINANCIAL INCOME (EXPENSES)

| (€ million) | 2020 | 2019 |
|---|--------------|--------------|
| Cost of gross financial indebtedness | (355) | (386) |
| Income on cash and financial assets | 18 | 75 |
| COST OF NET FINANCIAL INDEBTEDNESS | (337) | (311) |
| Dividends received from companies that are neither controlled nor under significant influence | 16 | 59 |
| Foreign exchange gains and losses on financial operations | 41 | 30 |
| Gain/Loss on exposure to hyperinflation | (40) | (34) |
| Net interest expenses on the defined-benefit liabilities and assets corresponding to pension and other long-term employee benefit obligations | (16) | (28) |
| Other ⁽¹⁾ | (146) | (158) |
| OTHER FINANCIAL INCOME AND EXPENSES | (145) | (131) |
| FINANCIAL INCOME (EXPENSE) | (482) | (442) |

(1) Other items mainly comprise expenses on assignment of receivables, changes in fair value (the investments in FAA and Partech Growth), bank commissions, discounts and late payment interest.
At December 31, 2020, other items also include the effects of adjustment to amortized cost of the State-guaranteed credit facility (€69 million) and redeemable shares (€+41 million) (note 23 C).

The net cash position (or net financial indebtedness) of the Automotive segments is presented in the information by operating segment (see section 4.2.6.1 – A4).

NOTE 8 - CURRENT AND DEFERRED TAXES

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this is the regime applicable to the Group in which Renault SA is taxed in France.

The Renault Group also applies other optional tax consolidation systems in Germany, Italy, Spain, Romania and the UK.

8 - A. CURRENT AND DEFERRED TAXES

| (€ million) | 2020 | 2019 |
|-----------------------------------|--------------|----------------|
| Current income taxes | (306) | (626) |
| Deferred tax income (charge) | (114) | (828) |
| CURRENT AND DEFERRED TAXES | (420) | (1,454) |

The current income tax charge for entities included in the French tax consolidation group amount to €(43) million in 2020 (€(117) million in 2019). The decrease in the current income tax charge between 2019 and 2020 is due to the decrease in the business tax Cotisation sur la valeur ajoutée des entreprises (CVAE) given that the taxable income is negative.

In 2020, €(263) million of the current income tax charge comes from foreign entities including AVTOVAZ (€(509) million in 2019). This charge decreased in 2020, largely due to the lower taxable income in certain subsidiaries.

An analysis of the recoverability of deferred taxes linked to the AVTOVAZ tax-loss carry-forwards was conducted in the context of the Covid-19 pandemic. Because of the significant deterioration in the outlook for the Russian market, these assets are no longer recognized. This has generated an additional deferred tax expense of €(248) million (RUB (20 510) million) in 2020.

The deferred tax charge for 2019 reflected the fact that recognition of deferred tax assets on tax loss carryforwards under the French tax consolidation system had been discontinued (with an effect of €(753) million), mainly as there were no prospects of taxable income for the tax consolidation group on the horizon of the Drive the Future plan.

8 - B. BREAKDOWN OF THE TAX CHARGE

| (€ million) | 2020 | 2019 |
|--|----------------|----------------|
| Income before taxes and share in net income of associates and joint ventures | (2,481) | 1,663 |
| Statutory income tax rate in France | 32,02% | 34,43% |
| Theoretical tax income (charge) | 795 | (573) |
| Effect of differences between local tax rates and the French rate ⁽¹⁾ | 72 | 194 |
| Tax credits | 12 | 78 |
| Distribution taxes | 39 | (56) |
| Change in unrecognized deferred tax assets ⁽²⁾ | (721) | (1,012) |
| Other impacts ⁽³⁾ | (571) | 8 |
| Current and deferred tax income (charge) excluding taxes based on interim taxable profits | (374) | (1,361) |
| Taxes based on interim taxable profits ⁽⁴⁾ | (46) | (93) |
| Current and deferred tax income (charge) | (420) | (1,454) |

(1) The main contributors to the tax rate differential are Romania, United Kingdom, Russia, Switzerland and Turkey.

(2) The deferred tax charge for 2020 includes the effect of discontinued recognition of deferred tax assets on AVTOVAZ tax loss carryforwards, and 2019 includes the effect of discontinued recognition of deferred tax assets on tax loss carryforwards related to entities included in the French tax consolidation group (see note 8-A).

(3) In 2020, other impacts mainly the effects on deferred taxes of the lower income tax rates applicable to entities in the French tax consolidation group.

(4) The Group's main taxes based on taxable profits are the CVAE in France and the IRAP in Italy.

French tax consolidation group

For the French tax consolidation group, the current tax charge amounts to €(43) million, principally consisting of the business tax Cotisation sur la valeur ajoutée des entreprises (CVAE), and the deferred tax gain amounts to €176 million, principally due to the lower deferred tax liabilities on capitalized development expenses following a decrease in the base and the tax rate for future years.

Entities not in the French tax consolidation group

The tax charge for non-French entities principally reflects the discontinuation of the recognition of deferred tax assets on tax losses.

Excluding AVTOVAZ, the effective tax rate for these entities was 35% in 2020 (22% for 2019). The increase between 2019 and 2020 in the effective tax rate is mainly explained by the deficits reported in certain subsidiaries, particularly in Brazil and India, without recognition of deferred tax assets on the taxable losses generated in 2020.

8 - C. CHANGES IN CURRENT TAX LIABILITIES, CURRENT TAX RECEIVABLES AND PROVISIONS FOR UNCERTAIN TAX LIABILITIES

| (€ million) | December 31, 2019 | Current taxes in the income statement | Net taxes paid | Translation adjustment and other | December 31, 2020 |
|---|-------------------|---------------------------------------|----------------|----------------------------------|-------------------|
| Current taxes excluding uncertain tax positions | | (305) | 305 | | |
| Provisions for uncertain tax liabilities – short-term | (8) | - | 1 | 1 | (6) |
| Provisions for uncertain tax liabilities – long-term | (187) | (1) | - | 9 | (179) |
| Tax receivables – short-term | 86 | | 79 | (12) | 153 |
| Tax receivables – long-term | 21 | | - | (3) | 18 |
| Current tax liabilities – short-term | (225) | | (10) | 14 | (221) |
| Current tax liabilities – long-term | - | | - | - | - |
| TOTAL | (313) | (306) | 375 | 9 | (235) |

8 - D. BREAKDOWN OF NET DEFERRED TAXES

D1 - Change in deferred tax assets and liabilities

| (€ million) | December 31, 2019 | Income statement | Other components of comprehensive income | Translation adjustments | Other | December 31, 2020 |
|---------------------------------------|-------------------|------------------|--|-------------------------|------------|-------------------|
| Deferred tax assets | 1,016 | (209) | (68) | (92) | 4 | 651 |
| Deferred tax liabilities | (1,044) | 95 | 1 | 35 | (9) | (922) |
| Net deferred taxes | (28) | (114) | (67) | (57) | (5) | (271) |
| <i>French tax consolidation group</i> | (822) | 176 | (74) | 19 | - | (701) |
| AVTOVAZ | 301 | (267) | - | (43) | (3) | (12) |
| <i>Other</i> | 493 | (23) | 7 | (33) | (2) | 442 |

D2 - Breakdown of net deferred tax assets by nature

| (€ million) | 2020 | 2019 |
|---|--------------|--------------|
| Deferred taxes on: | | |
| Investments in associates and joint ventures excluding AVTOVAZ ⁽¹⁾ | (109) | (193) |
| Fixed assets excluding AVTOVAZ | (2,127) | (2,350) |
| Provisions and other expenses or valuation allowances deductible upon utilization excluding AVTOVAZ | 798 | 815 |
| Loss carryforwards excluding AVTOVAZ ⁽²⁾ | 5,080 | 4,871 |
| Other items excluding AVTOVAZ | 605 | 783 |
| NET DEFERRED TAX ASSETS (LIABILITIES) EXCLUDING AVTOVAZ | 4,247 | 3,926 |
| Fixed assets of AVTOVAZ | (18) | (23) |
| Provisions and other expenses or valuation allowances deductible upon utilization of AVTOVAZ | 54 | 56 |
| Loss carryforwards of AVTOVAZ | 252 | 327 |
| Non-interest bearing financial liabilities in roubles of AVTOVAZ | (33) | (43) |
| Other items of AVTOVAZ | (15) | 19 |
| NET DEFERRED TAX ASSETS (LIABILITIES) OF AVTOVAZ | 240 | 336 |
| Unrecognized deferred tax assets related to tax losses (note 8-D3) | (4,596) | (4,023) |
| Other unrecognized deferred tax assets | (162) | (267) |
| NET DEFERRED TAX ASSETS (LIABILITIES) REPORTED | (271) | (28) |

(1) Including tax on future dividend distributions.

(2) Including €4,546 million for the French tax consolidation group entities and €534 million for other entities at December 31, 2020 (€4,286 million and €585 million respectively at December 31, 2019).

The residual unrecognized deferred tax assets of entities included in the French tax consolidation group amounted to €3,845 million (€3,442 million at December 31, 2019). They comprise tax losses that can be carried forward indefinitely to set against future taxable income up to a limit of 50% of that income. €372 millions of these unrecognized assets were generated by items booked through shareholders' equity (effects of the partial hedge of the investment in Nissan), and €3,473 million were generated by items affecting the income statement (respectively €393 million and €3,049 million at December 31, 2019).

For entities not in the French tax consolidation group, unrecognized deferred tax assets totalled €913 million at December 31, 2020 (€848 million at December 31, 2019), including €252 million for AVTOVAZ (€34 million at December 31, 2019) and

€661 million for the Group excluding AVTOVAZ (€814 million at December 31, 2019) and principally comprise tax loss carryforwards generated by the Group in Brazil, India, and to a lesser extent in Argentina.

D3 - Breakdown of deferred taxes on tax losses by expiry date

Unrecognized loss carryforwards represent a potential tax saving of €4,596 million at December 31, 2020.

| (€ million) | December 31, 2020 | | | December 31, 2019 | | |
|--|-------------------|----------------|--------------|-------------------|----------------|--------------|
| | Recognized | Not recognized | Total | Recognized | Not recognized | Total |
| Deferred taxes on: | | | | | | |
| Tax losses that can be carried forward indefinitely ⁽¹⁾ | 724 | 4,196 | 4,920 | 879 | 3,848 | 4,727 |
| Tax losses expiring in more than 5 years | 3 | 78 | 81 | - | 29 | 29 |
| Tax losses expiring in between 1 and 5 years | 7 | 67 | 74 | 3 | 104 | 107 |
| Tax losses expiring within 1 year | 2 | 3 | 5 | - | 8 | 8 |
| TOTAL DEFERRED TAXES ON TAX LOSSES (EXCLUDING AVTOVAZ) | 736 | 4,344 | 5,080 | 882 | 3,989 | 4,871 |
| TOTAL DEFERRED TAXES ON TAX LOSSES OF AVTOVAZ | - | 252 | 252 | 293 | 34 | 327 |
| TOTAL DEFERRED TAXES ON TAX LOSSES OF THE GROUP | 736 | 4,596 | 5,332 | 1,175 | 4,023 | 5,198 |

(1) Including recognized and unrecognized deferred taxes corresponding to tax loss carryforwards of entities included in the French tax consolidation group calculated at the income tax rate of 28.14%, which amount to €701 million and €3,845 million respectively at December 31, 2020 and €842 million and €3,442 million respectively at December 31, 2019 (note 8-D2).

NOTE 9 - BASIC AND DILUTED EARNINGS PER SHARE

| <i>(in thousands of shares)</i> | 2020 | 2019 |
|--|----------------|----------------|
| Shares in circulation | 295,722 | 295,722 |
| Treasury shares | (4,990) | (4,700) |
| Shares held by Nissan x Renault's share in Nissan | (19,383) | (19,383) |
| Number of shares used to calculate basic earnings per share | 271,349 | 271,639 |

The number of shares used to calculate the basic earnings per share is the weighted average number of ordinary shares in circulation during the period, i.e. after neutralization of treasury shares and Renault shares held by Nissan.

| <i>(in thousands of shares)</i> | 2020 | 2019 |
|---|----------------|----------------|
| Number of shares used to calculate basic earnings per share | 271,349 | 271,639 |
| Dilutive effect of stock options, performance share rights and other share-based payments | - | - |
| Number of shares used to calculate diluted earnings per share | 271,349 | 271,639 |

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period, i.e. the number of shares used to calculate the basic earnings per share plus the number of stock options and rights to performance shares awarded under the relevant plans, that have a dilutive effect and fulfil the performance conditions at the reporting date when issuance is conditional (note 18-G).

4.2.6.4 Operating assets and liabilities, shareholders' equity

NOTE 10 - INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

10 - A. INTANGIBLE ASSETS AND GOODWILL

A1 - Changes in intangible assets and goodwill

Changes in 2020 in intangible assets were as follows:

| (€ million) | December 31, 2019 | Acquisitions / (amortization and impairment) | (Disposals) / reversals | Translation adjustment | Change in scope of consolidation and other | December 31, 2020 |
|------------------------------------|-------------------|--|-------------------------|------------------------|--|-------------------|
| Capitalized development expenses | 11,613 | 1,390 | (1) | (56) | 30 | 12,976 |
| Goodwill | 1,151 | - | (5) | (221) | 21 | 946 |
| Other intangible assets | 1,160 | 110 | (17) | (56) | 33 | 1,230 |
| Intangible assets, gross | 13,924 | 1,500 | (23) | (333) | 84 | 15,152 |
| Capitalized development expenses | (6,134) | (1,742) | 1 | 17 | (3) | (7,861) |
| Goodwill | (24) | - | - | - | (6) | (30) |
| Other intangible assets | (817) | (138) | 22 | 18 | 1 | (914) |
| Amortization and impairment | (6,975) | (1,880) | 23 | 35 | (8) | (8,805) |
| Capitalized development expenses | 5,479 | (352) | - | (39) | 27 | 5,115 |
| Goodwill | 1,127 | - | (5) | (221) | 15 | 916 |
| Other intangible assets | 343 | (28) | 5 | (38) | 34 | 316 |
| INTANGIBLE ASSETS, NET | 6,949 | (380) | - | (298) | 76 | 6,347 |

Most goodwill is located in Europe and Eurasia.

Acquisitions of intangible assets in 2020 comprise €1,390 million of self-produced assets and €110 million of purchased assets (respectively €1,985 million and €101 million in 2019).

In 2020, amortization and impairment of intangible assets include €565 million of impairment concerning vehicles (including components), compared to €206 million of impairment in 2019 (note 6-C).

Changes in 2019 in intangible assets were as follows:

| (€ million) | Gross value | Amortization and impairment | Net value |
|---|---------------|-----------------------------|--------------|
| Value at December 31, 2018 | 11,711 | (5,798) | 5,913 |
| Acquisitions / (amortization and impairment) ⁽¹⁾ | 2,086 | (1,256) | 830 |
| (Disposals) / reversals | (83) | 83 | - |
| Translation adjustment | 149 | (4) | 145 |
| Change in scope of consolidation and other | 61 | - | 61 |
| Value at December 31, 2019 | 13,924 | (6,975) | 6,949 |

(1) Including impairment of €(206) million concerning intangible assets.

A2 - Research and development expenses included in income

| (€ million) | 2020 | 2019 |
|--|----------------|----------------|
| Research and development expenses | (2,749) | (3,697) |
| Capitalized development expenses | 1,390 | 1,985 |
| Amortization of capitalized development expenses | (1,210) | (946) |
| TOTAL INCLUDED IN INCOME | (2,569) | (2,658) |

Research and development expenses are reported net of research tax credits for the vehicle development activity.

The decrease in research and development expenses over 2020 is explained by the end of an initial cycle of upgrades to the product range, the lower level of business, and actions to reduce fixed costs, which focused particularly on subcontracting and purchases of prototypes.

This decrease was accentuated by the Covid-19 pandemic, although it did not significantly affect the level of capitalized development expenses under the rules set out in IAS 38. The lower level of capitalized development expenses is notably attributable to deferral of certain technical milestones from which development expenses are capitalized.

Amortization was substantially higher in 2020 than 2019, due to the higher level of capitalized development expenses in 2018 and particularly in 2019.

10 - B. PROPERTY, PLANT AND EQUIPMENT

Changes in 2020 in property, plant and equipment were as follows:

| (€ million) | December 31, 2019 | Acquisitions / (depreciation and impairment) | (Disposals) / reversals | Translation adjustment | Change in scope of consolidation and other | December 31, 2020 |
|---|-------------------|--|-------------------------|------------------------|--|-------------------|
| Land | 654 | 6 | (22) | (14) | - | 624 |
| Buildings | 6,851 | 137 | (135) | (225) | 89 | 6,717 |
| Specific tools | 17,986 | 907 | (468) | (465) | 167 | 18,127 |
| Machinery and other tools | 13,628 | 717 | (258) | (432) | 162 | 13,817 |
| Fixed assets leased to customers | 4,528 | 1,951 | (1,178) | (12) | - | 5,289 |
| Other tangibles | 978 | 32 | (33) | (32) | 8 | 953 |
| Right-of-use assets | 870 | 108 | (13) | (27) | (73) | 865 |
| - Land | 14 | - | - | (2) | - | 12 |
| - Buildings | 809 | 106 | (12) | (23) | (64) | 816 |
| - Other assets | 47 | 2 | (1) | (2) | (9) | 37 |
| Construction in progress ⁽¹⁾ | 2,503 | 709 | - | (75) | (210) | 2,927 |
| Gross value | 47,998 | 4,567 | (2,107) | (1,282) | 143 | 49,319 |
| Land | | | | | | |
| Buildings | (4,464) | (280) | 83 | 91 | (37) | (4,607) |
| Specific tools | (15,069) | (1,085) | 464 | 330 | (53) | (15,413) |
| Machinery and other tools | (9,547) | (753) | 232 | 233 | (2) | (9,837) |
| Fixed assets leased to customers | (968) | (533) | 298 | 3 | 1 | (1,199) |
| Other tangibles | (914) | (79) | 33 | 73 | 1 | (886) |
| Right-of-use assets | (136) | (139) | 2 | 6 | 26 | (241) |
| - Land | (1) | - | - | - | (1) | (2) |
| - Buildings | (118) | (126) | 2 | 4 | 21 | (217) |
| - Other assets | (17) | (13) | - | 2 | 6 | (22) |
| Construction in progress | - | - | (1) | - | - | (1) |
| Depreciation and impairment ⁽²⁾ | (31,098) | (2,869) | 1,111 | 736 | (64) | (32,184) |
| Land | 654 | 6 | (22) | (14) | - | 624 |
| Buildings | 2,387 | (143) | (52) | (134) | 52 | 2,110 |
| Specific tools | 2,917 | (178) | (4) | (135) | 114 | 2,714 |
| Machinery and other tools | 4,081 | (36) | (26) | (199) | 160 | 3,980 |
| Fixed assets leased to customers | 3,560 | 1,418 | (880) | (9) | 1 | 4,090 |
| Other tangible | 64 | (47) | - | 41 | 9 | 67 |
| Right-of-use assets | 734 | (31) | (11) | (21) | (47) | 624 |
| - Land | 13 | - | - | (2) | (1) | 10 |
| - Buildings | 691 | (20) | (10) | (19) | (43) | 599 |
| - Other assets | 30 | (11) | (1) | - | (3) | 15 |
| Construction in progress ⁽¹⁾ | 2,503 | 709 | (1) | (75) | (210) | 2,926 |
| NET VALUE | 16,900 | 1,698 | (996) | (546) | 79 | 17,135 |

(1) Items classified as "construction in progress" are transferred to completed asset categories via "acquisitions / (depreciation and impairment)".

(2) Depreciation and impairment in 2019 include impairment of €197 million, mainly concerning vehicles (including components) (see note 6-C).

Changes in property, plant and equipment in 2019 were as follows:

| <i>(€ million)</i> | Gross value | Depreciation and impairment | Net value |
|---|--------------------|------------------------------------|------------------|
| Value at December 31, 2018 | 43,582 | (29,278) | 14,304 |
| Acquisitions / (depreciation and impairment) ⁽¹⁾ | 4,904 | (2,549) | 2,355 |
| (Disposals) / reversals | (1,572) | 836 | (736) |
| Translation adjustments | (21) | 110 | 89 |
| Change in scope of consolidation and other | 1,105 | (217) | 888 |
| Value at December 31, 2019 | 47,998 | (31,098) | 16,900 |

(1) Including €(33) million of impairment on property, plant and equipment.

NOTE 11 - IMPAIRMENT TESTS ON FIXED ASSETS

The Group carried out impairment tests on its fixed assets under the approach described in the section on accounting policies (note 2-M).

11 - A. IMPAIRMENT TESTS ON VEHICLE-SPECIFIC ASSETS (INCLUDING COMPONENTS) AND THE ASSETS OF CERTAIN ENTITIES

Following impairment tests of specific assets dedicated to vehicles (including components) and assets belonging to certain entities, impairment of €762 million was booked during 2020, comprising €565 million for intangible assets and €197 million for property, plant and equipment (impairment in 2019 amounted to €239 million, comprising €206 million for intangible assets and €33 million for property, plant and equipment). This impairment was allocated in priority to capitalized development expenses. It mainly concerns petrol and diesel engine vehicles (including components) given the lower sales volumes in 2020, the downward revision of business prospects in view of the Covid-19 pandemic, and the assumptions used in the medium-term plan for the period 2021-2025 presented in January 2021. In 2019, impairment principally concerned vehicles made for the Chinese market, following a decline in sales volumes and the downward revision of Renault's prospects for those assets.

11 - B. IMPAIRMENT TESTS OF COUNTRY-SPECIFIC ASSETS OR CASH-GENERATING UNITS OF THE AUTOMOTIVE (EXCLUDING AVTOVAZ) SEGMENT

Automotive (excluding AVTOVAZ) segment

The recoverable value used for the purpose of impairment tests for the Automotive (excluding AVTOVAZ) segment is the value in use, determined under the discounted future cash flow method on the basis of the following assumptions:

| | 31 décembre 2020 | 31 décembre 2019 |
|-------------------------|------------------|------------------|
| Growth rate to infinity | 1,2 % | 1,7 % |
| After-tax discount rate | 9,2 % | 8,5 % |

The assumptions used for impairment testing at December 31, 2020 are derived from the medium-term plan for the period 2021-2025 presented in January 2021. They include volume assumptions based on unfavourable market trends, mostly caused by the Covid-19 pandemic, with the return to pre-pandemic volume levels expected in 2024-2025 for the European market, and 2021 for the other regions of the world where the Group has operations.

The growth rate to infinity used in the tests at December 31, 2020 includes the impacts of commitments made by the States that are signatories to the Paris Agreement on climate change.

In 2019, no impairment was recognized on assets of the Automotive (excluding AVTOVAZ) segment as a result of the impairment test, and it was considered that a reasonably possible change in the main assumptions used should not result in a recoverable value lower than the book value of the assets tested.

At December 31, 2020, no reasonably possible change in the main assumptions used should result in a recoverable value lower than the book value of the assets tested. The recoverable value of the assets tested would remain higher than the book value in the event of the following changes in those assumptions:

- A growth rate to infinity of 0%.
- An after-tax discount rate of 10%.

11 - C. IMPAIRMENT TESTS ON THE AVTOVAZ CASH-GENERATING UNIT AND THE LADA BRAND

Impairment tests of the AVTOVAZ cash-generating unit

AVTOVAZ was delisted from the Moscow stock exchange in May 2019, and consequently reference is no longer made to its market capitalization to assess the recoverable value of its net assets, including goodwill which amounts to €678 million (RUB 62,000) at December 31, 2020

In application of the approach presented in the note on accounting policies (note 2-M to the consolidated financial statements for 2019), an impairment test was conducted at June 30, 2020 but no impairment was recognized at that date as a result. A further test was conducted at December 31, 2020 due to the decline of the Russian market. The annual impairment test will now be conducted at 31 December every year.

For the impairment test of the AVTOVAZ cash-generating unit, the value in use was calculated using an after-tax discount rate of 14.7%, an assumption that volumes would return to their pre-pandemic levels in 2022, and a growth rate to infinity (including the effect of inflation) of 3.2%.

The test results did not lead to recognition of any impairment at December 31, 2020. A decrease of more than 32.3% in the profitability assumptions underlying the terminal value would lead to recognition of impairment on goodwill, which has a book value of €678 million at December 31, 2020.

Impairment tests of the Lada brand

For the purpose of allocation of the purchase price of AVTOVAZ, the Lada brand was recognized at its fair value at the date control was acquired (in late 2016), i.e. 9,248 million Russian roubles (€101 million at the exchange rate of December 31, 2020). Since this brand is an intangible asset with an indefinite useful life, an impairment test was carried out at December 31, 2020 based on a discount rate of 14.7% and a growth rate to infinity of 3.2%. No impairment was booked in 2020, as the recoverable value was higher than the book value.

A reasonably possible change in the key assumptions used should not result in a recoverable value that is below the book value.

The annual impairment test will now be conducted at December 31 every year.

NOTE 12 - INVESTMENT IN NISSAN

Renault's investment in Nissan in the income statement and financial position:

| (€ million) | 2020 | 2019 |
|---|---------|--------|
| Consolidated income statement | | |
| Share in net income (loss) of associates accounted for by the equity method | (4,970) | 242 |
| Consolidated financial position | | |
| Investments in associates accounted for by the equity method | 14,618 | 20,622 |

12 - A. NISSAN CONSOLIDATION METHOD

Renault and the Japanese automaker Nissan have developed an alliance between two distinct companies with common interests, uniting forces to achieve optimum performance. The Alliance is organized so as to preserve individual brand identities and respect each company's corporate culture.

Consequently:

- Renault is not assured of holding the majority of voting rights in Nissan's Shareholders' Meeting.
- The terms of the Renault-Nissan agreements do not entitle Renault to appoint the majority of Nissan directors, nor to hold the majority of voting rights at meetings of Nissan's Board of Directors; Renault cannot unilaterally appoint the President of Nissan.
- In March 2019, Renault, Nissan and Mitsubishi announced the creation of the new Alliance Board, a supervisory body to oversee Alliance operations and governance involving Renault, Nissan and Mitsubishi. This Board has four members: The Chairman of the Board of Renault, the Chief Executive Officer of Renault, the Chief Executive Officer of Nissan and the Chief Executive Officer of Mitsubishi Motors. Decisions are taken by consensus. In November 2019, the Board added the post of Alliance General Secretary, who reports to the Alliance Board and the CEOs of the three alliance companies.
- At December 31, 2020, the Renault Group occupied two seats on Nissan's Board of Directors and was represented by Jean-Dominique Senard, Chairman of the Renault Board and Pierre Fleuriot, Lead Director in the Renault Group.
- Renault can neither use nor influence the use of Nissan's assets in the same way as its own assets.
- Renault provides no guarantees in respect of Nissan's debt.

In view of this situation, Renault is considered to exercise significant influence over Nissan, and therefore uses the equity method to include its investment in Nissan in the consolidation.

12 - B. NISSAN CONSOLIDATED FINANCIAL STATEMENTS INCLUDED UNDER THE EQUITY METHOD IN THE RENAULT CONSOLIDATION

The Nissan accounts included under the equity method in Renault's financial statements are Nissan's consolidated accounts published in compliance with Japanese accounting standards (as Nissan is listed on the Tokyo Stock Exchange), after adjustments for the requirements of the Renault consolidation.

Nissan publishes consolidated financial statements quarterly, and annually at March 31. For the purposes of the Renault consolidation, Nissan results are included in line with the Renault calendar (the results for the period January to December are consolidated in Renault's annual financial statements).

Nissan held 0.7% of its own treasury shares at December 31, 2020 (0.7% at December 31, 2019). Consequently, Renault's percentage interest in Nissan is 43.7% (43.7% at December 31, 2019). Renault holds 43.7% of voting rights in Nissan at September 30, 2020 (43.7% at September 30, 2019).

12 - C. CHANGES IN THE INVESTMENT IN NISSAN AS SHOWN IN RENAULT'S STATEMENT OF FINANCIAL POSITION

| (€ million) | Share in net assets | | | Goodwill | Total |
|--------------------------------|-----------------------|--|---------------|------------|---------------|
| | Before neutralization | Neutralization proportional to Nissan's investment in Renault ⁽¹⁾ | Net | | |
| At December 31, 2019 | 20,837 | (974) | 19,863 | 759 | 20,622 |
| 2020 net income ⁽³⁾ | (4,970) | - | (4,970) | - | (4,970) |
| Dividend distributed | - | - | - | - | - |
| Translation adjustment | (1,104) | - | (1,104) | (27) | (1,131) |
| Other changes ⁽²⁾ | 97 | - | 97 | - | 97 |
| At December 31, 2020 | 14,860 | (974) | 13,886 | 732 | 14,618 |

(1) Nissan has held 44,358 thousand Renault shares since 2002, corresponding to an investment of around 15%. The neutralization is based on Renault's percentage holding in Nissan.

(2) Other changes include the effect of Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and the change in Nissan treasury shares.

(3) The 2020 net income includes impairment of non-current assets and restructuring costs amounting to €4,290 million, €1,934 million of which were recognized during the first half-year and relate to the transition from Japanese GAAP to IFRS (principally for development expenses, which are only capitalized under IFRS).

12 - D. CHANGES IN NISSAN EQUITY RESTATED FOR THE PURPOSES OF THE RENAULT CONSOLIDATION

| | December 31, 2019 | 2020 net income | Dividends | Translation adjustment | Other changes ⁽¹⁾ | December 31, 2020 |
|--|-------------------|-----------------|-----------|------------------------|------------------------------|-------------------|
| (¥ billion) | | | | | | |
| Shareholders' equity – Parent-company shareholders' share under Japanese GAAP | 5,051 | (1,078) | - | (179) | (120) | 3,674 |
| Restatements for compliance with IFRS: | | | | | | |
| Provision for pension and other long-term employee benefit obligations | (27) | (8) | - | (1) | 141 | 105 |
| Capitalization of development expenses | 752 | (296) | - | - | - | 456 |
| Deferred taxes and other restatements | (122) | (6) | - | - | (15) | (143) |
| Net assets restated for compliance with IFRS | 5,654 | (1,388) | - | (180) | 6 | 4,092 |
| Restatements for Renault Group requirements ⁽²⁾ | 161 | 26 | - | 1 | 22 | 210 |
| Net assets restated for Renault Group requirements | 5,815 | (1,362) | - | (179) | 28 | 4,302 |
| (€ million) | | | | | | |
| Net assets restated for Renault Group requirements | 47,687 | (11,373) | - | (2,526) | 220 | 34,008 |
| Renault's percentage interest | 43,7% | | | | | 43,7% |
| Renault's share (before neutralization effect described below) | 20,837 | (4,970) | - | (1,104) | 97 | 14,860 |
| Neutralization of Nissan's investment in Renault ⁽³⁾ | (974) | | | | | (974) |
| Renault's share in the net assets of Nissan | 19,863 | (4,970) | - | (1,104) | 97 | 13,886 |

(1) Other changes include the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and the change in Nissan treasury shares.

(2) Restatements for Renault Group requirements essentially correspond to revaluation of fixed assets by Renault for the acquisitions undertaken between 1999 and 2002, and elimination of Nissan's investment in Renault accounted for under the equity method.

(3) Nissan has held 44,358 thousand Renault shares in Renault since 2002, an ownership interest of about 15%. The neutralization is based on Renault's percentage holding in Nissan.

12 - E. NISSAN NET INCOME UNDER JAPANESE GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2020 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2019 financial year and the first three quarters of its 2020 financial year.

| | January to March 2020 | | April to June 2020 | | July to September 2020 | | October to December 2020 | | January to December 2020 | |
|--|--|-------------|---|-------------|--|-------------|---|-------------|--|-------------|
| | Fourth quarter of Nissan's 2019 financial year | | First quarter of Nissan's 2020 financial year | | Second quarter of Nissan's 2020 financial year | | Third quarter of Nissan's 2020 financial year | | Reference period for Renault's consolidated financial statements | |
| | (¥ billion) | (€ million) | (¥ billion) | (€ million) | (¥ billion) | (€ million) | (¥ billion) | (€ million) | (¥ billion) | (€ million) |
| Net income –Parent-company shareholders' share | (711) | (5 916) | (285) | (2 414) | (44) | (358) | (38) | (303) | (1 078) | (8 991) |

12 - F. NISSAN FINANCIAL INFORMATION UNDER IFRS

The table below presents Nissan financial information, restated under IFRS for the purposes of the Renault consolidation, for the twelve-month period from January 1 to December 31 of each year. The restatements do not include the fair value adjustments of assets and liabilities applied by Renault at the time of the acquisitions in 1999 and 2002, or the elimination of Nissan's investment in Renault accounted for under the equity method.

| | 2020 | | 2019 | |
|---|-------------------|----------------------------|-------------------|----------------------------|
| | (¥ billion) | (€ million) ⁽¹⁾ | (¥ billion) | (€ million) ⁽²⁾ |
| Revenues | 7,378 | 60,590 | 10,316 | 84,520 |
| Net income | | | | |
| Parent-company shareholders' share | (1,395) | (11,458) | 85 | 698 |
| Non-controlling interests' share | 5 | 40 | (14) | (115) |
| Other components of comprehensive income | | | | |
| Parent-company shareholders' share | (142) | (1,167) | (154) | (1,264) |
| Non-controlling interests' share | (10) | (79) | 23 | 185 |
| Comprehensive income | | | | |
| Parent-company shareholders' share | (1,537) | (12,624) | (69) | (566) |
| Non-controlling interests' share | (5) | (39) | 9 | 70 |
| Dividends received from Nissan | - | - | 71 | 579 |
| | December 31, 2020 | | December 31, 2019 | |
| | (¥ billion) | (€ million) ⁽¹⁾ | (¥ billion) | (€ million) ⁽²⁾ |
| Non-current assets | 6,336 | 50,093 | 7,877 | 64,597 |
| Current assets | 10,432 | 82,475 | 11,186 | 91,734 |
| TOTAL ASSETS | 16,769 | 132,568 | 19,063 | 156,331 |
| Shareholders' equity | | | | |
| Parent-company shareholders' share | 4,115 | 32,535 | 5,655 | 46,378 |
| Non-controlling interests' share | 357 | 2,823 | 364 | 2,984 |
| Non-current liabilities | 5,702 | 45,080 | 5,345 | 43,828 |
| Current liabilities | 6,594 | 52,130 | 7,699 | 63,142 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 16,769 | 132,568 | 19,063 | 156,331 |

(1) Converted at the average exchange rate for 2020 i.e. 121.78 JPY = 1 EUR for income statement items, and at the December 31, 2020 rate i.e. 126.49 JPY = 1 EUR for financial position items.

(2) Converted at the average exchange rate for 2019 i.e. 122.06 JPY = 1 EUR for income statement items, and at the December 31, 2019 rate i.e. 121.94 JPY = 1 EUR for financial position items.

12 - G. HEDGING OF THE INVESTMENT IN NISSAN

The Group has partially hedged the yen/euro exchange risk on its investment in Nissan since 1999. Details of this hedge are given in note 25-B2.

At December 31, 2020, the corresponding hedging operations totalled ¥18 billion (€145 million) of private placements in bonds issued directly in yen on the Japanese Samurai bond market.

In 2020 these operations generated foreign exchange differences that offset each other in 2020 (they generated an unfavourable effect of €(70) million in 2019).

12 - H. VALUATION OF RENAULT'S INVESTMENT IN NISSAN AT STOCK MARKET PRICES

Based on the quoted price at December 31, 2020 of ¥560 per share, Renault's investment in Nissan is valued at €8,110 million (€9,554 million at December 31, 2019 based on the price of ¥636 per share).

12 - I. IMPAIRMENT TEST OF THE INVESTMENT IN NISSAN

At December 31, 2020, the stock market value of the investment was 44.5% lower than the value of Nissan in Renault's statement of financial position (53.7% at December 31, 2019).

In application of the approach presented in the note on accounting policies, an impairment test was carried out at December 31, 2019. An after-tax discount rate of 6.95% and a growth rate to infinity (including the effect of inflation) of 2.25% were used to calculate value in use. The terminal value was calculated under profitability assumptions consistent with Nissan's past data and balanced medium-term prospects.

The test result did not lead to recognition of any impairment on the investment in Nissan at December 31, 2019 and it was considered that a reasonably possible change in the main assumptions used should not result in a recoverable value lower than the book value of the investment in Nissan.

A further impairment test was performed at June 30, 2020 in view of the Covid-19 pandemic situation, using an after-tax discount rate of 5.80% and a growth rate to infinity (including the effect of inflation) of 1.99%. The test result did not lead to recognition of any impairment on the investment in Nissan at June 30, 2020, and it was considered that no reasonably possible change in the main assumptions used should result in a recoverable value lower than the book value of the investment in Nissan.

The same applies for the impairment test performed at December 31, 2020 applying an after-tax discount rate of 6.21% and a growth rate to infinity (including the effect of inflation) of 1.71%.

12 - J. OPERATIONS BETWEEN THE RENAULT GROUP AND THE NISSAN GROUP

J1 - Automotive (excluding AVTOVAZ) and Sales Financing

Renault and Nissan follow joint strategies for vehicle and component development, purchasing, production and distribution resources. This cooperation is reflected in synergies that reduce costs.

The Automotive (excluding AVTOVAZ) segment is involved in operations with Nissan on two levels:

- Industrial production: cross-over production of vehicles and components in the Alliance's manufacturing plants:
 - Sales by the Renault Group to the Nissan group in 2020 totalled approximately €1,785 million (€3,374 million in 2019), comprising around €1,017 million for vehicles (€2,272 million in 2019), €669 million for components (€985 million in 2019), and €99 million for services (€117 million in 2019). The decrease is mainly driven by sales of vehicles made by Renault Samsung Motors for Nissan North America, and the Nissan Micra made in Flins, France,
 - Purchases by the Renault Group from the Nissan group in 2020 totalled approximately €1,361 million (€1,896 million in 2019), comprising around €1,000 million of vehicles (€1,046 million in 2019), €277 million of components (€655 million in 2019), and €84 million of services (€195 million in 2019),
 - The balance of Renault Group receivables on the Nissan group is €463 million at December 31, 2020 (€521 million at December 31, 2019) and the balance of Renault Group liabilities to the Nissan group is €664 million at December 31, 2020 (€738 million at December 31, 2019).
- Finance: In addition to its activity for Renault, Renault Finance acts as the Nissan group's counterparty in financial instruments trading to hedge foreign exchange and interest rate risks. Renault Finance undertook approximately €9.9 billion of forex transactions on the foreign exchange market for Nissan in 2019 (€17 billion in 2019). Operations undertaken with Nissan on foreign exchange and interest rate derivatives are recorded at market price and included in the positions managed by Renault Finance. In the balance sheet, the derivative assets on the Nissan group amount to €36 million at December 31, 2020 (€26 million at December 31, 2019) and derivative liabilities amount to €35 million at December 31, 2020 (€4 million at December 31, 2019).

Renault's Sales Financing segment helps to attract customers and build loyalty to Nissan brands through a range of financing products and services incorporated into the sales policy, principally in Europe. In 2020, RCI Banque recorded €106 million of service revenues in the form of commission and interest received from Nissan (€148 million in 2019). The balance of sales financing receivables on the Nissan group is €68 million at December 31, 2020 (€86 million at December 31, 2019) and the balance of liabilities is €156 million at December 31, 2020 (€184 million at December 31, 2019).

The Sales Financing segment signed a term sheet with Nissan Europe to set out the principles for cooperation until March 31, 2025.

The Alliance partners hold investments in associates and joint ventures that manage their cooperation. Details of these entities' activity and location, and the Renault Group's influence over them, are given in note 13.

J2 - AVTOVAZ

In 2020, total sales by AVTOVAZ to Nissan and purchases by AVTOVAZ from Nissan amounted to an estimated €56 million and €15 million respectively (€118 million and €23 million in 2019).

In the AVTOVAZ financial position at December 31, 2020, the balances of transactions between AVTOVAZ and the Nissan Group consist mainly of:

- a non-current receivable for jointly controlled assets amounting to €0 (€25 million at December 31, 2019),
- operating payables amounting to €14 million (€18 million at December 31, 2019).

NOTE 13 - INVESTMENTS IN OTHER ASSOCIATES AND JOINT VENTURES

Details of investments in other associates and joint ventures are as follows in the Group's financial statements:

| (€ million) | 2020 | 2019 |
|--|--------------|--------------|
| Consolidated income statement | | |
| Share in net income (loss) of other associates and joint ventures | (175) | (432) |
| Associates accounted for under the equity method ⁽¹⁾ | (24) | 43 |
| Joint ventures accounted for under the equity method ⁽²⁾ | (151) | (475) |
| Consolidated financial position | | |
| Investments in other associates and joint ventures | 502 | 610 |
| Associates accounted for under the equity method | 380 | 479 |
| Joint ventures accounted for under the equity method | 122 | 131 |

(1) €73 million of the loss recorded in 2020 corresponds to impairment determined by Renault in respect of production assets of Renault Nissan Automotive India Private Limited (RNAIPL) due to lower volume forecasts (note 13-A).

(2) The loss recorded in 2020 principally corresponds to impairment of the investments in Renault Brilliance Jinbei Automotive Company and Renault Algérie Production (note 13-C).

13 - A. INFORMATION ON THE PRINCIPAL OTHER ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

| Name | Country of location | Main activity | Percentage ownership and voting rights held by the Group | | Investments in other associates and joint ventures at December 31, 2020 | Investments in other associates and joint ventures at December 31, 2019 |
|---|---------------------|--|--|-------------------|---|---|
| | | | December 31, 2020 | December 31, 2019 | | |
| Associates | | | | | | |
| Automotive (excluding AVTOVAZ) | | | | | | |
| Motorlu Araclar Imal ve Satis A.S (MAIS) | Turkey | Automotive sales | 49% | 49% | 76 | 59 |
| Renault Nissan Automotive India Private Limited (RNAIPL) ⁽¹⁾ | India | Vehicle manufacturing | 30% | 30% | 115 | 210 |
| Sales Financing | | | | | | |
| RN Bank | Russia | Automotive Sales Financing | 30% | 30% | 76 | 84 |
| Joint ventures | | | | | | |
| Automotive (excluding AVTOVAZ) | | | | | | |
| Renault Algeria Production | Algeria | Vehicle manufacturing | 49% | 49% | - | 22 |
| Dongfeng Renault Automotive Company | China | Automaker | 0% | 50% | - | - |
| Renault Brilliance Jinbei Automotive Company | China | Commercial vehicle manufacturing | 49% | 49% | - | - |
| Alliance Ventures b.v. | Netherlands | Finance for new technology start-ups | 40% | 40% | 89 | 61 |
| Alliance Mobility Company Japan | Japan | Driverless vehicle and mobility services | 50% | 50% | - | 3 |
| Alliance Mobility Company France | France | Driverless vehicle and mobility services | 50% | 50% | - | 4 |
| Other non-significant associates and joint ventures | | | | | 146 | 167 |
| TOTAL | | | | | 502 | 610 |

(1) The decrease in the value of this associate is principally explained by the €73 million loss recorded in 2020, corresponding to impairment determined by Renault due to lower volume forecasts. As RNAIPL is owned 70% by Nissan, this impairment also contributes to Nissan's 2020 net income under IFRS (Renault's share: €74 million) leading to a total impact of €147 million on the net income of associates and joint ventures. This impairment is not recognized in Nissan's consolidated income statement under Japanese GAAP as it does not comply with the Japanese rules.

The tables below show the total amount of sales and purchases made between the Renault Group and the principal other associates and joint ventures accounted for by the equity method, as well as the Renault Group's balance sheet positions with those entities.

| (€ million) | 2020 | | 2019 | |
|--|--|-----------|--|-----------|
| In the consolidated income statement | Sales to other associates and joint ventures | Purchases | Sales to other associates and joint ventures | Purchases |
| Motorlu Araclar Imal ve Satis A.S (MAIS) | 1,589 | (4) | 817 | (2) |
| Renault Nissan Automotive India Private Limited (RNAIPL) | 5 | (336) | 6 | (406) |
| RN Bank | - | (5) | - | (11) |
| Renault Algérie Production | 3 | (10) | 3 | (125) |
| Dongfeng Renault Automotive Company | 5 | - | 67 | (30) |

| (€ million) | December 31, 2020 | | | | |
|--|-------------------|------------------------|--------------|----------------|-------------------|
| In the consolidated financial position | Financial assets | Automotive receivables | Other assets | Trade payables | Other liabilities |
| Motorlu Araclar Imal ve Satis A.S (MAIS) | - | - | - | 7 | 2 |
| Renault Nissan Automotive India Private Limited (RNAIPL) | - | 32 | 192 | 53 | - |
| RN Bank | 60 | - | 1 | - | 1 |
| Renault Algérie Production | - | - | - | 1 | - |
| Dongfeng Renault Automotive Company | - | 4 | - | - | - |

| (€ million) | December 31, 2019 | | | | |
|--|-------------------|------------------------|--------------|----------------|-------------------|
| In the consolidated financial position | Financial assets | Automotive receivables | Other assets | Trade payables | Other liabilities |
| Motorlu Araclar Imal ve Satis A.S (MAIS) | - | - | - | 5 | - |
| Renault Nissan Automotive India Private Limited (RNAIPL) | 20 | 53 | 201 | 68 | - |
| RN Bank | 60 | - | - | - | 1 |
| Renault Algérie Production | - | 40 | - | 114 | 5 |
| Dongfeng Renault Automotive Company | - | 20 | - | 24 | 3 |

13 - B. CUMULATIVE FINANCIAL INFORMATION ON OTHER ASSOCIATES ACCOUNTED FOR UNDER THE EQUITY METHOD

| (€ million) | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|
| Investments in associates | 380 | 479 |
| Share in income (loss) of associates | (24) | 43 |
| Share of associates in other components of comprehensive income | (203) | 1 |
| Share of associates in comprehensive income | (227) | 44 |

13 - C. CUMULATIVE FINANCIAL INFORMATION ON JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

| <i>(€ million)</i> | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|
| Investments in joint ventures | 122 | 131 |
| Share in income (loss) of joint ventures | (151) | (475) |
| Share of joint ventures in other components of comprehensive income | (37) | 4 |
| Share of joint ventures in comprehensive income | 202 | (471) |

The share in net income (loss) of joint ventures includes a €(32) loss by Renault Algérie Production. Due to a review of the rules governing automobile activities in Algeria, this joint venture was not allowed to import the parts required for production of vehicles in 2020. New rules were issued in August 2020 but it was not possible to resume production, and it is currently impossible to estimate a future date of resumption.

The share in net income (loss) of joint ventures also includes a share of the loss by Renault Brilliance Jinbei Automotive Company (including a financial liability of €124 million (RMB 980 million) relating to the capital increase in early 2021 by Renault Brilliance Jinbei Automotive Company, to which the Renault Group was committed at December 31, 2020).

Nissan-Renault BV, which is jointly owned with Nissan, is not consolidated as it is not significant.

NOTE 14 - INVENTORIES

| <i>(€ million)</i> | December 31, 2020 | | | December 31, 2019 | | |
|-----------------------------------|--------------------------|--------------|--------------|--------------------------|--------------|--------------|
| | Gross value | Impairment | Net value | Gross value | Impairment | Net value |
| Raw materials and supplies | 1,665 | (276) | 1,389 | 1,724 | (290) | 1,434 |
| Work in progress | 310 | (2) | 308 | 330 | (7) | 323 |
| Used vehicles | 1,376 | (162) | 1,214 | 1,465 | (141) | 1,324 |
| Finished products and spare parts | 2,882 | (153) | 2,729 | 2,842 | (143) | 2,699 |
| TOTAL | 6,233 | (593) | 5,640 | 6,361 | (581) | 5,780 |

NOTE 15 - SALES FINANCING RECEIVABLES

15 - A. SALES FINANCING RECEIVABLES BY NATURE

| (€ million) | December 31, 2020 | December 31, 2019 |
|--------------------------------|-------------------|-------------------|
| Dealership receivables | 7,862 | 10,901 |
| Financing for end-customers | 23,383 | 25,016 |
| Leasing and similar operations | 10,639 | 10,305 |
| Gross value | 41,884 | 46,222 |
| Impairment ⁽¹⁾ | (1,064) | (848) |
| Net value | 40,820 | 45,374 |

(1) The change of €216 million in impairment in 2020 notably reflects revision of the expected credit loss assumptions in the context of the Covid-19 pandemic.

Details of fair value are given in note 24-A.

15 - B. ASSIGNMENTS AND ASSETS PLEDGED AS GUARANTEES FOR MANAGEMENT OF THE LIQUIDITY RESERVE

B1 - Assignment of sales financing assets

| (€ million) | December 31, 2020 | | December 31, 2019 | |
|---|---------------------|------------|---------------------|------------|
| | Balance sheet value | Fair value | Balance sheet value | Fair value |
| Assigned receivables carried in the balance sheet | 11,790 | 11,743 | 10,508 | 10,504 |
| Associated liabilities | 3,259 | 2,916 | 3,243 | 3,264 |

The Sales Financing segment has undertaken several public securitization operations (in Germany, France and Italy) and several conduit financing operations (Brazil, the United Kingdom and Germany) involving loans to final customers and receivables on the dealership network. Both types of operation are conducted through special purpose vehicles. Some public operations were subscribed by RCI Banque, which makes it possible to have securities eligible as collateral for the European Central Bank.

In 2020 RCI Banque Group undertook two public securitization operations in France, associated with the rents from leases with purchase options. One was a public operation backed by lease rent receivables, totalling €950 million of Class A instruments rated AAA by DBRS and Aaa by Moody's (of which €200 million were self-subscribed by RCI) and €41.5 million of Class B instruments rated AA(Low) by DBRS and Aa3 par Moody's. The other was for an original amount of €474 million of Class A instruments rated AAA by DBRS and Aaa by Moody's, entirely self-subscribed by RCI.

The receivables assigned through such operations are not derecognized, as all risks are retained by the Group. The associated liabilities correspond to securities resulting from the securitization operations, and are recognized in other debts represented by a certificate.

The difference between the receivables assigned and the amount of the associated liabilities corresponds to the higher credit necessary for these operations, and the share of securities retained by RCI Banque to form a liquidity reserve.

Securitized assets can no longer be assigned or pledged. Subscribers to debt securities only have claims on the assets assigned.

B2 - Assets pledged as guarantees for management of the liquidity reserve

For management of its liquidity reserve, the Sales Financing segment has provided guarantees to the Banque de France (under France's central collateral management system 3G (*Gestion Globale des Garanties*) in the form of assets with book value of €7,465 million at December 31, 2020 (€5,882 million at December 31, 2019). These guarantees comprise €6,675 million in the form of shares in securitization vehicles, €104 million in euro bonds and €686 million in sales financing receivables (€5,325 million of shares in securitization vehicles, €151 million in euro bonds and €406 million in sales financing receivables at December 31, 2019). The funding provided by the Banque de France against these guarantees amounts to €2,250 million at December 31, 2020 (€2,700 million at December 31, 2019). All assets provided as guarantees to the Banque de France remain in the balance sheet.

15 - C. SALES FINANCING RECEIVABLES BY MATURITY

| (€ million) | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| - 1 year | 20,727 | 23,174 |
| 1 to 5 years | 19,675 | 21,675 |
| + 5 years | 418 | 525 |
| TOTAL SALES FINANCING RECEIVABLES – NET VALUE | 40,820 | 45,374 |

15 - D. BREAKDOWN OF SALES FINANCING RECEIVABLES BY LEVEL OF RISK

Difficulties with recovery of receivables during the Covid-19 pandemic led to an increase in the impairment of receivables due to the higher amounts transferred to receivables in default, and an increase in the calculation parameters. In accordance with the recommendation of ESMA, the Sales Financing segment did not always consider that payment date extensions granted systematically to a large population of outstanding receivables should give rise to transfer of the receivables to the three stages of risk (healthy receivables, receivables showing higher credit risk since initial recognition, and receivables in default). For exposures that received extensions during the lockdown periods, the method consists of covering non-overdue outstanding amounts concerned by current or previous moratoriums at the provision rate used for customer credit with higher risk since initial recognition. The Sales Financing segment also raised the provision estimate for the forward-looking scenario concerning the customer segments most severely affected by the crisis. The Sales Financing segment also raised the weighting of the "adverse" forward-looking scenario, while continuing the higher weighting for the stability scenarios and reducing the weighting of the most optimistic scenarios.

| (€ million) | Financing for final customers | Dealer financing | December 31, 2020 |
|---|-------------------------------|------------------|-------------------|
| Gross value | 34,022 | 7,862 | 41,884 |
| Healthy receivables | 29,148 | 7,514 | 36,662 |
| Receivables showing higher credit risk since initial recognition | 4,170 | 284 | 4,454 |
| Receivables in default | 704 | 64 | 768 |
| % of total receivables in default | 2.1% | 0.8% | 1.8% |
| Impairment | (951) | (113) | (1,064) |
| Impairment in respect of healthy receivables | (226) | (63) | (289) |
| Impairment in respect of receivables showing higher credit risk since initial recognition | (252) | (17) | (269) |
| Impairment in respect of receivables in default | (473) | (33) | (506) |
| Total net value | 33,071 | 7,749 | 40,820 |

| (€ million) | Financing for final customers | Dealer financing | December 31, 2019 |
|---|-------------------------------|------------------|-------------------|
| Gross value | 35,321 | 10,901 | 46,222 |
| Healthy receivables | 31,690 | 10,527 | 42,217 |
| Receivables showing higher credit risk since initial recognition | 3,034 | 298 | 3,332 |
| Receivables in default | 597 | 76 | 673 |
| % of total receivables in default | 1.7% | 0.7% | 1.5% |
| Impairment | (747) | (101) | (848) |
| Impairment in respect of healthy receivables | (173) | (57) | (230) |
| Impairment in respect of receivables showing higher credit risk since initial recognition | (167) | (10) | (177) |
| Impairment in respect of receivables in default | (407) | (34) | (441) |
| Total net value | 34,574 | 10,800 | 45,374 |

15 - E. EXPOSURE OF SALES FINANCING TO CREDIT RISK

The maximum exposure to credit risk for the Sales Financing activity is represented by the net book value of sales financing receivables plus the amount of irrevocable financing commitments for customers reported under off-balance sheet commitments given (note 28-A). This risk is reduced by guarantees provided by customers, as reported in off-balance sheet commitments received (note 28-B). In particular, guarantees held in connection with overdue or impaired sales financing receivables amounted to €866 million at December 31, 2020 (€821 million at December 31, 2019).

Customer credit risk is assessed (using a scoring system) and monitored by type of activity (customers and dealers). There is no indication at the year-end that the quality of sales financing receivables not yet due or unimpaired has been adversely affected, nor is there any significant concentration of risks within the sales financing customer base as defined by the regulations.

NOTE 16 - RECEIVABLES

Net value of receivables

| (€ million) | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Gross value | 1,808 | 2,073 |
| Impairment for incurred credit losses ⁽¹⁾ | (889) | (807) |
| Impairment for expected credit losses | (9) | (8) |
| NET VALUE | 910 | 1,258 |

(1) Including €678 million related to Iran at December 31, 2020.

These receivables do not include accounts receivable assigned to the Group's sales financing companies or other non-Group entities when substantially all the risks and benefits associated with ownership of the receivables are transferred. The risk of dilution (essentially the risks of non-settlement after a commercial dispute) is retained by the Group, but is considered negligible. Receivables assigned in this way to Group sales financing companies are included in sales financing receivables, principally dealership receivables.

Furthermore, there is no significant concentration of risks within the customer base of the Automotive (excluding AVTOVAZ), AVTOVAZ, and Mobility Services segments, and no single external customer accounts for more than 10% of the total revenues of those segments.

The management policy for credit risk is described in note 25-B6.

The maximum exposure to credit risk for receivables is represented by the net book value of those receivables.

The impairment model for Automotive receivables is presented in notes and 2-G.

Details of fair value are given in note 24-A.

NOTE 17 - OTHER CURRENT AND NON-CURRENT ASSETS

| (€ million) | December 31, 2020 | | | December 31, 2019 | | |
|---|-------------------|--------------|--------------|-------------------|--------------|--------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Prepaid expenses | 133 | 315 | 448 | 179 | 456 | 635 |
| Tax receivables (excluding current taxes due) | 213 | 1,567 | 1,780 | 314 | 1,884 | 2,198 |
| Tax receivables (on current taxes due) | 18 | 153 | 171 | 21 | 86 | 107 |
| Other receivables | 501 | 1,731 | 2,232 | 605 | 1,555 | 2,160 |
| Investments and capitalizable advances in controlled unconsolidated entities ⁽¹⁾ | 91 | - | 91 | 105 | - | 105 |
| Derivatives on operating transactions of the Automotive segments | - | 31 | 31 | - | 10 | 10 |
| Derivatives on financing transactions of the Sales Financing segment | - | 230 | 230 | - | 177 | 177 |
| TOTAL | 956 | 4,027 | 4,983 | 1,224 | 4,168 | 5,392 |
| <i>Gross value</i> | <i>1,092</i> | <i>4,106</i> | <i>5,198</i> | <i>1,361</i> | <i>4,370</i> | <i>5,731</i> |
| <i>Impairment</i> | <i>(136)</i> | <i>(79)</i> | <i>(215)</i> | <i>(137)</i> | <i>(202)</i> | <i>(339)</i> |

(1) Investments of over €10 million in controlled unconsolidated entities concern Renault Nissan BV and Kadensis.

Investments in controlled unconsolidated entities

At December 31, 2020, controlled unconsolidated entities are individually non-significant. In 2019, controlled unconsolidated entities included Flit Tech (a taxi reservation platform), iCabbi (software development for taxis) and Marcel (a private car hire app), which are fully consolidated in 2020. The investment in Marcel was sold in September 2020.

NOTE 18 - SHAREHOLDERS' EQUITY

18 - A. SHARE CAPITAL

The total number of ordinary shares issued and fully paid at December 31, 2020 is 295,722 thousand, with par value of €3.81 per share (unchanged since December 31, 2019).

Treasury shares do not bear dividends. They account for 1.53% of Renault's share capital at December 31, 2020 (1.54% at December 31, 2019).

The Nissan Group holds approximately 15% of Renault through its wholly-owned subsidiary Nissan Finance Co. Ltd (no voting rights are attached to these shares).

18 - B. CAPITAL MANAGEMENT

In managing its capital, the Group's objective is to guarantee continuity of business in order to provide returns for shareholders and benefits for other stakeholders, and to maintain optimum capital structure in order to optimize its cost. The Group may adjust dividend payments to shareholders, redeem some of the capital or issue new shares.

The Group's objectives are monitored in different ways in the different operating segments.

The Sales Financing segment must comply with regulatory ratios specific to banking operations. The minimum solvency ratio (shareholders' equity including subordinated loans to total weighted risks) is 8%. RCI Banque's Core Tier 1 solvency ratio is 17.34% at December 31, 2020 (15.27% at December 31, 2019).

The Group also partially hedges its investment in Nissan (notes 12-G and 25-B2).

18 - C. RENAULT TREASURY SHARES

In accordance with decisions approved at General Shareholders' Meetings, the Board of Directors decided to allocate all Renault treasury shares to current stock option and performance share plans and other share-based payment agreements awarded to Group managers and executives.

| | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|
| Total value of treasury plans (€ million) | 284 | 344 |
| Total number of treasury shares | 4,538,199 | 4,548,736 |

18 - D. DISTRIBUTIONS

At the General and Extraordinary Shareholders' Meeting of June 19, 2020, it was decided not to distribute dividends. In 2019, the dividends were €3.55 per share giving a total of €1,035 million.

18 - E. TRANSLATION ADJUSTMENT

The change in translation adjustment over the year is analyzed as follows:

| (€ million) | 2020 | 2019 |
|--|----------------|------------|
| Change in translation adjustment on the value of the investment in Nissan | (1,131) | 377 |
| Impact, net of tax, of partial hedging of the investment in Nissan (note 12-G) | - | (157) |
| Total change in translation adjustment related to Nissan | (1,131) | 220 |
| Changes related to hyperinflationary economies | (21) | (40) |
| Other changes in translation adjustment | (749) | 124 |
| TOTAL CHANGE IN TRANSLATION ADJUSTMENT | (1,901) | 304 |

Changes related to hyperinflationary economies consist of changes in the translation adjustment attributable to the Argentinian subsidiaries since January 1, 2018. In 2020, the effects of the partial hedge of the net investment in Nissan offset each other, and other changes in the translation adjustment mostly result from movements in the Russian rouble and the Brazilian real.

18 - F. FINANCIAL INSTRUMENT REVALUATION RESERVE

F1 - Change in the financial instrument revaluation reserve

The figures below are reported net of tax effects.

| (€ million) | Cash flow hedges | Equity instruments at fair value | Debt instruments at fair value | Total | Total parent-company shareholders' share |
|--|------------------|----------------------------------|--------------------------------|------------|--|
| At December 31, 2019 | (87) | 310 ⁽²⁾ | 3 | 226 | 232 |
| Changes in fair value recorded in shareholders' equity | (39) | 186 | 1 | 148 | 145 |
| Transfer from shareholders' equity to profit and loss ⁽¹⁾ | 7 | - | - | 7 | 7 |
| At December 31, 2020 | (119) | 496 | 4 | 381 | 384 |

(1) For a breakdown of the amounts related to cash flow hedges transferred from shareholders' equity to profit and loss, see note F2 below, and for the schedule of amounts related to cash flow hedges transferred from shareholder's equity to the income statement, see note F3 below.

(2) The revaluation reserve for equity instruments at fair value mainly relates to the Daimler shares (note 22-B).

F2 - Breakdown of the amounts related to cash flow hedges transferred from the financial instrument revaluation reserve to the income statement

| (€ million) | 2020 | 2019 |
|---|----------|-----------|
| Operating margin | 9 | 14 |
| Current and deferred taxes | (2) | (4) |
| TOTAL TRANSFERRED TO THE INCOME STATEMENT FOR CASH FLOW HEDGES | 7 | 10 |

F3 - Schedule of amounts related to cash flow hedges transferred from the financial instruments revaluation reserve to the income statement

| (€ million) | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|
| Within one year | 2 | 0 |
| After one year | (20) | (24) |
| Revaluation reserve for cash flow hedges excluding associates and joint ventures | (18) | (24) |
| Revaluation reserve for cash flow hedges – associates and joint ventures | (101) | (63) |
| TOTAL REVALUATION RESERVE FOR CASH FLOW HEDGES | (119) | (87) |

This schedule is based on the contractual maturities of hedged cash flows.

18 - G. STOCK OPTION AND PERFORMANCE SHARE PLANS AND OTHER SHARE-BASED PAYMENTS

The Board of Directors periodically awards performance shares to Group executives and managers, with prices and exercise periods specific to each plan. Until 2012, it also periodically granted stock options, each with their own vesting and required holding periods. All plans include performance conditions which determine the number of options or performance shares granted to beneficiaries. Loss of the benefit of stock options or performance shares follows the applicable regulations: all options and rights are forfeited in the event of resignation or termination and a decision is made for each individual case when an employee leaves at the Company's instigation.

Performance share plan 27 was introduced in 2020, concerning 1,444 thousand shares with initial total value of €13 million. The vesting period for rights to shares is three years, with no minimum holding period.

Share-based payments have been valued by the methods described in the accounting policies (note 2-R). The main details are as follows:

| Plan | Initial value (thousands of €) | Unit fair value | Expense for 2020 (€million) | Expense for 2019 (€million) | Share price at grant date | Volatility | Interest rate | Exercise price (€) | Duration of option | Dividend per share (€) |
|------------------------|--------------------------------|-----------------|-----------------------------|-----------------------------|---------------------------|------------|---------------|--------------------|--------------------|------------------------|
| Plan 22 ⁽¹⁾ | 51,509 | 66.51 | - | - | 78.75 | N/A | (0.10)% | N/A | 3-5 years | 1.90 - 2.22 |
| | 19,138 | 65.19 | - | 5 | 76.58 | N/A | (0.03)% | N/A | 4 years | 1.90 - 2.22 |
| Plan 23 ⁽¹⁾ | 53,728 | 66.38 | - | (20) | 80.25 | N/A | (0.48)% | N/A | 3-4 years | 2.40 - 2.88 |
| | 19,929 | 65.72 | (2) | (7) | 76.16 | N/A | (0.48)% | N/A | 4 years | 2.40 - 2.88 |
| Plan 23 bis | 5,348 | 65.34 | - | 3 | 76.99 | N/A | (0.48)% | N/A | 4 years | 2.40 - 2.88 |
| Plan 24 ⁽¹⁾ | 53,646 | 66.18 | (3) | (31) | 82.79 | N/A | (0.56)% | N/A | 3-4 years | 3.15 - 3.34 |
| | 22,167 | 66.16 | (5) | (4) | | N/A | (0.57)% | N/A | 4 years | 3.15 - 3.34 |
| Plan 25 ⁽¹⁾ | 63,533 | 73.37 | (13) | (23) | 90.64 | N/A | (0.57)% | N/A | 3-4 years | 3.55 - 4.25 |
| | 23,096 | 69.73 | (3) | (2) | 88.93 | N/A | (0.57)% | N/A | 4 years | 3.55 - 4.25 |
| Plan 26 | 49,618 | 42.50 | (17) | (10) | 54.99 | N/A | - | N/A | 3 years | 3.55 - 3.50 |
| Plan 27 ⁽¹⁾ | 582 | 29.66 | - | - | 34.82 | N/A | (0.59)% | N/A | 3 years | 1.05-1.35 |
| | 1,166 | 21.71 | - | - | 23.99 | N/A | (0.59)% | N/A | 3 years | 0.45-0.90 |
| | 11,062 | 10.31 | (3) | - | 14.55 | N/A | (0.54)% | N/A | 3 years | 1.05-1.35 |
| TOTAL | | | (46) | (89) | | | | | | |

(1) For these plans, performance shares were awarded at different dates within the stated period. The information reported may correspond to weighted averages based on quantities awarded per grant date.

G1 - Changes in the number of stock options and share rights held by personnel and other share-based payments

| | Stock options | | | Share rights |
|---|--------------------------|-------------------------------------|--|----------------------------|
| | Quantity | Weighted average exercise price (€) | Weighted average share price at grant and exercise dates (€) | |
| Options outstanding and rights not yet vested at December 31, 2019 | 102,987 | 37 | | 4,343,329 |
| Granted | - | - | - | 1,443,615 |
| Options exercised or vested rights | (471) ⁽¹⁾ | 37 | 50 ⁽²⁾ | (1,280,066) ⁽³⁾ |
| Options and rights expired and other adjustments | (102,516) ⁽¹⁾ | - | - | (92,604) |
| Options outstanding and rights not yet vested at December 31, 2020 | - | 37 | - | 4,414,274 |

(1) Stock options exercised or expired in 2020 were granted under plan 20 in 2012.

(2) Price at which the shares were acquired by the Group to cover future options.

(3) Performance shares vested were mainly awarded under plan 23 for non-residents in 2016 and plan 24 for residents in 2017.

G2 - Stock options

No stock option plans remained active at December 31, 2020 as the 4-year vesting period for plan 20 expired in 2020.

G3 - Performance share plans and other share-based payment agreements

For plans 22 to 25, vesting and minimum holding periods are different depending on whether beneficiaries are French tax residents or tax residents of other countries, in order to take account of local tax constraints.

The vesting period for shares awarded to French tax residents is three years followed by a holding period of one year (two years for plan 22).

For non-French tax residents, the vesting period is four years and there is no minimum holding period.

As from plan 26, the vesting period is three years with no holding period for French or foreign tax residents.

| Plan | Type of plan | Grant date | Share rights awarded at December 31, 2020 | Vesting date | Holding period |
|--------------|--|-------------------|---|--|---|
| Plan 23 | Performance shares and shares awarded as variable remuneration | April 29, 2016 | (1) | April 29, 2020 | None |
| Plan 24 | Performance shares and shares awarded as variable remuneration | February 9, 2017 | (1) 271,300 | February 9, 2020 February 9, 2021 | February 9, 2020– February 9, 2021 None |
| Plan 25 | Performance shares and shares awarded as variable remuneration | February 15, 2018 | 1,054,009 262,950 | February 15, 2021 February 15, 2022 | February 15, 2021– February 15, 2022 None |
| Plan 26 | Performance shares and shares awarded as variable remuneration | June 12, 2019 | 1,392,700 | June 12, 2022 | None |
| Plan 27 | Performance shares and shares awarded as variable remuneration | February 13, 2020 | 1,433,315 | February 13, 2023 | None |
| TOTAL | | | 4,414,274 | | |

(1) The share rights concerned by this plan expired or vested in 2020.

18 - H. SHARE OF NON-CONTROLLING INTERESTS

| Entity | Country of location | Percentage of ownership and voting rights held by non-controlling interests | | Net income – non-controlling interests' share | | Shareholders' equity – non-controlling interests' share | | Dividends paid to non-controlling interests (minority shareholders) | |
|---|---------------------|---|-------------------|---|------------|---|-------------------|---|-------------|
| | | December 31, 2020 | December 31, 2019 | € million | | € million | | € million | |
| | | | | 2020 | 2019 | December 31, 2020 | December 31, 2019 | 2020 | 2019 |
| Automotive (excluding AVTOVAZ) | | | | | | | | | |
| Renault Samsung Motors | Korea | 20% | 20% | (11) | 24 | 178 | 202 | (7) | (24) |
| Oyak Renault Otomobil Fabrikalari | Turkey | 48% | 48% | 45 | 83 | 341 | 295 | - | (56) |
| JMEV | China | 50% | 50% | (8) | (6) | 31 | 123 | - | - |
| Other | N/A | N/A | N/A | 1 | 3 | 9 | 12 | (3) | (4) |
| TOTAL - AUTOMOTIVE (EXCLUDING AVTOVAZ) | | | | 27 | 104 | 559 | 632 | (10) | (84) |
| Sales Financing | | | | | | | | | |
| Banco RCI Brasil | Brazil | 40% | 40% | 8 | 24 | - | - | (8) | (9) |
| Rombo Compania Financiera | Argentina | 40% | 40% | (3) | - | - | - | - | - |
| RCI Colombia S.A. | Colombia | 49% | 49% | 2 | 5 | - | 39 | - | - |
| Other | N/A | N/A | N/A | 2 | 2 | 12 | 13 | (3) | (2) |
| TOTAL – SALES FINANCING | | | | 9 | 31 | 12 | 52 | (11) | (11) |
| AVTOVAZ | | | | | | | | | |
| Alliance Rostec Auto b.v. | Netherlands | 32% | 32% | - | - | 578 | 756 | - | - |
| AVTOVAZ | Russia | 32% | 32% | (68) | 11 | (564) | (668) | 8 | 7 |
| LLC Lada Izhevsk | Russia | 32% | 32% | 2 | 6 | (17) | (21) | (4) | (5) |
| Other | N/A | N/A | N/A | 3 | 8 | 12 | 16 | (4) | (3) |
| TOTAL AVTOVAZ | | | | (63) | 25 | 9 | 83 | - | (1) |
| TOTAL MOBILITY SERVICES | | | | (11) | - | (14) | - | - | - |
| TOTAL | | | | (38) | 160 | 566 | 767 | (21) | (96) |

The Group has granted to minority shareholders of Banco RCI Brasil, Rombo Compania Financiera, RCI Colombia S.A. put options to sell their investments. A liability corresponding to these put options is included in other liabilities, amounting to €100 million for the Brazilian subsidiary, €4 million for the Argentinian subsidiary, and €61 million for the Colombian subsidiary at December 31, 2020 (€144 million, €7 million and 0 million respectively at December 31, 2019). A corresponding charge is made to shareholders' equity, allocated in priority to the non-controlling interests' share with any residual amount allocated to the parent-company shareholders' share. The liability is stated at fair value. Fair value is determined by estimating the potential purchase price, taking into account future results of the financing portfolio as it exists at the closing date and the provisions of the partnership contracts. This is a level 3 fair value, as it uses recognized models but their significant data are not based on observable market data.

New partnership agreements were signed in 2018 with Oyak in Turkey, including perfectly symmetrical put and call options for non-controlling investments, entitling Renault, subject to certain conditions, to purchase Oyak's shares in Oyak Renault (call) and to sell its shares in Mais (put), and entitling Oyak to sell its shares in Oyak Renault (put) and purchase Renault's shares in Mais (call). The exercise price for the put option, if exercised, will be determined by three independent experts who would be appointed at the exercise date.

Analysis of the contracts did not identify any circumstances beyond the control of Renault SA that could lead to Oyak's put option exercised without Renault SA being able to object. Consequently, no liability is recognized at December 31, 2020 in connection with these options.

There are no significant restrictions on the Group's capacity to access or use its assets and settle its liabilities, other than restrictions that result from the regulatory framework in which the subsidiaries operate. The local supervisory authorities may require banking subsidiaries to keep a certain level of capital and liquidities, limit their exposure to other group parties, and comply with other ratios.

NOTE 19 - PROVISIONS FOR PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

19 - A. PENSION AND BENEFIT PLANS

Pensions and other long-term employee benefit obligations essentially concern active employees. These benefits are covered either by defined-contribution plans or defined-benefit plans.

- Defined-contribution plans

The Group makes earnings-related payments, in accordance with local custom, to the national organizations responsible for paying pensions and similar financial benefits. There is no actuarial liability concerning these pension arrangements.

The total expense for defined-contribution plans was €415 million in 2020 (€603 million in 2019).

- Defined-benefit plans

The accounting treatment of defined-benefit plans is described in note 2-S, and involves establishment of provisions. These plans concern:

- indemnities payable upon retirement or departure, in application of legislation or agreements in certain countries such as France and Turkey;
- supplementary pensions providing employees with contractual income; the countries applying this type of plan are in Europe (e.g. the United Kingdom, France, Germany, the Netherlands, and Switzerland);
- other long-term benefits, chiefly long-service awards and flexible holiday entitlements.

Defined-benefit supplementary pension plans are generally covered by contracts with pension funds or insurance companies. In such cases, the obligations and assets are valued separately. The difference between the obligation and the fair value of the assets held to fund it may indicate underfunding or overfunding. In the event of underfunding, a provision is booked. In the event of overfunding, an asset is recognized subject to certain conditions.

- Principal defined-benefit plans of the Group

In France, the Group's retirement indemnities result from agreements negotiated with each French entity and employee representatives. They are based on employees' salaries and length of service; payment is conditional on being in the company's employment at the time of retirement. Retirement benefit obligations for France are entirely covered by provisions, and account for most of the Group's liabilities for retirement indemnities.

The Group's most significant supplementary pension plan is in the United Kingdom, where two defined-benefit pension plans are managed as part of a dedicated pension fund comprising two compartments: one concerns Automotive subsidiaries (excluding AVTOVAZ) and the other RCI Financial Services Ltd, together covering 1,716 people. This plan has been closed to new members since 2004, and no further rights have been earned under it since December 31, 2019. All employees benefit from a defined-contribution pension plan from January 1, 2020. Underfunding at December 31, 2020 is valued at £65 million for the fund compartment dedicated to the Automotive (excluding AVTOVAZ) segment and £14 million for the fund compartment dedicated to RCI Financial Services Ltd.

This pension fund (a trust) is a legal entity in its own right. It is administered by a board of Trustees with equal representation for the participating companies and their current and former employees. The fund is governed by local regulations, which set the minimum funding requirements that can lead to additional contributions being made by the Group. After the last three-yearly valuation in 2018, the Group made a commitment to cover the funding shortfall by 2027 through payments amounting to £5 million maximum per year. The asset investment policy is defined for each section of the fund by a supervisory body which examines the performance of investments quarterly. The risks associated with these plans are the usual risks (lower future returns on fund assets, a decline in the equities markets, longer life expectancy for beneficiaries, a rise in inflation, etc).

- Main changes in the Group's defined-benefit plans

At December 31, 2020, an amount of €108 million was reclassified from retirement indemnities to provisions for restructuring, for employees who will benefit from the Collective Contractual Separation plan.

At December 31, 2019, the Group terminated the defined-benefit top-up pension plan that was set up in France in 2004, entailing the loss of the corresponding rights for its beneficiaries (members of the Group's Executive Committee who had been with the group for at least 5 years, including 2 years in the Executive Committee).

19 - B. MAIN ACTUARIAL ASSUMPTIONS USED TO CALCULATE PROVISIONS AND OTHER DATA FOR THE MOST SIGNIFICANT PLANS

| Main actuarial assumptions and actual data for the Group's retirement indemnities in France | December 31, 2020 | | December 31, 2019 | |
|---|-------------------|---------------|-------------------|---------------|
| | Renault s.a.s | Others | Renault s.a.s | Others |
| Retirement age | 60 to 65 | 60 to 67 | 60 to 65 | 60 to 67 |
| Discount rate ⁽¹⁾ | 0.31% | 0.2% to 2% | 0.79% | 0.1% to 2% |
| Salary increase rate | 2% | 1% to 3% | 2.5% | 1% to 3% |
| Duration of plan | 13 years | 6 to 20 years | 13 years | 6 to 20 years |
| Gross obligation | €1,191 million | €187 million | € 1,158 million | € 189 million |

(1) The rates used to value the Group's obligations in France vary between companies depending on the maturities of obligations. The benchmark for the discount rate is the zero-coupon rate plus the average spread curve for issuers rated AA as published by Reuters.

| Main actuarial assumptions and actual data for the Group's supplementary pensions in the UK | December 31, 2020 | | December 31, 2019 | |
|---|--------------------------|-----------------|--------------------------|-----------------|
| | Automotive excl. AVTOVAZ | Sales Financing | Automotive excl. AVTOVAZ | Sales Financing |
| Financial discount rate ⁽¹⁾ | 1.40% | 1.40% | 2.1% | 2.1% |
| Pension inflation rate | NA | NA | 2.8% | 2.8% |
| Duration of plan | 19 years | 21 years | 20 years | 23 years |
| Actual return on fund assets | 7% to 7.2% | 7.84% | 12.74% | 15.52% |
| Gross obligation | €395 million | €48 million | €370 million | €44 million |
| Fair value of assets invested via pension funds | €323 million | €32 million | €319 million | €31 million |

(1) The discount rate was determined by reference to the interest rate curve established by Deloitte based on the iBoxx £ index for AA-rated corporate bonds (DTRB £ AA corporate bond yield curve).

19 - C. NET EXPENSE FOR THE YEAR

| (€ million) | 2020 | 2019 |
|---|------------|-----------|
| Current service cost | 88 | 98 |
| Past service cost and (gain) / loss on settlement | 1 | (84) |
| Net interest on the net liability (asset) | 16 | 28 |
| Effects of workforce adjustment measures | (1) | - |
| Net expense (income) for the year recorded in the income statement | 104 | 42 |

19 - D. DETAIL OF BALANCE SHEET PROVISION

D1 - Breakdown of the balance sheet provision

| (€ million) | December 31, 2020 | | |
|---|---------------------------------|---------------------------|---------------------------------------|
| | Present value of the obligation | Fair value of fund assets | Net defined-benefit liability (asset) |
| Retirement and termination indemnities | | | |
| France | 1,275 | (1) | 1,274 |
| Europe (excluding France) | 15 | - | 15 |
| Americas | 2 | - | 2 |
| Africa - Middle East – India – Asia-Pacific | 2 | - | 2 |
| Eurasia ⁽¹⁾ | 53 | - | 53 |
| TOTAL RETIREMENT AND TERMINATION INDEMNITIES | 1,347 | (1) | 1,346 |
| Supplementary pensions | | | |
| France | 81 | (79) | 2 |
| United Kingdom | 443 | (355) | 88 |
| Europe (excluding France and the United Kingdom) ⁽²⁾ | 365 | (236) | 129 |
| Americas | 3 | - | 3 |
| Africa – Middle East – India – Asia-Pacific | 4 | - | 4 |
| TOTAL SUPPLEMENTARY PENSIONS | 896 | (670) | 226 |
| Other long-term benefits | | | |
| France ⁽³⁾ | 71 | - | 71 |
| Europe (excluding France) | 3 | - | 3 |
| Americas | 1 | - | 1 |
| TOTAL OTHER LONG-TERM BENEFITS | 75 | - | 75 |
| TOTAL ⁽⁴⁾ | 2,318 | (671) | 1,647 |

(1) Essentially Romania and Turkey.

(2) Essentially Germany and Switzerland.

(3) Flexible holiday entitlements and long-service awards.

(4) Total net liability due within one year: €103 million; total net liability due after one year: €1,544 million.

D2 - Schedule of amounts related to net defined-benefit liability

| (€ million) | December 31, 2020 | | | | |
|--|-------------------|--------------|---------------|------------|--------------|
| | <1 year | 1 to 5 years | 5 to 10 years | >10 years | Total |
| Present value of obligation | 117 | 315 | 405 | 1,481 | 2,318 |
| Fair value of plan assets | (11) | (61) | (79) | (520) | (671) |
| Net defined-benefit liability (asset) | 106 | 254 | 326 | 961 | 1,647 |

The weighted average duration of plans is 14 years at December 31, 2020 (15 years at December 31, 2019).

19 - E. CHANGES IN OBLIGATIONS, FUND ASSETS AND THE PROVISION

| (€ million) | Present value of the obligation (A) | Fair value of the fund assets (B) | Net defined-benefit liability (A) + (B) |
|--|-------------------------------------|-----------------------------------|---|
| Balance at December 31, 2019 | 2,315 | (615) | 1,700 |
| Current service cost | 88 | - | 88 |
| Past service cost and gain/loss on plan curtailment, modification and settlement | 1 | - | 1 |
| Net interest on the net liability (asset) | 25 | (9) | 16 |
| Effects of staff adjustment measures | (1) | - | (1) |
| Net expense (income) for 2020 recorded in the income statement (19-C) | 113 | (9) | 104 |
| Actuarial gains and losses on the obligation resulting from changes in demographic assumptions | 3 | - | 3 |
| Actuarial gains and losses on the obligation resulting from changes in financial effects | 106 | (16) | 90 |
| Actuarial gains and losses on the obligation resulting from experience effects | (11) | - | (11) |
| Net return on fund assets (not included in net interest above) | - | (20) | (20) |
| Net expense (income) for 2020 recorded in other components of comprehensive income | 98 | (36) | 62 |
| Employer's contributions to funds | - | (28) | (28) |
| Employee's contributions to funds | - | (2) | (2) |
| Benefits paid under the plan | (100) | 19 | (81) |
| Effect of changes in exchange rate | (25) | 20 | (5) |
| Effect of changes in scope of consolidation and other ⁽¹⁾ | (83) | (20) | (103) |
| Balance at December 31, 2020 | 2,318 | (671) | 1,647 |

(1) These effects include the reclassification of €108 million from retirement indemnities to provisions for restructuring, for employees who will benefit from indemnities under the Collective Contractual Separation plan.

Accumulated actuarial gains and losses, net of tax (excluding the associates' share) recorded in other components of comprehensive income amounted to an expense of €(855) million at December 31, 2020 (an expense of €(735) million at December 31, 2019).

A 100 base point decrease in discount rates used for each plan would result in a €569 million increase in the amount of obligations at December 31, 2020 (€420 million at December 31, 2019), and a 100 base point increase in discount rates used for each plan would result in a €452 million decrease in the amount of obligations at December 31, 2020 (€322 million at December 31, 2019).

19 - F. FAIR VALUE OF FUND ASSETS

Details of the assets invested via pension funds and insurance companies are as follows:

| (€ million) | December 31, 2020 | | |
|------------------------------------|---------------------------------|-----------------|------------|
| | Assets listed on active markets | Unlisted assets | Total |
| Pension funds | | | |
| Cash and cash equivalents | 1 | - | 1 |
| Shares | 123 | - | 123 |
| Bonds | 188 | - | 188 |
| Shares in mutual funds and other | 51 | - | 51 |
| TOTAL - PENSION FUNDS | 363 | - | 363 |
| Insurance companies | | | |
| Cash and cash equivalents | 1 | 7 | 8 |
| Shares | 8 | - | 8 |
| Bonds | 211 | 5 | 216 |
| Real estate property | 21 | 1 | 22 |
| Shares in mutual funds and other | 26 | 28 | 54 |
| TOTAL - INSURANCE COMPANIES | 267 | 41 | 308 |
| TOTAL | 630 | 41 | 671 |

Pension fund assets mainly relate to plans located in the United Kingdom (45.8%). Insurance contracts principally concern the Netherlands (30.1%), France (13.7%), Switzerland (4.6%) and Germany (4.5%). The actual returns on plan assets in the United Kingdom are shown in note 19-B.

The weighted average actual rate of return on the Group's main funds was 2.22% in 2020 (8.84% in 2019).

At the date of this report, the best estimate of contributions that will be payable to the funds in 2020 is approximately €11 million.

The Group's pension fund assets do not include Renault Group's financial instruments. Real estate investments do not include real estate properties occupied by the Group.

NOTE 20 - CHANGE IN PROVISIONS

| (€ million) | Restructuring provisions ⁽³⁾ | Warranty provisions | Provisions for litigation and risks concerning other taxes | Provisions for insurance activities ⁽²⁾ | Provisions for commitments given and other | Total |
|--|---|---------------------|--|--|--|--------------|
| At December 31, 2019 | 450 | 1,016 | 228 | 523 | 305 | 2,522 |
| Increases | 499 | 521 | 50 | 27 | 274 | 1,371 |
| Reversals of provisions for application | (224) | (497) | (19) | (54) | (135) | (929) |
| Reversals of unused balance of provisions | (18) | (17) | (16) | - | (30) | (81) |
| Changes in scope of consolidation | 1 | - | - | - | - | 1 |
| Translation adjustments and other changes | 104 | (31) | (38) | - | 7 | 42 |
| At December 31, 2020 ⁽³⁾ | 812 | 992 | 205 | 496 | 421 | 2,926 |

(1) *Technical reserves established by the Sales Financing segment's insurance companies.*

(2) *Short-term portion of provisions: €1,570 million; long-term portion of provisions: €1,356 million.*

(3) *Restructuring costs include a reclassification of €108 million from the provision for retirement indemnities concerning employees who will benefit from indemnities under the Collective Contractual Separation plan.*

All known litigation in which Renault or Group companies are involved is examined at each closing. After seeking the opinion of legal advisors, any provisions deemed necessary are set aside to cover the estimated risk. During 2020, the Group recorded no provisions in connection with significant new litigation. Information on contingent liabilities is provided in note 28-A2.

Increases to restructuring provisions essentially comprise the effect of workforce adjustment measures in the Europe region (note 6-A). In France, restructuring provisions have been recorded for employee departures expected under the Collective Contractual Separation plan, at the relevant amount net of existing provisions for retirement indemnities.

At December 31, 2020, "Other provisions" include €91 million of provisions established in application of environmental regulations (€84 million at December 31, 2019). These include provisions to cover expenses relating to end-of-life vehicles and used batteries, and environmental compliance costs for industrial land in the Europe region and for industrial sites in the Americas and Eurasia regions.

NOTE 21 - OTHER CURRENT AND NON-CURRENT LIABILITIES

| (€ million) | December 31, 2020 | | | December 31, 2019 | | |
|--|-------------------|--------------|---------------|-------------------|---------------|---------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Current taxes due | - | 221 | 221 | 2 | 223 | 225 |
| Provisions for uncertain tax liabilities | 179 | 6 | 185 | 187 | 8 | 195 |
| Tax liabilities (excluding current taxes due) | 18 | 1,341 | 1,359 | 30 | 1,235 | 1,265 |
| Social liabilities | 24 | 1,250 | 1,274 | 22 | 1,415 | 1,437 |
| Other liabilities | 248 | 5,416 | 5,664 | 248 | 6,415 | 6,663 |
| Deferred income | 1,395 | 1,622 | 3,017 | 1,432 | 1,722 | 3,154 |
| Derivatives on operating transactions of the Automotive segments | - | 13 | 13 | - | 14 | 14 |
| Total other liabilities | 1,685 | 9,642 | 11,327 | 1,732 | 10,801 | 12,533 |
| TOTAL | 1,864 | 9,869 | 11,733 | 1,921 | 11,032 | 12,953 |

Other current liabilities mainly correspond to asset payables that amounts to €1,116 million, amounts payable under sales incentive programs (€1,883 million at December 31, 2020 and €2,455 million at December 31, 2019) and deferred income recorded in connection with sales contracts including a buy-back commitment (€660 million at December 31, 2020 and €675 million at December 31, 2019).

Deferred income includes deferred income on Automotive service contracts such as maintenance and warranty extension contracts, and advances received under cooperation contracts with partners. This income concerns payments received under contracts defining a customer payment schedule that does not depend on the group's execution of its performance obligation (advance payment in full, or regular payments due at the end of specified periods). Deferred income is transferred to revenues over the duration of the contracts, and breaks down as follows:

| (€ million) | Automotive service contracts | | Cooperation contracts | |
|--|------------------------------|---------------------|-----------------------|--------------|
| | 2020 | 2019 ⁽¹⁾ | 2020 | 2019 |
| Deferred income at January 1 | 1,084 | 1,035 | 1,331 | 1,295 |
| Deferred income received during the period | 556 | 473 | 223 | 325 |
| Deferred income recognized in revenues during the period | (616) | (425) | (248) | (287) |
| Change in scope of consolidation | - | - | - | - |
| Translation adjustments and other changes | (13) | 1 | (4) | (2) |
| Deferred income at December 31 | 1,011 | 1,084 | 1,301 | 1,331 |
| To be recognized in revenues - within one year | 914 | 446 | 189 | 264 |
| - in 1 to 3 years | 87 | 573 | 244 | 513 |
| - in 3 to 5 years | 10 | 65 | 867 | 554 |

(1) The figures at December 31, 2019 have been restated to include automotive service contracts of the Sales Financing segment.

4.2.6.5 Financial assets and liabilities, fair value and management of financial risks

NOTE 22 - FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS

22 - A. CURRENT / NON-CURRENT BREAKDOWN

| (€ million) | December 31, 2020 | | | December 31, 2019 | | |
|--|-------------------|---------------|---------------|-------------------|---------------|---------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Daimler shares | 951 | - | 951 | 812 | - | 812 |
| Other investments in non-controlled entities | 46 | - | 46 | 66 | - | 66 |
| Marketable securities and negotiable debt instruments | - | 426 | 426 | - | 1,375 | 1,375 |
| Derivatives on financing operations by the Automotive segments | 95 | 298 | 393 | 49 | 216 | 265 |
| Loans and other | 161 | 457 | 618 | 145 | 625 | 770 |
| TOTAL FINANCIAL ASSETS | 1,253 | 1,181 | 2,434 | 1,072 | 2,216 | 3,288 |
| <i>Gross value</i> | 1,255 | 1,207 | 2,462 | 1,072 | 2,221 | 3,293 |
| <i>Impairment</i> | (2) | (26) | (28) | - | (5) | (5) |
| Cash equivalents | - | 10,340 | 10,340 | - | 8,375 | 8,375 |
| Cash | - | 11,357 | 11,357 | - | 6,607 | 6,607 |
| TOTAL CASH AND CASH EQUIVALENTS | - | 21,697 | 21,697 | - | 14,982 | 14,982 |

Information on the counterparty risks associated with financial assets and cash and cash equivalents is provided in note 25-B6.

22 - B. DAIMLER SHARES

At December 31, 2020, investments in non-controlled entities include €951 million (€812 million at December 31, 2019) for the Daimler shares purchased under the strategic partnership agreement.

These shares are carried at fair value through other components of comprehensive income by option. If the Daimler shares were sold, the gain on sale would not be transferred to profit and loss. Their fair value is determined by reference to the stock market price. At December 31, 2020, the stock market price (€57.79 per share) was higher than the acquisition price (€35.52 per share) and the unrealized gain on the Daimler shares held is €366 million. The increase in fair value over the year, amounting to €138 million (compared to a €57 million increase in 2019), is recorded in other components of comprehensive income for 2020.

22 - C. OTHER INVESTMENTS IN NON-CONTROLLED ENTITIES

At December 31, 2020, other investments in non-controlled entities in December 31, 2020 also include an amount of €27 million (€43 million at December 31, 2019) paid to the Fund for the Future of the Automobile (*Fonds Avenir Automobile*). Under the support plan for automobile industry suppliers introduced by the French authorities and automakers, the Renault group has made a commitment to pay a total of €200 million to this fund as contributions are called. The outstanding amount payable by Renault at December 31, 2020 is €49 million. The fair value of these investments is determined by reference to the most recent net asset value reported by the Fund's management company, after adjustment for any relevant information that becomes known afterwards.

22 - D. CASH NOT AVAILABLE TO THE GROUP

The Group has liquidities in countries where repatriation of funds can be complex for regulatory or political reasons. In most of these countries, such funds are used locally for industrial or sales financing purposes.

Some current bank accounts held by the Sales Financing Securitization Fund are used to increase credit on securitized receivables, and consequently act as guarantees in the event of default on payment of receivables (note 15-B1). These current bank accounts amount to €670 million at December 31, 2020 (€540 million at December 31, 2019).

NOTE 23 - FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

23 - A. CURRENT / NON-CURRENT BREAKDOWN

| (€ million) | December 31, 2020 | | | December 31, 2019 | | |
|---|-------------------|---------------|---------------|-------------------|---------------|---------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Renault SA redeemable shares | 245 | - | 245 | 281 | - | 281 |
| Bonds | 5,839 | 842 | 6,681 | 5,671 | 613 | 6,284 |
| Other debts represented by a certificate | - | 1,318 | 1,318 | - | 648 | 648 |
| Borrowings from credit institutions | 5,648 | 866 | 6,514 | 1,170 | 690 | 1,860 |
| - Russia | 1,021 | 133 | 1,154 | 808 | 71 | 879 |
| - Including AVTOVAZ | 1,021 | 118 | 1,139 | 808 | 71 | 879 |
| - Brazil | 249 | 387 | 636 | 23 | 359 | 382 |
| - France | 4,378 | 98 | 4,476 | 340 | 158 | 498 |
| - Morocco | - | 130 | 130 | - | - | - |
| Lease liabilities ⁽¹⁾ | 530 | 119 | 649 | 622 | 117 | 739 |
| Other financial liabilities | 158 | 427 | 585 | 134 | 493 | 627 |
| FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENT (EXCLUDING DERIVATIVES) | 12,420 | 3,572 | 15,992 | 7,878 | 2,561 | 10,439 |
| Derivatives on financing operations of the Automotive segments | 99 | 337 | 436 | 49 | 219 | 268 |
| FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENTS | 12,519 | 3,909 | 16,428 | 7,927 | 2,780 | 10,707 |
| FINANCIAL LIABILITIES OF THE MOBILITY SERVICES SEGMENT | 14 | 15 | 29 | - | - | - |
| Diac redeemable shares and subordinated loans ⁽²⁾ | 890 | - | 890 | 867 | - | 867 |
| Bonds | - | 17,560 | 17,560 | - | 18,825 | 18,825 |
| Other debts represented by a certificate | - | 4,432 | 4,432 | - | 5,114 | 5,114 |
| Borrowings from credit institutions | - | 4,552 | 4,552 | - | 5,480 | 5,480 |
| Other interest-bearing borrowings, including lease liabilities ⁽³⁾ | - | 20,919 | 20,919 | - | 17,954 | 17,954 |
| DEBTS AND FINANCIAL LIABILITIES OF THE SALES FINANCING SEGMENT (EXCLUDING DERIVATIVES) | 890 | 47,463 | 48,353 | 867 | 47,373 | 48,240 |
| Derivatives on financing operations of the Sales Financing segment | - | 84 | 84 | - | 92 | 92 |
| DEBTS AND FINANCIAL LIABILITIES OF THE SALES FINANCING SEGMENT | 890 | 47,547 | 48,437 | 867 | 47,465 | 48,332 |
| TOTAL FINANCIAL LIABILITIES AND SALES FINANCING DEBTS | 13,423 | 51,471 | 64,894 | 8,794 | 50,245 | 59,039 |

(1) The financial liability recognized at December 31, 2020 in application of IAS 16 for leases analysed in substance as purchases amounts to €86 million (€26 million at December 31, 2019).

(2) Including subordinated loans of RCI Banque, amounting to €850 million at December 31, 2020 (€850 million at December 31, 2019).

(3) Including lease liabilities of the Sales Financing segment, amounting to €45 million at December 31, 2020 (€53 million at December 31, 2019).

23 - B. CHANGES IN AUTOMOTIVE FINANCIAL LIABILITIES AND DERIVATIVE ASSETS ON FINANCING OPERATIONS

| (€ million) | December 31, 2019 | Change in cash flows | Change resulting from acquisition or loss of control over subsidiaries and other operating units | Foreign exchange changes with no effect on cash flows | Other changes with no effect on cash flows | December 31, 2020 |
|---|-------------------|----------------------|--|---|--|-------------------|
| Renault SA redeemable shares | 281 | - | - | - | (36) | 245 |
| Bonds | 6,284 | 410 | - | (20) | 7 | 6,681 |
| Other debts represented by a certificate | 648 | 687 | - | (17) | - | 1,318 |
| Borrowings from credit institutions | 1,860 | 4,762 | - | (292) | 184 | 6,514 |
| Lease liabilities | 739 | (140) | 5 | (24) | 69 | 649 |
| Other financial liabilities | 627 | (233) | (9) | (9) | 209 | 585 |
| FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENT (EXCLUDING DERIVATIVES) | 10,439 | 5,486 | (4) | (362) | 433 | 15,992 |
| Derivatives on financing operations of the Automotive segments | 268 | 257 | - | (98) | 9 | 436 |
| TOTAL FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENTS (A) | 10,707 | 5,743 | (4) | (460) | 442 | 16,428 |
| Derivative assets on Automotive financing operations (B) | 268 | 106 | - | (9) | 28 | 393 |
| NET CHANGE IN AUTOMOTIVE FINANCIAL LIABILITIES IN CONSOLIDATED CASH FLOWS BY SEGMENT (SECTION 2.2.5) (A) – (B) | | 5,637 | | | | |
| Financial liabilities of the Mobility Services segment | - | 23 | - | (3) | 9 | 29 |
| NET CHANGE IN AUTOMOTIVE FINANCIAL LIABILITIES IN CONSOLIDATED CASH FLOWS | | 5,660 | | | | |

23 - C. CHANGES IN FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

Changes in redeemable shares of the Automotive segments

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares listed on the Paris Stock Exchange. They earn a minimum annual return of 9% comprising a 6.75% fixed portion and a variable portion that depends on consolidated revenues and is calculated based on identical Group structure and methods.

Redeemable shares are stated at amortized cost, calculated by discounting the forecast interest coupons at the effective interest rate of the borrowing. At December 31, 2020, the Group revised the future interest flows on redeemable shares based on the most recent sales forecasts released on January 14, 2020 in the "Renault" strategic plan. The value of the redeemable shares was therefore adjusted downwards by €41 million, with recognition of corresponding income in Other Financial Income and Expenses (see note 7). The interest of €20 million for 2020 (€20 million in 2019) is included in interest expenses.

These shares are traded for €373.65 at December 31, 2020 and (€557 at December 31, 2019). The financial liability based on the stock market value of the redeemable shares at December 31, 2020 is €298 million (€444 million at December 31, 2019).

Changes in bonds and other debts of the Automotive segments

Under its EMTN program, Renault SA issued a Eurobond on November 25, 2020 with a nominal value of €1 billion, 5.5-year maturity and a 2.375% coupon.

In 2020, Renault SA redeemed bonds for a total of €586 million.

In 2020, the AVTOVAZ group repaid financial liabilities totalling €460 million and contracted new financial liabilities totalling €1.002 million.

State-guaranteed credit facility of the Automotive segments

On June 2, 2020, the Renault Group opened a credit line with a pool of five banks, for the maximum amount of €5 billion covered by a French State guarantee for up to 90% of the amount borrowed. The main characteristics of this credit line were the following:

- The maximum total credit was €5 billion, and it could be drawn in whole or in part, in one or more times, until December 31, 2020.
- The initial maturity for each drawing was 12 months, and Renault had the option to extend the maturity by a further three years, with repayment of one third each year;
- The interest rate on each drawing was indexed on the 12-month Euribor for the first year, then the 6-month Euribor for any extensions;

- Early repayment after extension is possible for a principal amount of at least €500 million.

At December 31, 2020, €4 billion had been drawn on this credit line in three tranches: €2 billion drawn on August 5, 2020, €1 billion on September 22, 2020 and €1 billion on December 23, 2020. The remaining €1 billion credit is no longer available.

The Group considers that this credit facility has been provided under normal market conditions, and consequently that no subsidy is to be recorded when a drawing is made on it. The borrowing is therefore recognized at its initial nominal value.

For the initial recognition of the first two drawings, the Group considered itself able to repay these drawings without using the extension option, and the credit drawn was included in current liabilities. Due to the second lockdown in France which began in late October 2020, and the possible consequences of the second wave of the Covid-19 pandemic for the Group's liquidity, the prospect of non-extension for these two drawings was revised at December 31, 2020, and this change in prospects was treated as a modification of the liability under section B5.4.6 of IFRS 9. This led to an increase in the financial liability, with recognition of a corresponding financial expense of €69 million (see note 7, Financial income (expenses)). The third drawing was recognized from the outset on the basis that the extension option is likely to be exercised.

If extended, these credit drawings will be repayable in one-third instalments in 2022, 2023 and 2024 on the anniversary dates of the initial drawings, with the possibility of early repayment of outstanding instalments at the Renault Group's initiative at each repayment date.

No extension option has been exercised at December 31, 2020 and the three drawings are included in non-current financial liabilities.

Changes in Sales Financing debts

In 2020, RCI Banque group issued new bonds totalling €1,586 million with maturities between 2021 and 2027, and redeemed bonds for a total of €2,639 million.

It also made three drawings during 2020 under the TLTRO program, for the total amount of €1,750 million, maturing in 2023. Borrowings from credit institutions decreased as term loans matured.

New savings collected rose by €2,797 million during the year (€1,712 million of sight deposits and €1,085 million of term deposits) to €20,508 million (€14,715 million of sight deposits and €5,793 million of term deposits), and are classified as other interest-bearing borrowings. These savings are collected in Germany, Austria, Brazil, France and the United Kingdom.

Cash outflows on leases

Changes in cash relating to leases totalled €261 million in 2020 (including €170 million of repayments of lease liabilities and €91 million of cash outflows for variable rents and low-value and very short-term leases benefiting from exemptions, determined by reference to the amount of lease payments in profit and loss, which provides a good approximation (see note 5-C)).

The potential future cash outflows resulting from the exercise of extension options and contracts already signed which take effect after the 2020 year-end amount to €113 million.

Changes in financial liabilities of the Mobility Services segment

The financial liabilities of the Mobility Services segment consist of internal Group financing issued by Renault sas in the form of interest-bearing loans and put options concerning minority interests.

23 - D. BREAKDOWN BY MATURITY

For financial liabilities including derivatives, contractual flows are similar to the expected flows and correspond to the amounts to be paid.

For floating-rate financial instruments, interest is calculated using interest rates as at December 31, 2020.

No contractual flows are reported for Renault and Diac redeemable shares as they have no fixed redemption date.

Financial liabilities of the Automotive segments

| (€ million) | December 31, 2020 | | | | | | | | | |
|---|---------------------|-------------------------|---------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Balance sheet value | Total contractual flows | <1 yr | | | 1 to 2 yrs | 2 to 3 yrs | 3 to 4 yrs | 4 to 5 yrs | >5 yrs |
| | | | 0 to 3 months | 3 to 12 months | Total | | | | | |
| Renault SA bonds 2014 | 500 | 500 | 500 | - | 500 | - | - | - | - | - |
| Renault SA bonds 2017 | 1,702 | 1,702 | - | - | - | 202 | 750 | - | 750 | - |
| Renault SA bonds 2018 | 1,904 | 1,904 | - | 309 | 309 | - | 145 | 700 | - | 750 |
| Renault SA bonds 2019 | 1,555 | 1,555 | - | - | - | - | - | 55 | 1,000 | 500 |
| Renault SA bonds 2020 | 1,009 | 1,010 | - | - | - | 10 | - | - | - | 1,000 |
| Accrued interest, expenses and premiums | 11 | 10 | 18 | 15 | 33 | (6) | (6) | (5) | (4) | (2) |
| TOTAL BONDS | 6,681 | 6,681 | 518 | 324 | 842 | 206 | 889 | 750 | 1,746 | 2,248 |
| Other debts represented by a certificate | 1,318 | 1,318 | 526 | 792 | 1,318 | - | - | - | - | - |
| Borrowings from credit institutions | 6,514 | 6,470 | 281 | 540 | 821 | 1,628 | 1,724 | 1,810 | 487 | - |
| - Russia | 1,154 | 1,154 | 20 | 113 | 133 | 7 | 280 | 246 | 488 | - |
| - Including AVTOVAZ | 1,139 | 1,139 | 5 | 113 | 118 | 7 | 280 | 246 | 488 | - |
| - Brazil | 636 | 636 | 254 | 133 | 387 | 249 | - | - | - | - |
| - France | 4,476 | 4,476 | 19 | 79 | 98 | 1,371 | 1,443 | 1,564 | - | - |
| - Marocco | 130 | 130 | - | 130 | 130 | - | - | - | - | - |
| Lease liabilities | 649 | 686 | 40 | 79 | 119 | 117 | 68 | 61 | 54 | 267 |
| Other interest-bearing | 585 | 594 | 130 | 240 | 370 | 20 | 19 | 15 | 4 | 166 |
| TOTAL OTHER FINANCIAL LIABILITIES | 9,066 | 9,068 | 977 | 1,651 | 2,628 | 1,765 | 1,811 | 1,886 | 545 | 433 |
| Future interest on bonds and other financial liabilities | - | 658 | 24 | 77 | 101 | 154 | 140 | 121 | 90 | 52 |
| Redeemable shares | 245 | - | - | - | - | - | - | - | - | - |
| Derivatives on financing operations | 436 | 436 | 171 | 166 | 337 | 73 | 14 | 12 | - | - |
| TOTAL FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENTS | 16,428 | 16,843 | 1,690 | 2,218 | 3,908 | 2,198 | 2,854 | 2,769 | 2,381 | 2,733 |

Financial liabilities and debts of the Sales Financing segment

| (€ million) | December 31, 2020 | | | | | | | | | |
|---|---------------------|-------------------------|---------------|----------------|---------------|--------------|--------------|--------------|--------------|--------------|
| | Balance sheet value | Total contractual flows | <1 yr | | | 1 to 2 yrs | 2 to 3 yrs | 3 to 4 yrs | 4 to 5 yrs | >5 yrs |
| | | | 0 to 3 months | 3 to 12 months | Total | | | | | |
| RCI Bank bonds 2014 | 501 | 500 | 500 | - | 500 | - | - | - | - | - |
| RCI Bank bonds 2015 | 759 | 750 | - | - | - | 750 | - | - | - | - |
| RCI Bank bonds 2016 | 2,117 | 2,100 | - | 750 | 750 | - | 1,350 | - | - | - |
| RCI Bank bonds 2017 | 5,299 | 5,251 | - | 765 | 765 | 2,736 | - | 1,150 | 600 | - |
| RCI Bank bonds 2018 | 3,537 | 3,483 | 149 | 1,123 | 1,272 | 45 | 866 | - | 550 | 750 |
| RCI Bank bonds 2019 | 3,674 | 3,641 | 44 | 145 | 189 | 439 | 1,423 | 940 | - | 650 |
| RCI Bank bonds 2020 | 1,595 | 1,578 | - | 51 | 51 | 398 | 314 | 50 | 15 | 750 |
| Accrued interest, expenses and premiums | 78 | 77 | 35 | 54 | 89 | 1 | (2) | (4) | (3) | (4) |
| TOTAL BONDS | 17,560 | 17,380 | 728 | 2,888 | 3,616 | 4,369 | 3,951 | 2,136 | 1,162 | 2,146 |
| Other debts represented by a certificate | 4,432 | 4,432 | 775 | 1,465 | 2,240 | 1,617 | 459 | 77 | 32 | 7 |
| Borrowings from credit institutions | 4,552 | 4,552 | 921 | 826 | 1,747 | 739 | 1,969 | 79 | 18 | - |
| Lease liabilities | 45 | 45 | 2 | 6 | 8 | 7 | 7 | 7 | 7 | 9 |
| Other interest-bearing | 20,874 | 20,875 | 16,115 | 1,726 | 17,841 | 1,618 | 702 | 337 | 377 | - |
| TOTAL OTHER FINANCIAL LIABILITIES | 29,903 | 29,904 | 17,813 | 4,023 | 21,836 | 3,981 | 3,137 | 500 | 434 | 16 |
| Future interest on bonds and other financial liabilities | | 692 | 33 | 122 | 155 | 224 | 127 | 88 | 50 | 48 |
| Redeemable shares DIAC and subordinated debts | 890 | | | | | | | | | |
| Derivatives on financing operations | 84 | 25 | 1 | 8 | 9 | 15 | - | - | 1 | - |
| TOTAL DEBTS AND FINANCIAL LIABILITIES OF THE SALES FINANCING SEGMENT | 48,437 | 48,001 | 18,575 | 7,041 | 25,616 | 8,589 | 7,215 | 2,724 | 1,647 | 2,210 |

Financial liabilities and debts of the Mobility Services segment

| (€ million) | December 31, 2020 | | | | | | | |
|---|---------------------|-------------------------|---------------|----------------|-----------|------------|------------|------------|
| | Balance sheet value | Total contractual flows | <1 yr | | | 1 to 2 yrs | 2 to 3 yrs | 3 to 4 yrs |
| | | | 0 to 3 months | 3 to 12 months | Total | | | |
| Other interest-bearing | 28 | 28 | 15 | - | 15 | - | - | 13 |
| Total other financial liabilities | 28 | 28 | 15 | - | 15 | - | - | 13 |
| Derivatives on financing operations | 1 | 1 | - | - | - | - | - | 1 |
| TOTAL FINANCIAL LIABILITIES OF THE MOBILITY SERVICES SEGMENT | 29 | 29 | 15 | - | 15 | - | - | 14 |

23 - E. FINANCING BY ASSIGNMENT OF RECEIVABLES AND REVERSE FACTORING

Automotive segments financing by assignment of receivables

Some of the Automotive segment's external financing comes from assignment of commercial receivables to non-Group financial establishments.

Details of financing by assignment of commercial receivables is as follows:

| (€ million) | December 31, 2020 | | December 31, 2019 | |
|--------------------------------|---|---|---|---|
| | Receivables assigned to non-Group entities and derecognized | Receivables assigned and not derecognized | Receivables assigned to non-Group entities and derecognized | Receivables assigned and not derecognized |
| Automotive (excluding AVTOVAZ) | 1,467 | - | 1,805 | - |
| AVTOVAZ | 2 | - | 5 | - |
| TOTAL ASSIGNED | 1,469 | - | 1,810 | - |

The total amount of tax receivables assigned and derecognized in 2020 is €214 million, comprising €165 million of CIR receivables and €49 million of VAT receivables (€324 million of CIR receivables, €54 million of CICE receivables and €60 million of VAT receivables in 2019).

French tax receivables assigned outside the Group (the "CIR" Research Tax Credit), with transfer of substantially all the risks and benefits associated with ownership of the receivables, are only derecognized if the risk of dilution is deemed to be non-existent. This is notably the case when the assigned receivables have already been subject to a tax inspection or preliminary audit. No assigned tax receivables remained in the balance sheets at December 31, 2020.

The assigned receivables are derecognized when the associated risks and benefits are substantially transferred, as described in note 2-P.

The Automotive segments assigns its dealership receivables to the Sales financing segment. The total dealership receivables transferred to the Sales financing segment principally concerns the Renault group. The amounts are presented in note 15-D.

Automotive segments financing by reverse factoring programs

The accounting treatment for these programs is described in note 2-P, Assignment of receivables and reverse factoring.

At December 31, 2020, reverse-factoring programs concerned €26 million of financial liabilities (€44 million at December 31, 2019).

NOTE 24 - FINANCIAL INSTRUMENTS BY CATEGORY, FAIR VALUE AND IMPACT ON NET INCOME

24 - A. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE BY LEVEL

IFRS 9 defines three categories of financial instruments:

- financial assets at fair value through other components of comprehensive income;
- financial assets at fair value through profit or loss;
- loans and receivables carried at amortized cost.

The following breakdown by level of fair value is presented for financial instruments carried in the balance sheet at fair value:

- level 1: instruments whose fair values are derived from quoted prices in an active market; fair value is generally identical to the most recent quoted price;
- level 2: instruments whose fair values are derived from observable market prices and are not included in level 1;
- level 3: instruments whose fair values are derived from unobservable inputs on the market; the fair value of investments in non-controlled entities is generally based on the share of net assets.

Fair values have been determined on the basis of information available at the end of the year and do not therefore take account of subsequent movements.

In 2020, no financial instruments were transferred between Level 1 and Level 2, or into or out of Level 3.

| (€ million) | | December 31, 2020 | | | | | | | |
|--|------------------------------------|-------------------|---------------------------|----------------|---|---------------|-----------|--|--|
| | | Notes | Balance sheet value | | | | | Fair value of financial assets at amortized cost | Fair value level of financial assets at fair value |
| Total | Fair value through profit and loss | | Fair value through equity | Amortized cost | Equity instruments valued under the applicable standard | | | | |
| FINANCIAL ASSETS AND OTHER ASSETS | | | | | | | | | |
| Sales Financing receivables | | 15 | 40,820 | - | - | 40,820 | | 40,645 ⁽¹⁾ | 3 |
| Automotive customer receivables | | 16 | 910 | - | - | 910 | | ⁽²⁾ | |
| Tax receivables (including current taxes due) | | 17 | 1,951 | - | - | 1,951 | | ⁽²⁾ | |
| Other receivables and prepaid expenses | | 17 | 2,680 | - | - | 2,680 | | ⁽²⁾ | |
| Derivatives on operating transactions of the Automotive segments | | 17 | 31 | 8 | 23 | - | | | 2 |
| Derivatives on financing operations of the Sales Financing segment | | 17 | 230 | 196 | 34 | - | | | 2 |
| Investments in unconsolidated controlled entities | | 17 | 91 | | | - | 91 | | |
| Daimler shares | | 22 | 951 | | 951 | | | | 1 |
| Other investments in non-controlled entities | | 22 | 46 | 46 | | - | | | 3 |
| Marketable securities and negotiable debt instruments | | 22 | 426 | 94 | 332 | - | | | 1 |
| Derivatives on financing operations of the Automotive segments | | 22 | 393 | 393 | - | - | | | 2 |
| Loans and other | | 22 | 618 | - | - | 618 | | ⁽²⁾ | 3 |
| Cash and cash equivalents | | 22 | 21,697 | 8,709 | 380 | 12,608 | | ⁽²⁾ | 1 & 3 |
| TOTAL FINANCIAL ASSETS AND OTHER ASSETS | | | 70,844 | 9,446 | 1,720 | 59,587 | 91 | | |

(1) The fair value of sales financing receivables is estimated by discounting future cash flows at rates that would be applicable to similar loans (conditions, maturity and debtor quality) at the year-end. Receivables with a term of less than one year are not discounted, as their fair value does not differ significantly from their net book value. This is a level 3 fair value, as it uses recognized models for which certain significant data, such as the credit risk associated with the portfolio of receivables, are not based on observable market data.

(2) The Group does not report the fair value of financial assets such as Automotive customer receivables, tax receivables or cash and cash equivalents because their net book value after impairment is a reasonable approximation of their fair value.

| FINANCIAL LIABILITIES OTHER LIABILITIES | Notes | December 31, 2020 | | | | | Fair value of financial liabilities at amortized cost | Fair value level of financial liabilities at fair value |
|--|-------|---------------------|------------------------------------|---------------------------|---------------|---------------------------|---|---|
| | | Balance sheet value | | | | Amortized cost | | |
| | | Total | Fair value through profit and loss | Fair value through equity | | | | |
| Tax liabilities (including current taxes due) | 21 | 1,580 | | | 1,580 | (⁽¹⁾) | | |
| Social liabilities | 21 | 1,274 | | | 1,274 | (⁽¹⁾) | | |
| Other liabilities and deferred income | 21 | 8,681 | | | 8,681 | (⁽¹⁾) | | |
| Trade payables | 21 | 8,277 | | | 8,277 | (⁽¹⁾) | | |
| Derivatives on financing operations of the Automotive segments | 21 | 13 | - | 13 | | | 2 | |
| Renault redeemable shares | 23 | 245 | | | 245 | 298 (⁽²⁾) | | |
| DIAC redeemable shares | 23 | 14 | 14 | | | | 1 | |
| Subordinated debts | 23 | 876 | | | 876 | 876 (⁽³⁾) | | |
| Bonds | 23 | 24,241 | | | 24,241 | 24,241 (⁽³⁾) | | |
| Other debts represented by a certificate | 23 | 5,750 | | | 5,750 | 5,750 (⁽³⁾) | | |
| Borrowings from credit institutions | 23 | 11,066 | | | 11,066 | 11,066 (⁽³⁾) | | |
| Lease liabilities in application of IFRS 16 | 23 | 694 | | | 694 | 694 (⁽³⁾) | | |
| Other interest-bearing and non-interest-bearing borrowings | 23 | 21,488 | | | 21,488 | 21,488 (⁽³⁾) | | |
| Derivatives on financing operations of the Automotive segments | 23 | 436 | 436 | - | | | 2 | |
| Derivatives on financing operations of the Sales Financing segment | 23 | 84 | 12 | 72 | | | 2 | |
| TOTAL FINANCIAL LIABILITIES AND OTHER LIABILITIES | | 84,719 | 462 | 85 | 84,172 | | | |

(1) The Group does not report the fair value of financial liabilities such as trade payables, tax liabilities and social liabilities, because their book value is a reasonable approximation of their fair value.

(2) The fair value of Renault and DIAC redeemable shares is identical to the stock market price.

(3) The fair value of the Automotive segment's financial liabilities and Sales Financing debts measured at amortized cost is essentially determined by discounting future cash flows at rates offered to Renault at December 31, 2020 for loans with similar conditions and maturities. The rates offered to Renault result from observable market data such as zero-coupon interest rate curves and secondary market prices for bonds issued by the Group, and consequently this is a level 2 fair value.

24 - B. CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

Level 3 financial instruments mainly correspond to investments in non-controlled entities (€46 million at December 31, 2020 and €66 million at December 31, 2019). In an exception to the general approach, these instruments are still carried at historical cost, but if this is inappropriate they are valued on the basis of the share of net equity or using a method based on non-observable data.

24 - C. IMPACT OF FINANCIAL INSTRUMENTS ON NET INCOME

| (€ million) | Financial instruments other than derivatives | | | Derivatives | Total impact on net income |
|---|--|--|---|-------------|----------------------------|
| | Instruments measured at fair value through profit and loss | Instruments measured at fair value through profit and loss | Instruments measured at amortized cost (⁽¹⁾) | | |
| Operating margin | (1) | (1) | (169) | 11 | (160) |
| Net financial income (expenses) | (43) | 15 | (374) | 8 | (394) |
| Impact on net income – Automotive segments | (44) | 14 | (544) | 19 | (554) |
| Operating margin | 1 | 7 | 320 | 56 | 385 |
| Impact on net income – Sales Financing segment | 1 | 7 | 320 | 56 | 385 |
| TOTAL GAINS (LOSSES) WITH IMPACT ON NET INCOME | (43) | 21 | (223) | 75 | (169) |

(1) Including financial liabilities subject to fair value hedges.

For the Automotive segments, the impact of financial instruments on the operating margin mainly corresponds to foreign exchange gains and losses on operating transactions.

24 - D. FAIR VALUE HEDGES

| <i>(€ million)</i> | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Change in fair value of the hedging instrument | 51 | 74 |
| Change in fair value of the hedged item | (49) | (80) |
| Net impact on net income of fair value hedges | 2 | (6) |

Hedge accounting methods are described in note 2-X.

NOTE 25 - DERIVATIVES AND MANAGEMENT OF FINANCIAL RISKS

25 - A. DERIVATIVES AND NETTING AGREEMENTS

A1 - Fair value of derivatives and hedged notional values

The fair value of derivatives of the Automotive segments corresponds to their balance sheet value.

| (€ million) | Balance sheet value | | Nominal | Financial commitment | | |
|--|---------------------|-------------|---------------|----------------------|--------------|-----------|
| | Assets | Liabilities | | < 1 yr | 1 to 5 yrs | > 5 yrs |
| December 31, 2020 | | | | | | |
| Cash flow hedges | 6 | 12 | 1,243 | 1,243 | - | - |
| Derivatives not qualified as hedging instruments | 364 | 393 | 28,982 | 26,544 | 2,438 | - |
| TOTAL FOREIGN EXCHANGE RISK | 370 | 405 | 30,225 | 27,787 | 2,438 | - |
| Derivatives not qualified as hedging instruments | 37 | 43 | 3,323 | 585 | 2,722 | 16 |
| TOTAL INTEREST RATE RISK | 37 | 43 | 3,323 | 585 | 2,722 | 16 |
| Cash flow hedges | 17 | 1 | 210 | 176 | 34 | - |
| TOTAL COMMODITY RISK | 17 | 1 | 210 | 176 | 34 | - |
| TOTAL AUTOMOTIVE | 424 | 449 | 33,759 | 28,548 | 5,194 | 16 |

The fair value of derivatives of the Sales Financing segment corresponds to their balance sheet value.

| (€ million) | Balance sheet value | | Nominal | Financial commitment | | |
|--|---------------------|-------------|---------------|----------------------|---------------|--------------|
| | Assets | Liabilities | | < 1 yr | 1 to 5 yrs | > 5 yrs |
| December 31, 2020 | | | | | | |
| Derivatives not qualified as hedging instruments | 9 | 8 | 1,024 | 802 | 222 | - |
| TOTAL FOREIGN EXCHANGE RISK | 9 | 8 | 1,024 | 802 | 222 | - |
| Cash flow hedges | 7 | 72 | 10,182 | 2,888 | 7,294 | - |
| Fair value hedges | 211 | - | 8,524 | 1,332 | 5,042 | 2,150 |
| Derivatives not qualified as hedging instruments | 3 | 4 | 3,415 | 2,945 | 470 | - |
| TOTAL INTEREST RATE RISK | 221 | 76 | 22,121 | 7,165 | 12,806 | 2,150 |
| TOTAL SALES FINANCING | 230 | 84 | 23,145 | 7,967 | 13,028 | 2,150 |

A2 - Netting agreements and other similar commitments

Framework agreements for operations on financial futures and similar agreements

The Group negotiates its derivatives contracts in accordance with the framework agreements issued by the International Swaps and Derivatives Association (ISDA) and the FBF (Fédération Bancaire Française).

In the event of default, the non-defaulting party has the right to suspend execution of its payment obligations and to demand payment or transfer of a termination balance for all terminated transactions.

The ISDA and FBF framework agreements do not meet the requirements for netting in the financial statements. The Group currently has no legally enforceable right to net the reported amounts, except in the case of default or a credit event.

Netting of financial assets and liabilities: summary

| (€ million) | Amounts in the statement of financial position eligible for netting | Amounts not netted in the statement of financial position | | | Net amounts |
|---|---|---|------------------------------------|------------------------------|-------------|
| | | Financial instruments assets/liabilities | Guarantees included in liabilities | Off balance sheet guarantees | |
| December 31, 2020 | | | | | |
| ASSETS | | | | | |
| Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment | 393 | (26) | - | - | 367 |
| Derivatives on financing operations of the Sales Financing segment | 230 | - | - | - | 230 |
| Sales Financing receivables dealer ⁽¹⁾ | 193 | - | (110) | - | 83 |
| TOTAL ASSETS | 816 | (26) | (110) | - | 680 |
| LIABILITIES | | | | | |
| Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment | 436 | (332) | - | - | 104 |
| Derivatives on financing operations of the Sales Financing segment | 84 | (26) | - | - | 58 |
| TOTAL LIABILITIES | 520 | (358) | - | - | 162 |

(1) Sales financing receivables held by Banco RCI Brasil, whose exposure is covered by pledges of "letras de cambio" (bills of exchange) subscribed by dealers and reported under other debts represented by a certificate.

25 - B. MANAGEMENT OF FINANCIAL RISKS

The Group is exposed to the following financial risks:

- Liquidity risk;
- Market risks (foreign exchange, interest rate, equity and commodity risks);
- Bank counterparty risk and credit risk on customer and dealer financing.

Risk management differs depending on the operating segment. The risks described below concern the Automotive segments, (considering AVTOVAZ separately in certain cases), and the Sales Financing segment. The Mobility Services segment does not have any specific financial risks since it is financed by the Automotive segments.

B1 - Liquidity risk

The Group must have sufficient financial resources to finance its automotive and sales financing businesses, and the investments necessary for their growth. To ensure this is the case, the Automotive and Sales Financing segments borrow on the capital and banking markets to refinance their gross debt and guarantee liquidity. This exposes them to liquidity risks if markets are closed for long periods or credit is hard to access. The Automotive and Sales Financing segments are also credit-rated by several agencies. Any downgrading of external credit ratings could limit and/or increase the cost of their access to the capital markets.

- Liquidity risks – Automotive segments

The **Automotive** segment's liquidity risk is managed by the Financing and Treasury department. It is founded on an internal model that defines the level of the liquidity reserve the Automotive segments must maintain to finance its operations and development. The liquidity reserve is closely monitored by a monthly review and reporting that is validated by the Chief Financial Officer. Monitoring and management of the liquidity reserve level were reinforced in view of the Covid-19 pandemic.

Renault SA handles most refinancing for the **Automotive (excluding AVTOVAZ)** segment through long-term resources via the capital markets (bond issues and private placements), short-term financing such as NEU CP (Negotiable European Commercial Paper), or bank financing. Renault SA has several debt programs at December 31, 2020:

- An EMTN bond program with a €7 billion ceiling. This program has been registered with the AMF;
- A Shelf Registration bond on the Japanese market with a JPY200 billion ceiling. This program has been registered with the Japanese stock market authorities (Kanto Local Finance Bureau);
- A NEU CP program with a €2.5 billion ceiling. This program has been registered with the Bank of France.

Renault SA and its debt programs are credit-rated by several agencies. In 2020, in the context of the Covid-19 pandemic, Renault SA's rating was downgraded by S&P on April 9 to BB+ with a negative outlook and by Moody's on May 28 to Ba2 with a negative outlook. The Japanese agencies E&I and JCR also downgraded Renault SA's credit outlook from stable to negative on August 3 and October 5 respectively.

In 2020, to cover its liquidity requirements in the context of the Covid-19 pandemic, Renault SA arranged the following financing:

- A €5 billion bank credit line guaranteed by the French government (in June 2020). €4 billion of this credit had been drawn at December 31, 2020 (see note 23-C).
- A new Eurobond issue under its EMTN program, with nominal value of €1 billion, 5.5-year maturity and a coupon of 2.375% (in November 2020).

Renault SA also has confirmed credit lines opened with banks worth €3,430 million at December 31, 2020 (€3,480 million at December 31, 2019). These credit lines mature in more than one year and were undrawn at December 31, 2020 (and 2019). They form a liquidity reserve for the Automotive segments. The maturities of the Automotive segment's financial liabilities at December 31, 2020 are presented in note 23-D.

The contractual documentation for Renault SA's confirmed credit arrangements, bank loans and market financing does not contain any clause that could affect the continued supply of credit as a result of changes in either Renault's credit rating or its financial ratios. Certain types of financing, particularly market financing, contain standard clauses (pari passu, negative pledge and cross-default clauses).

AVTOVAZ also uses local bank credit for refinancing. Its credit lines total €1,139 million at December 31, 2020, of which €1,021 million mature in more than one year. AVTOVAZ decides to make drawings on the basis of cash forecasts. The maturities of AVTOVAZ financial liabilities at December 31, 2020 are presented in note 23-D. These financial liabilities contain no covenant that would lead to accelerated repayment if certain financial ratios are not respected. AVTOVAZ also uses reverse-factoring arrangements (see note 23-E).

At December 31, 2020, the **Automotive** segments have a liquidity reserve of €16.4 billion, sufficient to cover their commitments over a 12-month horizon. This reserve consists of €12.95 billion of cash and cash equivalents, and €3.43 billion of unused confirmed credit lines.

- Liquidity risks – Sales Financing segment

The **Sales Financing** segment is very attentive to diversification of its sources of liquidity. In recent years Renault has diversified its sources of financing widely, moving into new distribution zones in addition to its longstanding base of Euro bond investors.

RCI Banque's liquidity risk management follows the recommendations of the European Banking Authority. It uses several indicators and analyses (static liquidity, liquidity reserve, several stress scenarios), which are updated and reported to RCI Banque's Financial Committee on a monthly basis. The stress scenarios include assumptions concerning deposit leakage, loss of access to new financing, partial unavailability of certain elements of the liquidity reserve and forecasts for issuance of new credit.

The alternation of different maturities and issue formats is part of the Sales Financing segment's diversification strategy for financing sources. This policy has been followed for several years and enables the segment to reach the maximum number of investors.

There was only a modest degree of market financing during 2020, and the company was not seriously affected by the rise in the cost of financing. This situation arose because bond redemptions were lower in 2020 than in previous years (refinancing of the TLTRO II was launched early in 2016), and due to a slowdown in automobile sales that reduced the volume of new credit.

Savings deposits collected from private customers increased by €2.8 billion from 2019 to €20.5 billion or 43% of net assets at December 31, 2020.

On the secured refinancing segment, the revolving periods for private securitizations of automotive loans in the United Kingdom and leasing in Germany were extended for a further year. The French subsidiary undertook its first securitization of vehicle leases with a purchase option amounting to €991.5 million: €950 million of senior instruments (of which €200 million were self-subscribed) and €41.5 million of subordinated instruments.

RCI issued a 7-year fixed-rate bond of €750 million in January.

With these resources, as well as available securities in Europe for €16.6 billion, comprising €4.5 billion of undrawn confirmed credit lines with banks, €4.5 billion of collateral eligible for the European Central Bank's monetary policy operations, €7.4 billion of highly liquid assets (HQLA), and €0.3 billion of financial assets, RCI Banque is able to maintain its customer financing for more than 12 months without access to external liquidities.

The RCI Banque group's issues and programs are credit-rated by several agencies. Details of the ratings are provided in the Liquidity Risks chapter of the Risk Factors section in the Universal Registration Document. In the current context, in the case of Moody's and Standard & Poor's, any ratings downgrade for Automotive liabilities would entail a ratings downgrade for RCI Banque liabilities.

B2 - Foreign exchange risk

The Group made no major changes to its foreign exchange risk management policy in 2020.

The Group's exposure to foreign exchange risk principally concerns the **Automotive** segments.

- Foreign exchange risks - Automotive segments

In the **Automotive** segments, fluctuations in exchange rates can affect the six following financial aggregates: operating income (loss), working capital, financial income (expenses), share in net income (loss) of associates and joint ventures, shareholders' equity and net cash position.

Renault SA's Financing and Treasury department manages the foreign exchange risk for the **Automotive (excluding AVTOVAZ) segment**.

The finance department of AVTOVAZ manages the foreign exchange risk in a very similar way to the Automobile (excluding AVTOVAZ) segment. It identifies, measures and manages the foreign exchange risk by analyzing the net position in each currency. At December 31, 2020 the great majority of cash surpluses and bank debt of AVTOVAZ is denominated in Russian roubles, and no foreign exchange hedging was conducted in 2020.

- Operating income and working capital

It is the Automotive segment's policy not to hedge future operating cash flows in foreign currencies, although exceptions may be made. Foreign exchange hedges on operating and working capital items require formal authorization from the Finance department or Senior Management, and the results of these hedges are then reported to the Senior Management. In such cases foreign, and when it is possible, exchange operations are mainly undertaken by the subsidiary Renault Finance for currencies that are negotiable on the international markets.

The principal exposure to foreign exchange risks lies in the operating income (loss). At December 31, 2020 based on the 2020 structure of operating results and cash flows, a 1% rise by the euro against all other currencies would have an unfavourable impact of €24 million on the Automotive segment's annual operating income (loss) after any hedging.

The principal exposure in 2020 concerned the pound sterling, with sensitivity of approximately €9 million in the event of a 1% rise by the euro against the pound. The 10 largest exposures in absolute value and their sensitivities are presented below in millions of euros:

| Currency | | Annual net operating items (€ million) | Impact of a 1% rise in the euro |
|------------------|-----|--|---------------------------------|
| Pound sterling | GBP | 954 | (9) |
| Russian rouble | RUB | 858 | (8) |
| Polish zloty | PLN | 675 | (7) |
| Swiss franc | CHF | 378 | (4) |
| Argentinian peso | ARS | 340 | (3) |
| Indian rupee | INR | (244) | 2 |
| Japanese yen | JPY | (330) | 3 |
| Korean won | KRW | (336) | 3 |
| US dollar | USD | (394) | 4 |
| Romanian leu | RON | (688) | 7 |

In 2020, to limit the foreign exchange risk exposure of its net operating income and working capital, the Automotive (excluding AVTOVAZ) segment set up foreign exchange hedges of the pound sterling, Argentinian peso and Turkish lira.

- Financial income (expenses)

To avoid any exchange-related distortion of the net financial income, it is the Automotive segment's policy to minimize the foreign exchange risk affecting financing and investment items in foreign currencies.

All the Automotive (excluding AVTOVAZ) segment's exposures to foreign exchange risks on financial income and expense items are aggregated and monitored by the central Cash Management team, with monthly reporting to the Chief Financial Officer.

Financing flows in foreign currency originating from Renault entities are hedged in the same currency. If a subsidiary needs external financing in a currency other than the local currency, the parent company monitors the operations closely. Cash surpluses in countries that are not part of the parent company's centralized cash management are generally invested in local currency, under the supervision of the Group's central Cash management department. The subsidiary Renault Finance can undertake foreign exchange operations on its own behalf, within strictly defined risk limits. Its foreign exchange positions are monitored and valued in real time. This activity is chiefly intended to maintain the Group's expertise on the financial markets. It generates very short exposures and does not exceed some tens of millions of euros, so that it cannot have a significant impact on Renault's consolidated results.

- Share in the net income of associates and joint ventures

The share in the net income of associates and joint ventures is exposed to foreign exchange risks. On the basis of its contribution to 2020 net income, a 1% rise in the euro against the Japanese yen would have decreased Nissan's contribution by €49 million. This impact corresponds only to the impact of the euro on the translation of Nissan's contribution to the consolidated statements of Groupe Renault; it does not reflect the inherent impact of euro fluctuations on Nissan's own accounts, given that Nissan does varying levels of business in the Euro zone and Renault has no control over this.

- Equity investments

The foreign exchange risk exposure of equity investments (in currencies other than the euro) is not generally hedged. However, due to its importance, the investment in Nissan is subject to a partial foreign exchange hedge amounting to ¥18billion at December 31, 2020 (note 12-G). To limit liquidity risks in yen, the Group has set itself the rule of not hedging this net investment above an amount equal to its best estimate of the next three years' dividends in yen to be received from Nissan.

- Net cash position

For the purposes of the partial hedge of the investment in Nissan, some of Renault's net financial indebtedness is denominated in yen. At December 31, 2020 a 1% rise in the euro against the yen would increase the net cash position of the Automotive segments by €1,4 million. This net cash position may also be impacted by changes in exchange rates concerning subsidiaries' financial assets and liabilities in their local currency.

- Analysis of financial instruments' sensitivity to foreign exchange risks

This analysis concerns the sensitivity to foreign exchange risks of monetary assets and liabilities (including intra-Group balances) and derivatives denominated in a currency other than the currency of the entity that holds them. However, it does not cover items (hedged assets or liabilities and derivatives) concerned by fair value hedging, for which changes in fair value of the hedged item and the hedging instrument totally offset each other in the income statement.

The impact on shareholders' equity (before tax) of a 1% rise in the euro against other currencies is assessed by converting financial assets, cash flow hedges and the partial hedge of the investment in Nissan. For the **Automotive** segment, this impact would be a favourable €6 million at December 31, 2020 (€10 million at December 31, 2019), explained by the yen bond issues that make up the partial hedge of the investment in Nissan (see note 12-G) and the partial hedge set up for future cash flows in sterling in 2020.

The impact on net income of a 1% rise in the euro against other currencies would be an unfavourable impact of €14 million at December 31, 2020 (€7 million at December 31, 2019 excluding AVTOVAZ), mainly attributable to unhedged operating assets and liabilities denominated in a currency that is not the functional currency of the entity that holds them.

- Foreign exchange risk - Sales Financing segment

The **Sales Financing** segment has low exposure to foreign exchange risks due to the management principles applied. No position can be taken under the central management framework for refinancing; the trading room hedges all flows concerned. Residual, temporal positions in foreign currencies related to the time differences in cash flows inherent to multi-currency cash management may still remain. They are monitored daily and the same hedging policy applies. The sales financing subsidiaries are obliged to obtain refinancing in their own currency and as a result are not exposed. In exceptional circumstances, limits are assigned to subsidiaries where sales financing activities or refinancing take place in several different currencies, and to subsidiaries authorized to invest some of their cash surpluses in a currency other than their local currency.

At December 31, 2020 RCI Banque's consolidated foreign exchange position reached €5.8 million.

The United Kingdom's departure from the European Union did not lead to recognition of any provisions by the RCI Banque group at December 31, 2020. In preparation for the consequences of Brexit, all the activities of RCI Bank UK Branch were transferred on March 14, 2019 to a new entity RCI Services UK Limited, a credit institution that is a fully-owned subsidiary of RCI Holding. No further operation was necessary in 2020.

B3 - Interest rate risks

The Group made no major changes to its interest rate risk management policy in 2020. The Group's exposure to interest rate risk principally concerns the Sales Financing segment.

- Interest rate risk - Automotive segments

The Automotive segment's net financial income is exposed to a risk of variations in market interest rates affecting its cash surpluses and financial liabilities, and to a lesser degree its shareholders' equity.

The interest rate risk management policy applies the following principles:

- Liquidity reserves are generally established using floating-rate financing: the Automotive segment's available cash is managed centrally by Renault SA as far as possible and invested in short-term bank deposits by Renault Finance;
- Long-term investments by the Automotive (excluding AVTOVAZ) segment generally use fixed-rate financing. Fixed-rate borrowings remain at fixed rates as long as the rate curve is close to zero, or even negative.
- AVTOVAZ cash surpluses and bank debts principally bear floating-rate interest. In 2020, AVTOVAZ did not set up any hedging instruments for its financial liabilities. The finance department of AVTOVAZ closely monitors interest rate movements in Russia, and if rates rise it will take steps to reduce the impact on the net financial income, by increasing the proportion of fixed-rate debt as it refinances its portfolio.

The ratio of liquidity reserve hedging by floating-rate debts is monitored monthly. Interest rate hedging instruments for the Automotive (excluding AVTOVAZ) segment are standard interest swaps that are adequately covered by hedged liabilities, such that no ineffectiveness is expected.

The financing in yen undertaken as part of the partial hedge of the investment in Nissan equity is fixed-rate.

Finally, Renault Finance carries out interest rate transactions on its own behalf, within strictly defined risk limits, and positions are monitored and valued in real time. The risk associated with this arbitrage activity is very limited, and has no significant impact on the Group's consolidated net income.

- Interest rate risk – Sales Financing segment

The overall interest rate risk represents the impact of fluctuating rates on the future gross financial margin. RCI Banque's operating results may be affected by movements in market interest rates or interest rates applicable to customer deposits. The Sales Financing segment's aim is to limit these risks as far as possible in order to protect its margin on sales.

To take account of the difficulty of precisely matching the structure of borrowings with the structure of loans, a limited amount of flexibility is allowed in each subsidiary's interest rate hedging. This flexibility is reflected in a sensitivity limit assigned to each subsidiary and validated by the finance committee, in an individual adaptation of part of the limit Renault assigns to the Sales Financing segment.

A daily sensitivity calculation by currency, management entity, and asset portfolio is used to ensure that each entity respects its assigned limits. All RCI Banque entities use the same method for this assessment of interest rate sensitivity, which measures the impact of a 100bp increase in interest rates on the value of balance sheet items for each entity. Sensitivity is calculated daily for

each currency and each management entity (central refinancing office, French and foreign sales financing subsidiaries) for the purpose of overall management of interest rate risks across the consolidated scope of the Sales Financing segment.

Each entity's position with regard to its limit is checked daily, and immediate hedging directives are issued to the subsidiaries if circumstances require. The results of the checks are reported monthly to the Sales Financing segment's Finance Committee, which checks that the positions comply with the Group's financial strategy and current procedural instructions.

Analysis of the Sales Financing segment's structural interest rate risk shows the following:

- Virtually all loans to customers by sales financing subsidiaries bear interest at a fixed rate and have terms from one to seventy-two months. These loans are hedged by fixed-rate resources with the same structure. They are covered by macro-hedging and only generate a residual interest rate risk. In subsidiaries where the financing bears interest at a floating rate, the interest rate risk is hedged by macro-hedging using interest rate swaps.
- The main activity of the Sales Financing segment's central refinancing department is refinancing the segment's sales subsidiaries. The outstanding credit issued by sales financing subsidiaries is backed by fixed-interest resources, some of which are micro-hedged by interest rate swaps, and floating-rate resources. Macro-hedging transactions in the form of interest rate swaps keep the sensitivity of the refinancing holding company below the limit set by the Group (€32 million). These macro-hedging transactions concern floating-rate resources and/or fixed-rate resources converted to floating-rate resources by micro-hedging of swaps.
- Analysis of Group financial instruments' sensitivity to interest rate risks

The Automotive and Sales Financing segments are exposed to the following interest rate risks:

- variations in the interest flows on floating-rate financial instruments stated at amortized cost (including fixed-rate instruments swapped to floating rate, and structured products);
- variations in the fair value of fixed-rate financial instruments stated at fair value;
- variations in the fair value of derivatives.

Impacts are estimated by applying a 100 base point rise in interest rates over a one-year period to financial instruments reported in the closing statement of financial position.

For the Sales Financing segment, the impact on shareholders' equity corresponds to the change in fair value before reclassification in profit or loss (section 4.2.2) of fixed-rate debt instruments classified as financial assets at fair value through other components of comprehensive income and cash flow hedges after a 100 base point rise in interest rates. All other impacts affect net income.

Calculation of the individual segments' sensitivity to interest rates includes intersegment loans and borrowings.

For the **Automotive segments**, the impact on net income of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be a favorable €91.3 million. Shareholders' equity would be unaffected.

For the **Sales Financing segment**, the overall sensitivity to interest rate risks in 2020 remained below the limit set by the RCI Banque group (€50 million at December 31, 2020). At December 31, 2020, a 100-point base point rise in interest rates would have the following impacts on net income and shareholders' equity (before taxes):

- +€4.3 million for items denominated in euros;
- +€0.6 million for items denominated in Korean won;
- +€0.5 million for items denominated in Swiss francs;
- +€0.2 million for items denominated in Czech korunas;
- €(0.6) million for items denominated in Brazilian real;
- €(0.3) million for items denominated in pounds sterling;
- €(0.1) million for items denominated in Polish zloty;

The sum of the absolute sensitivities in each currency amounts to €9.4 million.

- Fixed rate/floating rate breakdown of the Group's financial assets, after the effect of derivatives

| (€ million) | December 31, 2020 | | | | | December 31, 2019 | | | |
|---|-------------------|------------------------|------------|-------------------|-----------------|-------------------|------------------------|-----------|-----------------|
| | Total | Auto excluding AVTOVAZ | AVTOVAZ | Mobility services | Sales financing | Total | Auto excluding AVTOVAZ | AVTOVAZ | Sales financing |
| Financial assets before hedging: fixed rate (a) | 1,468 | 525 | - | - | 943 | 2,015 | 67 | - | 1,948 |
| Financial assets before hedging: floating rate (a') | 21,273 | 11,962 | 558 | 15 | 8,738 | 15,112 | 12,278 | 72 | 2,762 |
| Financial assets before hedging | 22,741 | 12,487 | 558 | 15 | 9,681 | 17,127 | 12,345 | 72 | 4,710 |
| Hedges: floating rate / fixed (b) | - | - | - | - | - | - | - | - | - |
| Hedges: fixed rate / floating (b') | - | - | - | - | - | - | - | - | - |
| Hedges | - | - | - | - | - | - | - | - | - |
| Financial assets after hedging: fixed rate (a+b-b') | 1,468 | 525 | - | - | 943 | 2,015 | 67 | - | 1,948 |
| Financial assets after hedging: floating rate (a'+b'-b) | 21,273 | 11,962 | 558 | 15 | 8,738 | 15,112 | 12,278 | 72 | 2,762 |
| Financial assets after hedging | 22,741 | 12,487 | 558 | 15 | 9,681 | 17,127 | 12,345 | 72 | 4,710 |

- Fixed rate/floating rate breakdown of the Group's financial liabilities, after the effect of derivatives

| (€ million) | December 31, 2020 | | | | | December 31, 2019 | | | |
|--|-------------------|------------------------|--------------|-------------------|-----------------|-------------------|------------------------|------------|-----------------|
| | Total | Auto excluding AVTOVAZ | AVTOVAZ | Mobility services | Sales financing | Total | Auto excluding AVTOVAZ | AVTOVAZ | Sales financing |
| Financial liabilities before hedging: fixed rate (a) | 34,580 | 12,204 | 251 | 18 | 22,107 | 34,979 | 7,604 | 328 | 27,047 |
| Financial liabilities before hedging: floating rate (a') | 28,659 | 2,377 | 915 | 11 | 25,356 | 22,552 | 1,643 | 583 | 20,326 |
| Financial liabilities before hedging | 63,239 | 14,581 | 1,166 | 29 | 47,463 | 57,531 | 9,247 | 911 | 47,373 |
| Hedges: floating rate / fixed (b) | 10,302 | - | - | - | 10,302 | 8,631 | 95 | - | 8,536 |
| Hedges: fixed rate / floating (b') | 8,583 | 164 | - | - | 8,419 | 8,758 | 426 | - | 8,332 |
| Hedges | 18,885 | 164 | - | - | 18,721 | 17,389 | 521 | - | 16,868 |
| Financial liabilities after hedging: fixed rate (a+b-b') | 36,299 | 12,040 | 251 | 18 | 23,990 | 34,852 | 7,273 | 328 | 27,251 |
| Financial liabilities after hedging: floating rate (a'+b'-b) | 26,940 | 2,541 | 915 | 11 | 23,473 | 22,679 | 1,974 | 583 | 20,122 |
| Financial liabilities after hedging | 63,239 | 14,581 | 1,166 | 29 | 47,463 | 57,531 | 9,247 | 911 | 47,373 |

B4 - Equity risk

The Group's exposure to equity risk essentially concerns the Daimler shares acquired in connection with cooperation agreements, and marketable securities indexed to share prices. The Group does not use equity derivatives to hedge these risks.

The Group made no major changes to its equity risk management policy in 2020.

The sensitivity to equity risks resulting from application of a 10% decrease in share prices to the financial assets concerned at the year-end would have an unfavourable impact of €95 million on shareholders' equity. The impact on net income is not significant at December 31, 2020.

B5 - Commodity risk

- Management of commodity risk

Commodity purchase prices can change suddenly and significantly and cannot necessarily be passed on through vehicle sale prices. This may lead Renault's Purchases department to hedge part of its commodity risks using financial instruments. These hedges are subject to volume, duration and price limits.

In 2020 Renault undertook hedging operations on base metals and precious metals, within the limits validated by the CEO of Renault SA for a temporary period.

The operations in progress at December 31, 2020 are classified for accounting purposes as cash flow hedges, and accordingly changes in their fair value are included in other components of comprehensive income to the extent of the effective portion of the hedges.

- Analysis of financial instruments' sensitivity to commodity risks

Financial instruments' accounting sensitivity to commodity risks results from derivatives used to hedge the Group's economic exposure to these risks.

A 10% increase in commodity prices for derivatives classified as hedging derivatives would have a positive impact of €21 million on other components of comprehensive income at December 31, 2020.

B6 - Customer credit risk and bank counterparty risk

- Customer credit risk on Automotive receivables

The Automotive (excluding AVTOVAZ) segment's exposure to credit risk is limited because of the assignment of many receivables leading to their deconsolidation, and systematic hedging of risks on export receivables. Non-assigned sales receivables and receivables covered by guarantee are regularly monitored.

AVTOVAZ trades only with recognized, creditworthy third parties. All future customers requiring credit facilities are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, and as a result, the AVTOVAZ Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount. There are no significant concentrations of credit risk within the AVTOVAZ Group.

- Credit risk on customers, dealers and commitments given by the Sales Financing segment

The Sales Financing segment is exposed to customer and dealer credit risk when risk management techniques are insufficient for protection against default on payment by its counterparties.

Credit risk is the risk of losses due to the incapacity of RCI Banque customers to fulfill the terms of a contract signed with the bank. Credit risk is closely linked to macro-economic factors including the unemployment rate, corporate bankruptcies, debt servicing costs, revenue growth, disposable household income, dealership profitability and the price of used vehicles. It has a significant impact on the Sales Financing segment's business.

The level of credit risk on the dealership network is influenced by the dealers' financial health, the quality of guarantees, and the general demand for vehicles.

RCI Banque uses advanced scoring systems and external databases to evaluate the quality of loans made to retail and business customers. It also uses an internal rating system to evaluate lending to dealers. Although RCI Banque is constantly adjusting its acceptance policy in response to market conditions, any increase in the credit risk would increase its cost of risk and its provisions for bad debt. RCI Banque has detailed procedures to recover receivables that are compromised or in default, arranging repossessions and sales of unpaid vehicles. However, there can be no guarantee that the policies of issuing credit, monitoring credit risk, payment recovery action, and repossession of vehicles are, or will be, sufficient to avoid an unfavourable impact on its financial results and position.

An increase in the credit risk would increase the cost of risk and provisions for bad debt, with a direct impact on RCI's financial results and potentially on its internal capital.

- Bank counterparty risk

Due to its operations on the financial and banking markets to invest cash surpluses, manage foreign exchange risks and interest risks, and manage payment flows, the Group is exposed to a bank counterparty risk.

This bank counterparty risk affecting Group entities is managed by both the Automotive and Sales Financing segment in a fully coordinated approach. It is founded on an internal rating system based mainly on counterparties' long-term credit ratings and equity. This system is used by all Renault group companies exposed to a bank counterparty risk.

Group companies which, due to the nature of their business, are significantly exposed to a bank counterparty risk are monitored daily to ensure that they comply with authorized counterparty limits, in accordance with specific procedures. The Group produces a consolidated monthly report covering all its bank counterparties, organized by credit rating. This report provides a detailed analysis of compliance with limits in terms of amount, maturity and type, as well as a list of the main exposures.

To reduce the bank counterparty risk, most deposits are contracted with large network banks and generally have terms shorter than 90 days, as this allows a good spread of the risk and lowers the systemic risk. In the event of volatile macroeconomic situations that may arise in emergent countries and potentially affect their banking systems, the Group introduces an action plan to step up counterparty risk monitoring and makes adjustments to the counterparty limits if necessary. The exposure on each banking group is assessed monthly on a consolidated basis, with the Automotive and Sales Financing entities. The Group is not subject to any significant risk concentration for its operations on the financial and banking markets.

No losses due to default by a bank counterparty were recorded in 2020.

Impairment and provisions established to cover counterparty risks

| (€ million) | Notes | December 31, 2019 | Impairment | Reversals | | Other | December 31, 2020 |
|---|-------|-------------------|--------------|-----------------|----------------------------|-----------|-------------------|
| | | | | For application | Of unused residual amounts | | |
| Impairment of Sales Financing receivables | 15 | (848) | (707) | 299 | 154 | 38 | (1,064) |
| - Impairment of financing for end-customers | 15 | (747) | (634) | 262 | 134 | 34 | (951) |
| - Impairment of dealership financing | 15 | (101) | (73) | 37 | 20 | 4 | (113) |
| Impairment of Automotive receivables ⁽¹⁾ | 16 | (815) | (120) | 6 | 24 | 7 | (898) |
| Impairment of other receivables | 17 | (339) | 96 | - | - | 28 | (215) |
| Impairment of other financial assets | 22 | (5) | (23) | - | - | - | (28) |
| Provisions (commitments given) | 20 | 6 | 18 | (1) | (10) | - | 13 |
| Total coverage of counterparty risks | | (2,001) | (736) | 304 | 168 | 73 | (2,192) |

(1) Including €678 million of commercial receivables related to Iran at December 31, 2020 (€678 million at December 31, 2019)

4.2.6.6 Cash flows and other information

NOTE 26 - CASH FLOWS

26 - A. OTHER INCOME AND EXPENSES WITH NO IMPACT ON CASH BEFORE INTEREST AND TAX

| <i>(€ million)</i> | 2020 | 2019 |
|---|--------------|--------------|
| Net allocation to provisions | 353 | (115) |
| Net effects of Sales Financing credit losses | 255 | 67 |
| Net (gain) loss on asset disposals | 64 | 23 |
| Change in fair value of other financial instruments | 58 | 33 |
| Net financial indebtedness | 337 | 311 |
| Deferred taxes | 114 | 828 |
| Current taxes | 306 | 626 |
| Other | 26 | 164 |
| OTHER INCOME AND EXPENSES WITH NO IMPACT ON CASH BEFORE INTEREST AND TAX | 1,513 | 1,937 |

26 - B. CHANGE IN WORKING CAPITAL BEFORE TAX

| <i>(€ million)</i> | 2020 | 2019 |
|--|----------------|--------------|
| Decrease (increase) in net inventories | (112) | 165 |
| Decrease (increase) in net receivables | 338 | 390 |
| Decrease (increase) in other assets | 212 | 155 |
| Increase (decrease) in trade payables | (908) | (161) |
| Increase (decrease) in other liabilities | (722) | 665 |
| INCREASE (DECREASE) IN WORKING CAPITAL BEFORE TAX | (1,192) | 1,214 |

26 - C. CAPITAL EXPENDITURE

| <i>(€ million)</i> | 2020 | 2019 |
|--|----------------|----------------|
| Purchases of intangible assets | (1,500) | (2,086) |
| Purchases of property, plant and equipment (other than assets leased to customers) | (2,508) | (3,035) |
| TOTAL PURCHASES FOR THE PERIOD | (4,008) | (5,121) |
| Deferred payments | (200) | 99 |
| TOTAL CAPITAL EXPENDITURE | (4,208) | (5,022) |

NOTE 27 - RELATED PARTIES

27 - A. REMUNERATION OF DIRECTORS AND EXECUTIVES AND EXECUTIVE COMMITTEE MEMBERS

The table below reports the remuneration paid to the Chairman and CEO, the Chairman of the Board of Directors and the interim CEO (2020), Directors and Executives and members of the Group Executive Committee, which became the Management Board on January 1, 2021. Amounts are allocated pro rata to expenses of the periods in which the functions were occupied.

| (€ million) | 2020 | 2019 | 2018 |
|---|-------------|-------------|-------------|
| Basic salary | 6.5 | 6.0 | 5.5 |
| Variable remuneration | 7.4 | 4.6 | 7.4 |
| Employer's social security charges | 12.1 | 8.6 | 11.1 |
| Complementary pension and retirement indemnities | 2.1 | 1.1 | 9.5 |
| Agreed indemnities | 9.4 | 7.8 | - |
| Other components of remuneration | 0.2 | 0.2 | 0.5 |
| Total remuneration excluding the impact of the settlement in 2019 of the supplementary pension plan and stock option and performance share | 37.7 | 28.3 | 34.0 |
| Stock-options, performance shares and other share-based payments | 3.6 | 11.3 | 16.1 |
| Total excluding the impact of the liquidation in 2019 of the supplementary pension scheme | 41.3 | 39.6 | 50.1 |
| Impact of the settlement in 2019 of the supplementary pension plan | - | (30.1) | NA |
| Total remuneration of the Chairman and members of the Executive Committee | 41.3 | 9.5 | 50.1 |

Maximum Directors' fees amounted to €1.5 million in 2020 (€1.5 million in 2019)

In 2019, the collective supplementary defined-benefit pension plan set up for members of the Group's Executive Committee was terminated. The accounting effects of its settlement are presented on a specific line of the table above in order to facilitate cross-period comparisons.

27 - B. RENAULT'S INVESTMENTS IN ASSOCIATES

Details of Renault's investments in Nissan and in other companies accounted for by the equity method are provided in notes 12 and 13-A.

27 - C. TRANSACTIONS WITH THE FRENCH STATE AND PUBLIC COMPANIES

In the course of its business the Group undertakes transactions with the French State and public companies such as UGAP, EDF, and La Poste. These transactions, which take place under normal market conditions, represent sales of €259 million in 2020 (€257 million in 2019), an automotive receivable of €72 million, a sales financing receivable of €282 million and a financing commitment of €40 million at December 31, 2020 (respectively €53 million, €403 million and €26 million at December 31, 2019).

In 2020 the Group benefited from a State-guaranteed credit facility, issued by a pool of banks as described in note 23-C.

27 - D. TRANSACTIONS WITH UNCONSOLIDATED CONTROLLED ENTITIES

A certain number of controlled entities are not consolidated, as explained in note 2-C, because their contribution to the consolidated financial statements is considered non-significant (note 17).

The only company with sales of more than €100 million and/or a balance sheet value of more than €100 million are Renault Nissan Global Management, which manages Renault's expatriates.

In 2020, the Renault Group's expenses with this company amounted to approximately €185 million (€255 million in 2019).

In the Group's financial position at December 31, 2020, the balances of transactions between Renault Nissan Global Management and the Renault Group consist mainly of operating receivables amounting to €116 million (€120 million at December 31, 2019) and operating payables amounting to €61 million (€59 million at December 31, 2019).

NOTE 28 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

In the course of its business, Renault enters into a certain number of commitments, and is involved in litigations or subject to investigations by competition and automobile regulation authorities. Any liabilities resulting from these situations (e.g. pensions and other employee benefits, litigation costs, etc.) are covered by provisions. Details of other commitments that constitute off-balance sheet commitments and contingent liabilities are provided below (note 28-A).

Renault also receives commitments from customers (deposits, mortgages, etc.) and may benefit from credit lines with credit institutions (note 28-B).

28 - A. OFF-BALANCE SHEET COMMITMENTS GIVEN AND CONTINGENT LIABILITIES

A1 - Ordinary operations

The Group is committed for the following amounts:

| (€ million) | 2020 | 2019 |
|--|-------|-------|
| Financing commitments in favour of customers ⁽¹⁾ | 2,437 | 2,583 |
| Firm investment orders | 984 | 1,572 |
| Assets pledged, provided as guarantees or mortgaged | 4 | 2 |
| Sureties, endorsements and guarantees given and other commitments ⁽²⁾ | 970 | 696 |

(1) Commitments in favour of customers by the Sales Financing segment will lead to outflows of liquidities during the three months following the year-end of a maximum amount of €2,328 million at December 31, 2020 (€2,488 million at December 31, 2019).

(2) Other commitments notably include guarantees granted to administrations, share subscription commitments, and lease commitments relating to leases that are outside the scope of IFRS 16 or exempt from the accounting treatment prescribed by IFRS 16.

Assets pledged as guarantees by the Sales Financing segment for management of the liquidity reserve are presented in note 15-B.

A2 - Contingent liabilities

Group companies are periodically subject to tax inspections in the countries in which they operate. Accepted tax adjustments are recorded as provisions in the financial statements. Contested tax adjustments are recognized on a case-by-case basis, taking into account the risk that the proceedings or appeals undertaken may be unsuccessful. Tax liabilities are recognized via provisions when there are uncertainties over the determination of taxes.

RESA (Renault España SA) was notified of a tax reassessment for transfer prices, amounting to €212 million at December 31, 2020, which the Renault Group is contesting. A procedure for amicable settlement between France and Spain will be started in 2021. No provision has been recognized in connection with this notification, since Renault considers that it has good chances of winning its case. A deposit of €135 million was paid to the Spanish tax authorities in December 2020, recognized in non-current financial assets and presented in cash flows from investing activities (under Decrease (Increase) in loans of the Automotive segments) in the consolidated cash flow statement. Another payment, of €77 million, is due to be made during the first quarter of 2021 and will be recognized in the same way.

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At December 31, 2020, the Group had not identified any significant risk in connection with these operations.

Group companies are periodically subject to investigations by the authorities in the countries in which they operate. When the resulting financial consequences are accepted, they are recognized in the financial statements via provisions. When they are contested, they are recognized on a case-by-case basis, based on estimates that take into account the risk that the proceedings or appeals undertaken may be unsuccessful.

The main investigations by the competition and automotive regulations authorities in progress at December 31, 2020 concern illegal agreements and the level of vehicle emissions in Europe.

On January 9, 2019 the Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato* - AGCM) fined RCI Banque €125 million, with Renault SA jointly liable for payment of the fine. The Group is contesting the grounds for this fine and has appealed against the decision. Renault considers that the probability of the decision being cancelled or fundamentally amended by a court order is high. Due to the large number of variables affecting the amount of the fine, if upheld, it is impossible to reliably estimate the amount that could be payable at the end of the proceedings. On April 3, 2019 Renault's application for suspension of the payment was accepted, with arrangement of a bank guarantee. On October 21, 2020 the court cancelled the AGCM's decision in its entirety, and the AGCM filed an appeal against that ruling on December 23, 2020. No provision was recognized in connection with this matter at December 31, 2020.

In the ongoing "emissions" affair in France, Renault is aware that a formal legal investigation was opened on January 12, 2017 at the request of the Paris public prosecution office. This stage in the procedure was seen as an indication that the French prosecution office wished to pursue this matter. No provision was recognized at December 31, 2020 nor December 31, 2019.

In the proceedings concerning the request for a preliminary ruling regarding another automaker, the Court of Justice of the European Union (CJEU) issued its interpretative judgement on December 17, 2020. This ruling is binding for national laws. The potential consequences of the next steps in these ongoing proceedings cannot be reliably estimated at this stage, and no provision was recognized in connection with this matter at December 31, 2020.

Group companies are subject to the applicable regulations regarding CO₂ emissions, principally in the European Union, but also in China, Switzerland, South Korea. Renault confirmed in a press release of January 4, 2021 that it had achieved its 2020 CAFE

(Corporate Average Fuel Economy) targets for passenger vehicles and light commercial vehicles, subject to validation by the European Commission in the coming months.

Approximately 70% of the Group's sales are subject to this type of regulation. Achievement of the European CAFE target of 95g CO₂/km in 2020 was confirmed for all new vehicles registered in 2020, even though the average CO₂ emissions of vehicles registered in the first half of the year was above the 95g threshold.

Group companies are also subject to the applicable regulations regarding pollution, notably of soil and ground water. These regulations vary depending on the country of location. Some of the associated environmental liabilities are potential and will only be recognized in the accounts if the activity is discontinued or the site closed. It is also sometimes difficult to determine the amount of the obligation reliably. Provisions are only established for liabilities that correspond to a legal or constructive obligation at the closing date, and can be estimated with reasonable reliability.

28 - B. OFF-BALANCE SHEET COMMITMENTS RECEIVED AND CONTINGENT ASSETS

| (€ million) | 2020 | 2019 |
|--|-------|-------|
| Sureties, endorsements and guarantees received | 2,949 | 2,671 |
| Assets pledged or mortgaged ⁽¹⁾ | 2,749 | 3,790 |
| Buy-back commitments ⁽²⁾ | 5,452 | 4,832 |
| Other commitments | 44 | 43 |

(1) The Sales Financing segment receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €2,708 million at December 31, 2020 (€3,727 million at December 31, 2019). In addition, AVTOVAZ received €14 million in real estate property rights and ownership rights as guarantees of loans, and €26 million in rights to vehicles as guarantees of customer receivables (€13 million and €49 million respectively at December 31, 2019).

(2) Commitments received by the Sales Financing segment for sale to a third party of rental vehicles at the end of the rental contract.

Off-balance sheet commitments received concerning confirmed opened credit lines are presented in note 25-B1.

NOTE 29 - FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

The fees paid to the Group's statutory auditors and their networks are reported in section 7.3.1. of the 2020 Universal Registration Document.

NOTE 30 - SUBSEQUENT EVENTS

Following its approval by the Board of Directors, on January 14, 2021, Luca de Meo, CEO of the Renault group, presented "Renaulution", a new strategic plan which aims to shift the Renault Group's strategy from the pursuit of volume to the creation of value, through 3 phases launched in parallel:

- The "Resurrection" phase, running until 2023, will focus on margin recovery and cash generation,
- The "Renovation" phase", running until 2025, will bring renewal and enrichment to the ranges, contributing to brand profitability,
- The "Revolution" phase, which will start in 2025, will switch the Group's business model to technology, energy and mobility, making the Renault Group a frontrunner in the value chain of new mobilities.

NOTE 31 - CONSOLIDATED COMPANIES

31 - A. FULLY CONSOLIDATED COMPANIES (SUBSIDIARIES)

| Renault Group's interest (%) | Country | December 31, 2020 | December 31, 2019 |
|---|----------------|-----------------------|-----------------------|
| Renault SA | France | Consolidating company | Consolidating company |
| AUTOMOTIVE (EXCLUDING AVTOVAZ) | | | |
| France | | | |
| Renault s.a.s | France | 100 | 100 |
| ACI Le Mans | France | 100 | 100 |
| ACI Villeurbanne | France | 100 | 100 |
| Renault Média Ventures ⁽²⁾ | France | - | 100 |
| Carizy | France | 98 | 96 |
| Fonderie de Bretagne | France | 100 | 100 |
| Ingénierie de la Division des Véhicules Electriques (I-DVE) | France | 100 | 100 |
| Ingénierie de la Division des Véhicules Utilitaires | France | 100 | 100 |
| Maubeuge Construction Automobile (MCA) | France | 100 | 100 |
| Renault Developpement Industr. et Commercial (RDIC) | France | 100 | 100 |
| Renault Environnement | France | 100 | 100 |
| Renault Mobility As an Industry ⁽⁴⁾ | France | - | 100 |
| Renault Retail Group and subsidiaries | France | 100 | 100 |
| Renault Samara | France | 100 | 100 |
| RDREAM | France | 100 | 100 |
| Renault Sport Racing s.a.s. | France | 100 | 100 |
| Renault Venture Capital | France | 100 | 100 |
| SCI Plateau de Guyancourt | France | 100 | 100 |
| SNC Renault Cléon | France | 100 | 100 |
| SNC Renault Douai | France | 100 | 100 |
| SNC Renault Flins | France | 100 | 100 |
| SNC Renault Sandouville | France | 100 | 100 |
| Société des Automobiles Alpine - SAA | France | 100 | 100 |
| Société de Transmissions Automatiques (STA) | France | 100 | 100 |
| Société de Véhicules Automobiles de Bastilly (SOVAB) | France | 100 | 100 |
| Société Immobilière de Construction Française pour l'Automobile et la Mécanique (SICOFRAM) and subsidiary | France | 100 | 100 |
| Société Immobilière Renault Habitation (SIRHA) | France | 100 | 100 |
| Societe immobiliere d'Epone | France | 100 | 100 |
| Société Immobilière pour l'Automobile (SCIA) | France | 100 | 100 |
| SODICAM 2 | France | 100 | 100 |
| Sofrastock International | France | 100 | 100 |
| Technologie et Exploitation Informatique (TEI) | France | 100 | 100 |
| Renault SW Labs ⁽¹⁾ | France | 100 | - |
| Europe | | | |
| Renault Deutschland AG and subsidiaries | Germany | 100 | 100 |
| Renault Osterreich GmbH | Austria | 100 | 100 |
| Renault Belgique Luxembourg and subsidiary | Belgium | 100 | 100 |
| Renault Industrie Belgique (RIB) | Belgium | 100 | 100 |
| Renault Croatia | Croatia | 100 | 100 |
| Renault Espagne Commercial SA (RECSA) and subsidiaries | Spain | 100 | 100 |
| Renault España SA | Spain | 100 | 100 |
| Renault Hungaria | Hungary | 100 | 100 |
| Renault Irlande | Ireland | 100 | 100 |
| Renault Italia and subsidiary | Italy | 100 | 100 |
| Motor Reinsurance Company | Luxembourg | 100 | 100 |
| Renault Group B.V. | Netherlands | 100 | 100 |
| Renault Nederland | Netherlands | 100 | 100 |
| Renault Polska | Poland | 100 | 100 |
| Companhia Aveirense de Componentes Para a Industria Automovel SA (CACIA) | Portugal | 100 | 100 |
| Renault Portuguesa and subsidiary | Portugal | 100 | 100 |
| Renault Ceska Republica | Czech Republic | 100 | 100 |
| Grigny UK Ltd. | United Kingdom | 100 | 100 |
| Renault Sport Racing Limited | United Kingdom | 90 | 90 |

| | | | |
|--|----------------|-----|-----|
| Renault UK | United Kingdom | 100 | 100 |
| Renault Slovensko | Slovakia | 100 | 100 |
| Renault Nissan Slovenija d.o.o. | Slovenia | 100 | 100 |
| Revoz | Slovenia | 100 | 100 |
| Renault Nordic and subsidiary | Sweden | 100 | 100 |
| Renault Finance | Switzerland | 100 | 100 |
| Renault Suisse SA | Switzerland | 100 | 100 |
| Americas | | | |
| Renault Argentina and subsidiaries | Argentina | 100 | 100 |
| Renault Do Brasil Comercio & Participações Ltda | Brazil | 100 | 100 |
| Renault Do Brasil SA | Brazil | 100 | 100 |
| Cormecanica | Chile | 100 | 100 |
| Renault Centro de Servicios Compartidos SAS | Colombia | 100 | 100 |
| Sociedad de Fabricacion de Automotores (SOFASA) | Colombia | 100 | 100 |
| Renault Corporativo SA de C.V. | Mexico | 100 | 100 |
| Renault Mexico | Mexico | 100 | 100 |
| Africa - Middle East - India - Asia-Pacific | | | |
| Renault Algérie | Algeria | 100 | 100 |
| Vehicule Distributors Australia | Australia | 100 | 100 |
| Renault Samsung Motors | South Korea | 80 | 80 |
| Renault India Private Ltd. | India | 100 | 100 |
| Renault Maroc | Morocco | 80 | 80 |
| Renault Maroc Services | Morocco | 100 | 100 |
| Renault Tanger Exploitation | Morocco | 100 | 100 |
| Renault Tanger Méditerranée | Morocco | 100 | 100 |
| Société marocaine de construction automobile (SOMACA) | Morocco | 97 | 97 |
| Renault Treasury Services PTE Ltd. | Singapore | 100 | 100 |
| China | | | |
| Jiangxi Jiangling Motors Electric Vehicles Co. (JMEV) | China | 50 | 50 |
| Jiangxi Jiangling Group Electric Vehicles Sales&Marketing Co. (JMEVS) | China | 50 | 50 |
| Kunming Furui Electric Vehicles Sales Service Co. (KFEVS) ⁽¹⁾ | China | 50 | - |
| Renault Beijing Automotive Company | China | 100 | 100 |
| Eurasia | | | |
| Renault Nissan Bulgarie | Bulgaria | 100 | 100 |
| Automobile DACIA | Romania | 99 | 99 |
| Renault Commercial Roumanie | Romania | 100 | 100 |
| Renault Mécanique Roumanie SRL | Romania | 100 | 100 |
| Renault Technologie Roumanie | Romania | 100 | 100 |
| CJSC Renault Russie | Russia | 100 | 100 |
| OYAK Renault Otomobil Fabrikalari | Turkey | 52 | 52 |
| Renault Ukraine | Ukraine | 100 | 100 |
| Sales Financing | | | |
| France | | | |
| Diac S.A. | France | 100 | 100 |
| Diac Location S.A. | France | 100 | 100 |
| RCI BANQUE SA and subsidiaries | France | 100 | 100 |
| Europe | | | |
| RCI Versicherungs Service GmbH | Germany | 100 | 100 |
| RCI Financial Services S.A. | Belgium | 100 | 100 |
| AUTOFIN | Belgium | 100 | 100 |
| Overlease | Spain | 100 | 100 |
| RCI ZRT | Hungary | 100 | 100 |
| ES MOBILITY SRL | Italy | 100 | 100 |
| RCI Insurance Ltd. | Malta | 100 | 100 |
| RCI Life Ltd. | Malta | 100 | 100 |
| RCI Services Ltd. | Malta | 100 | 100 |
| RCI Financial Services B.V. | Netherlands | 100 | 100 |
| RCI Leasing Polska Sp. z o.o. | Poland | 100 | 100 |
| RCI Gest Seguros - Mediadores de Seguros | Portugal | 100 | 100 |
| RCICOM, SA | Portugal | 100 | 100 |
| RCI Finance CZ s.r.o. | Czech Republic | 100 | 100 |
| RCI Financial Services s.r.o. | Czech Republic | 50 | 50 |

| | | | |
|---|-----------------------|---------|---------|
| RCI Financial Services Ltd | United Kingdom | 100 | 100 |
| RCI Bank UK Limited | United Kingdom | 100 | 100 |
| RCI Finance S.A. | Switzerland | 100 | 100 |
| Americas | | | |
| Courtage S.A. | Argentina | 100 | 100 |
| Rombo Compania Financiera S.A. | Argentina | 60 | 60 |
| Administradora De Consorcio Renault do Brasil | Brazil | 100 | 100 |
| Banco RCI Brasil S.A | Brazil | 60 | 60 |
| RCI Brasil Serviços e Participações Ltda | Brazil | 100 | 100 |
| Corretora de Seguros RCI do Brasil | Brazil | 100 | 100 |
| RCI Colombia S.A. Compania de Financiamiento | Colombia | 51 | 51 |
| RCI Servicios Colombia S.A. | Colombia | 100 | 100 |
| Africa - Middle East - India - Asia-Pacific | | | |
| RCI Financial Services Korea | South Korea | 100 | 100 |
| RCI Finance Maroc | Morocco | 100 | 100 |
| RDFM | Morocco | 100 | 100 |
| Eurasie | | | |
| RCI Broker De Asigurare | Romania | 100 | 100 |
| RCI Finantare Romania | Romania | 100 | 100 |
| RCI Leasing Romania IFN SA | Romania | 100 | 100 |
| LLC RNL LEASING | Russia | 100 | 100 |
| AVTOVAZ | | | |
| Europe | | | |
| LADA International Ltd. | Cyprus | 68 | 68 |
| Alliance Rotec Auto B.V. | Netherlands | 68 | 68 |
| Eurasia | | | |
| SOAO Minsk-Lada | Belarus | 38 | 38 |
| PAO AVTOVAZ | Russia | 68 | 68 |
| LLC Lada Izhevsk | Russia | 68 | 68 |
| OOO PSA VIS-AVTO | Russia | 68 | 68 |
| OOO PPPO | Russia | 68 | 68 |
| AO Lada-Imidzh | Russia | 68 | 68 |
| AO Lada-Servis | Russia | 68 | 68 |
| OAO Izh-Lada | Russia | 68 | 68 |
| AO ZAK | Russia | 68 | 68 |
| AO Piter-Lada | Russia | 61 | 61 |
| AO Samara-Lada | Russia | 48 | 48 |
| AO Yakhroma-Lada | Russia | 59 | 59 |
| AO Lipetsk-Lada | Russia | 45 | 45 |
| AO Oka-Lada | Russia | 59 | 59 |
| AO STO komsomolskaya | Russia | 53 | 53 |
| AO Tyumen-Lada | Russia | 68 | 68 |
| AO Tsentralnaya STO | Russia | 68 | 68 |
| AO JarLadaservis | Russia | 64 | 64 |
| AO Avtosentr-Togliatti-VAZ | Russia | 34 | 34 |
| AO Bryansk Lada | Russia | 51 | 51 |
| OOO LIN | Russia | 68 | 68 |
| AO Kostroma-Lada-Servis | Russia | 68 | 65 |
| AO Kursk-Lada | Russia | 49 | 49 |
| OOO Lada Sport | Russia | 68 | 68 |
| AO Saransk-Lada | Russia | 61 | 61 |
| AO Cheboksary-Lada | Russia | 59 | 63 |
| OOO Sockultbit-AVTOVAZ | Russia | 68 | 68 |
| AO Lada Zapad Togliatti ⁽³⁾ | Russia | 68 | 68 |
| JV Systems | Russia | 68 | 68 |
| Autres filiales d'AVTOVAZ | Russia | 34 à 68 | 34 à 68 |
| MOBILITY SERVICES | | | |
| France | | | |
| Class & Co SAS ⁽¹⁾ | France ⁽¹⁾ | 100 | - |
| Glide.io ⁽¹⁾ | France | 100 | - |
| Renault Mobility As an Industry ⁽⁴⁾ | France | 100 | - |
| Europe | | | |
| Coolnagour Limited t/a iCabbi and subsidiaries ⁽¹⁾ | Ireland | 78 | - |

| | | | |
|---|----------------|----|---|
| Flit Technologies Ltd and subsidiaries ⁽⁴⁾ | United Kingdom | 70 | - |
|---|----------------|----|---|

(1) First consolidated in 2020 (note 3-A).

(2) Sold and deconsolidated in 2020.

(3) Previously accounted for under the equity method.

(4) Change of scope in 2020.

31 - B. COMPANIES CONSOLIDATED BASED ON THE PERCENTAGE INTEREST IN EACH BALANCE SHEET AND INCOME STATEMENT ITEM (JOINT OPERATIONS)

| Renault Group's interest (%) | Country | December 31, 2020 | December 31, 2019 |
|---|---------|-------------------|-------------------|
| Renault Nissan Technology & Business Centre India Private Limited (RNTBCI) ⁽¹⁾ | India | 67 | 67 |

(1) The Group holds 50% of the voting rights of the Indian company RNTBCI.

31 - C. COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)

| Renault Group's interest (%) | Country | December 31, 2020 | December 31, 2019 |
|---|--------------|-------------------|-------------------|
| AUTOMOTIVE (EXCLUDING AVTOVAZ) | | | |
| Renault South Africa | South Africa | 40 | 40 |
| Renault Algérie Production | Algeria | 49 | 49 |
| Tokai 2 GmbH | Germany | 15 | 15 |
| EGT New Energy Automotive Company Ltd. | China | 25 | 25 |
| Dongfeng Renault Automotive Company ⁽²⁾ | China | - | 50 |
| Renault Brilliance Jinbei Automotive Company Ltd. | China | 49 | 49 |
| Boone Comenor | France | 33 | 33 |
| Alliance Mobility Company France | France | 50 | 50 |
| INDRA INVESTISSEMENTS SAS | France | 50 | 50 |
| Les Editions Croque Futur et filiales ⁽²⁾ | France | - | 35 |
| Tokai 1 | France | 15 | 15 |
| Renault Nissan Automotive India Private Limited | India | 30 | 30 |
| Alliance Mobility Company Japan | Japan | 50 | 50 |
| Groupe Nissan | Japan | 44 | 44 |
| Alliance Ventures B.V. | Netherlands | 40 | 40 |
| Motorlu Araclar Imal ve Satis A.S (MAIS) | Turkey | 49 | 49 |
| Sales Financing | | | |
| Renault Crédit Car | Belgium | 50 | 50 |
| Nissan Renault Financial Services India Private Limited | India | 30 | 30 |
| RN SF B.V. | Netherlands | 50 | 50 |
| Bank Austria Renault Nissan B.V. | Netherlands | 30 | 30 |
| RN Bank | Russia | 30 | 30 |
| Orfin Finansman Anonim Sirketi | Turkey | 50 | 50 |
| AVTOVAZ | | | |
| Ferro VAZ GmbH | Germany | 34 | 34 |
| CSC ARMENIA-LADA | Armenia | 34 | 34 |
| MOBILITIES | | | |
| Car Sharing Mobility Services sl ⁽¹⁾ | Spain | 50 | 20 |

(1) First consolidated in 2020 (note 3-A).

(2) Sold and deconsolidated in 2020.

In application of regulation 2016-09 of December 2, 2016 issued by the French Accounting Standards Authority (Autorité des Normes Comptables), the Group makes the following information available to third parties on its website group.renault.com, in the "Documents & Presentations" section of the "Finance" pages from the date of publication of the 2020 Universal Registration Document:

- a full list of consolidated companies;
- a list of companies classified as "unconsolidated investments", namely:
 - investments in companies not controlled exclusively by Renault, which are included in non-current financial assets (note 22);
 - investments in companies that are controlled exclusively by Renault and not consolidated, which are classified as other current assets (note 17).