

SECOND SUPPLEMENT DATED 5 JULY 2024 TO THE BASE PROSPECTUS DATED 14 JULY 2023



Leasys S.p.A.

(incorporated as a società per azioni under the laws of the Republic of Italy)

€5,000,000,000

Euro Medium Term Note Programme

This second Supplement (the **Supplement**) to the Base Prospectus dated 14 July 2023, as supplemented by the first supplement dated 20 October 2023 (the **Base Prospectus**) which comprises a base prospectus for the purposes of the Prospectus Regulation constitutes a supplement to the prospectus for the purposes of Article 23 of the Prospectus Regulation and is prepared in connection with the Euro Medium Term Note Programme (the **Programme**) established by Leasys S.p.A. (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129, as amended.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Supplement. Investors should make their own assessment as to the suitability of investing in the Notes.

Purpose of the Supplement

The purpose of this Supplement is to (i) update the paragraphs entitled “*The Group may be unable to sell its used vehicles at desirable prices, and faces risks related to the residual value of its leased vehicles*”, “*The Group’s business depends on its partners*”, “*Risks related to maintenance services and tyres*”, “*The Group may be unable to compete successfully or competition may increase in the business in which it operates*”, “*Leasys is dependent on its shareholders*”, “*Risks associated with exchange rate and interest rate fluctuations*”, “*Group’s activities are subject to credit risk*” and “*Environmental risks*” in the “*Risk Factors*” section of the Base Prospectus; (ii) update the “*Documents Incorporated by Reference*” section of the Base Prospectus to incorporate by reference the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2023; and (iii) update the paragraph entitled “*Significant or Material Change*” in the “*General Information*” section of the Base Prospectus.

UPDATE OF THE “*RISK FACTORS*” SECTION OF THE BASE PROSPECTUS

On page 20 of the Base Prospectus, the paragraph entitled “*The Group may be unable to sell its used vehicles at desirable prices, and faces risks related to the residual value of its leased vehicles*” in the “*Risk Factors*” section is hereby amended as set out below:

“Leasys is the holding company of the Group. As a specialist in vehicle rental, the majority of the Group’s revenues stem from its rental activities with a margin from leases that represents 52 per cent. of the Group’s gross operating margin for the fiscal year ending 31 December 2023.

For the same year the Group’s margin on services (which includes various types of services provided to customers under the Group’s rental agreements) represented 18 per cent. of the Group’s gross operating margin, while the Group’s margin on cars sold represented 30 per cent. of the Group’s gross operating margin.

The Group’s earnings or results of operations may be affected by residual value risk, which is the risk that the estimated residual value in rental and lease contracts (to the extent such risk is not contractually borne by third parties) will not be recoverable at the end of the relevant contractual terms. Residual value represents an estimate of the end of term market value of the asset. When the market value of a vehicle at contract maturity is less than its contractual residual value, there is a greater risk of loss for the Group at the end of the lease term depending on the remarketing performance. In particular, the Group is exposed to potential loss in a financial year from (i) resale of vehicles whose market value is lower than their book value at the end of the rental and (ii) additional impairment during the lease period if residual value drops below contractual residual value.

The proceeds from the sale of a used vehicle and the risk of such proceeds being less than the book value of such vehicle as at the contractual end date may depend on a number of factors, which may be outside the Group’s control, for example, macroeconomic conditions, the economic consequences of the Russia-Ukraine conflict, Israel and Palestine conflict, pressure on the global supply chain due to geopolitical tensions in the Red Sea, rising cost of fuel, cost of living crisis, inflationary pressures, government policies, tax and environmental regulations, emission values, technological advancements or the ban of existing technologies by officials, fuel prices, new vehicle prices, new vehicle sales, new vehicle brand images or marketing programmes and the actual or perceived quality, safety or reliability of vehicles, which may all lead to changes in customer behaviour and a drop in the prices of used vehicles which could, in turn, have a material impact on the residual value of used vehicles. As a consequence of decreasing residual values, the Group may be required to post higher loss allowances, which could have a material adverse impact on its earnings. The Group has implemented guidelines for the monitoring of residual values of leased vehicles on a quarterly basis, which among other things compare them against external benchmark estimates and proprietary data on the sales of used vehicles. There can however be no assurance that such guidelines and measures will be sufficient to reduce any Group losses deriving from a decrease in residual value of leased vehicles.

The Covid-19 pandemic caused macro-economic downturns in some sectors (including the automotive sector) and, due also to the Russia-Ukraine conflict, Israel and Palestine conflict, pressure on the global supply chain due to geopolitical tensions in the Red Sea, rising cost of fuel, cost of living crisis and other factors, several countries have gone into recession. As such, the demand for used vehicles has declined and may continue to decline, leading to a lower resale value of vehicles. See further “*The Group’s income and revenue may be affected by a variety of factors over which it has no control*” and “*Inflationary pressures may have an adverse effect on our business*” below.

Any of the factors above may reduce the Group’s proceeds from sales of its leased vehicles and, in turn, could force the Group to concurrently reduce the estimated residual values of the leased vehicles in its fleet, thus causing a loss from increased perspective depreciation expenses or a loss on the sale of the

vehicle on lease termination. A decrease in the residual value of the Group's leased vehicles could have a material adverse effect on the Group's business, financial position, and results of operations."

On pages 23-24 of the Base Prospectus, the paragraph entitled "*The Group's business depends on its partners*" in the "*Risk Factors*" section is hereby amended as set out below:

"The Group depends on manufacturers and dealers for the supply of attractive vehicle models on competitive terms, in sufficient quantities, with satisfactory quality and on a timeline compatible with its business model. The Group's vehicles and their components or equipment may become subject to recalls by their manufacturers, which could have a negative impact on the Group's business. Market consolidation or down-sizing or liquidations of individual manufacturers could also materially affect the Group's business by affecting the availability of certain vehicles and the bargaining power of the Group when negotiating competitive prices for the vehicles it purchases to satisfy the Group's customer needs.

A significant proportion of the Group's activities are concentrated in vehicles manufactured by Stellantis (as defined below) (as at 31 December 2023 Stellantis' brands accounted for about 85 per cent. of the Group's fleet). Leasys' business origination leverages on Stellantis' dealers but a substantial portion of its business is originated through direct channels or a network of independent brokers. Thus, the financial success of Leasys may be dependent upon the success of Stellantis, as long as Stellantis is able to produce and deliver vehicles that satisfy customer needs and comply with market standards and requirements with its products and thus maintains or increases its deliveries to customers. In addition, due to this dependency, fewer vehicle deliveries could also result in a negative impact on volumes and on the financial performance of the Group.

Moreover, legal investigations might be launched and legal actions might be taken against Stellantis. This may have a negative influence on customer behaviour, leading to a decrease of the business of the Group.

The Group also relies on other suppliers of aftersale services and uses partners for maintenance, towing or the supply of replacement vehicles. Given the small number of players in the market, competition among suppliers is limited. Such situation could result in the risk of the Group being over-charged compared to the quality of service and quality of customer management offered which, in turn, could have an adverse impact on the Group's reputation, financial condition and results of operations."

On page 24 of the Base Prospectus, the paragraph entitled "*Risks related to maintenance services and tyres*" in the "*Risk Factors*" section is hereby amended as set out below:

"The leasing contracts entered into by the Group might comprise additional services such as maintenance, tyre change, body repair, roadside assistance, etc. Costs related to these services (including, inter alia, tyres, body and glasses repair) amounted to €497 million in 2023. However, the actual costs incurred by the Group during the contract life may be greater than the costs forecasted and included in the quotation at the beginning of the contract (for example, as a result of the price of supplies needed for maintenance of vehicles higher than initially estimated and of labour costs being higher than initially estimated).

The Group's pricing structure and assumptions regarding the future maintenance and repair costs and tyre costs of the vehicles in its fleet over the term of the rental may be inaccurate. As most of the Group's leases are on a fixed-fee basis, the Group may not be able to pass on the increased prices to its existing customers, which may in turn result in losses or reduced margin on the relevant leasing contracts. As a result, the Group may not be able to recover the unexpected costs and, in turn, this may have a consequent material adverse effect on the Group's business prospects and economic results."

On page 24 of the Base Prospectus, the paragraph entitled “*The Group may be unable to compete successfully or competition may increase in the business in which it operates*” in the “*Risk Factors*” section is hereby amended as set out below:

“The Group’s competitive and strategic environment creates risks that may lead to the loss of clients, reductions in volumes of activity, or reduced revenues resulting from the inability to maintain its competitive position or to carry out its strategy. The Group operates in a highly competitive industry characterised by consolidation in a number of its core markets, particularly in the more mature European markets.

As at 31 December 2023, the Group operated across Europe in 11 countries¹ with a managed fleet of 509 thousand vehicles as at that date, making the Group a key player in Italy in the long term-rental market for passenger cars with 17.4 per cent. of market shares and the leader for light commercial vehicles with 23.72 per cent. of market shares².

The Group’s main competitors are, at the global level, international independent operators, bank affiliates and automotive manufacturer captives. In addition, in certain markets, the Group may be in competition with local players. The Group’s competitors, some of whom are part of car manufacturers or banks that may have access to substantial funding at a relatively low cost, may seek to compete aggressively on the basis of pricing, particularly with the consolidation of main players. Further, the Group may be required by customers to match competitors’ downward pricing either to maintain or gain market share, which may adversely affect the Group’s margins. If the Group’s prices are too high compared to those of its competitors, it may lose customers and/or business volume.

In addition, the Group’s positioning is dependent on its ability to meet customers’ expectations, i.e. its ability to continuously improve its existing range of products and services and to develop new products, services, systems and software that meet the evolving needs of its customers. Technological advancements may lead to changes in customer behaviour, especially in relation to transportation patterns, which may require the Group to make substantial investments in order to stay abreast of such developments and remain competitive.”

On page 25 of the Base Prospectus, the paragraph entitled “*Leasys is dependent on its shareholders*” in the “*Risk Factors*” section is hereby amended as set out below:

“Leasys is currently wholly owned by Leasys S.a.s. (**Leasys SAS**), formerly Leaseco S.a.s (**LeaseCo**), which is a French multi-brand operating leasing company established on 29 July 2022, in which Stellantis N.V. (formerly Fiat Chrysler Automobiles N.V. (**FCA**)) (**Stellantis**) and Crédit Agricole Consumer Finance S.A. (**Crédit Agricole Consumer Finance**), a wholly-owned subsidiary of Crédit Agricole S.A. (**Crédit Agricole**, and together with its subsidiaries, the **Crédit Agricole Group**) each hold a 50 per cent. stake.

The Group was sold by CA Auto Bank S.p.A. (formerly FCA Bank S.p.A., **CA Auto Bank**) to LeaseCo on 21 December 2022, which changed its legal name in Leasys SAS on 3 April 2023. CA Auto Bank was the result of a joint venture agreement between its two shareholders FCA Italy S.p.A. (**FCA Italy**), a wholly owned subsidiary of Stellantis and Crédit Agricole Consumer Finance, each holding 50 per cent. of CA Auto Bank's issued share capital.

In the context of the reorganisation of CA Auto Bank and Leasys, on 17 December 2021, Crédit Agricole Consumer Finance and Stellantis announced that they had entered into negotiations in order to agree upon, inter alia, the purchase by Crédit Agricole Consumer Finance of Stellantis' 50 per cent.

¹ Austria, Belgium, Germany, France, Italy, Luxembourg, Netherlands, Poland, Portugal, Spain and United Kingdom.

² Source: <https://www.dataforce.de/it/tutte-le-notizie/focus-noleggio-dataforce-anno-2023/>.

shareholding in CA Auto Bank and Drivalia S.p.A. (formerly Leasys Rent S.p.A.) (**Drivalia**), at that time a 100 per cent. owned subsidiary of Leasys (the **CACF Share Purchase**).

The transaction also envisaged the transfer, by CA Auto Bank, of its 100 per cent. shareholding in Leasys (other than its participation in Drivalia) to a newly created joint venture vehicle, established in France, equally owned by Crédit Agricole Consumer Finance and Stellantis (i.e. LeaseCo) (the **Leasys Share Sale**). The parties entered into binding agreements on 1 April 2022 to give effect to the Leasys Share Sale, which became effective on 21 December 2022. For further information see “*Description of the Issuer – Overview*”.

Furthermore, a significant proportion of the Group's revenues are generated as a result of its close relationship with Stellantis, although the Group also offers its services as a leasing partner to other automotive manufacturers. There is no assurance that the Group will maintain in the future a relationship with manufacturers (other than Stellantis) with which it currently has, or will form, partnerships, and failure to do so could have a material adverse effect on the Group's business and its results of operations.

In addition, as of 31 December 2023, loans extended by the Crédit Agricole Group to Leasys, and certain of its subsidiaries, represented 7 per cent. of the Group's total balance sheet liabilities. Notwithstanding Leasys' strategy to diversify its sources of funding, there is no assurance that the proportion of Leasys' funding provided by the Crédit Agricole Group will not increase in the future, thus making Leasys more reliant on the Crédit Agricole Group's financing. As a consequence, the strategic, commercial and financial links between Leasys and its ultimate shareholders make the business of Leasys dependent on Stellantis and the Crédit Agricole Group. This, in turn, exposes Leasys to certain exogenous factors that may affect both Stellantis and Crédit Agricole Group or either of them.”

On page 28 of the Base Prospectus, the paragraph entitled “*Risks associated with exchange rate and interest rate fluctuations*” in the “*Risk Factors*” section is hereby amended as set out below:

“The Group is subject to currency exchange rate risk and interest rate risk in the ordinary course of its business. Leasys manages both its foreign exchange risk on assets and liabilities and its interest rate risk through the use of financial hedging instruments. Notwithstanding that the interest rate matching of assets and liabilities is provided for by the Group's policies, the volatility and uncertainties in the financial markets caused by the ongoing effects of the Covid-19 pandemic, Russia-Ukraine conflict, pressure on the global supply chain due to geopolitical tensions in the Red Sea, rising cost of fuel, cost of living crisis and inflationary pressures may result in highly volatile interest rates and, as a result, in temporarily unhedged positions, thus impacting the Group's profitability (see also “*The Group's income and revenue may be affected by a variety of factors over which it has no control*” and “*Inflationary pressures may have an adverse effect on our business*” above). In the event that Leasys' hedging strategy does not succeed, Leasys may not be able to preserve its financial margin in case of adverse foreign exchange rates and/or interest rate fluctuations and may be unable to raise necessary funds in the markets. Despite the use of financial hedging instruments, sudden exchange rate or interest rate fluctuations could have a material adverse effect on Leasys' earnings.

A portion of the Group's activities are generated in functional currencies other than the Euro. For the year ended 31 December 2023, the Group's activities in countries outside the Eurozone related to the United Kingdom (6.7 per cent. of gross operating margin was generated in GBP) and Poland (1.1 per cent. of gross operating margin was generated in PLN).

The Group's functional and reporting currency is the Euro. However, the Group is present outside the Eurozone, in the United Kingdom and Poland, through its subsidiaries and branches (Leasys UK Ltd and Leasys Polska Sp.Zo.o.), and has assets, liabilities, revenues and costs denominated in Pound sterling and Polish zloty. Due to its international activity, the Group is exposed to foreign exchange

risks, such as high volatility of exchange rates, related to inflows and outflows of cash from daily business activities as well as participations in its subsidiaries and branches. The Group may also incur a currency translation risk related to the conversion of net results generated in local currencies. When the Group prepares its consolidated financial statements, it must translate foreign currency-denominated assets and liabilities into Euros using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

Fluctuations in interest rates and exchange risks could have a material effect on the Issuer's business, financial condition and results of operations, and could also significantly affect the comparability of the Group's results of operations between periods."

On page 29 of the Base Prospectus, the paragraph entitled "*Group's activities are subject to credit risk*" in the "*Risk Factors*" section is hereby amended as set out below:

"Credit risk is the risk of loss arising from a failure of customers or contractual counterparties of the Issuer or its subsidiaries to meet the financial commitments in their contracts. This includes the risk of a default on lease payments and account receivables due to the Issuer or its subsidiaries. The Group's level of credit risk depends primarily on two factors: the total number of contracts that might default and the amount of loss per occurrence, which in turn are influenced by various economic factors. Leasys is also subject to the risk that a counterparty may fail to perform on its contractual obligations.

At 31 December 2023, Group Receivables from customers amounted to €714 million. Receivables from customers decreased by €103 million compared to 31 December 2022.

While the Group generally has the ability to recover and resell leased vehicles following a customer default, the resale value of the recovered vehicles may not be adequate to cover its loss as a result of a default. The Group may not be able to resell the relevant vehicle at all which could have an adverse impact on the Group's results of operations."

On page 31 of the Base Prospectus, the paragraph entitled "*Environmental risks*" in the "*Risk Factors*" section is hereby amended as set out below:

"Changes to the regulations governing vehicles with combustion engines may have a strong effect on the residual values of Leasys' fleet. Although no significant devaluation can be observed as at the date of this Base Prospectus on the used car market, the residual value risks linked to climate change and pollution concerns may translate into differences between forecast residual values and actual resale values of used cars, in particular for diesel vehicles, which in 2023 still represented the majority of vehicles in Leasys' fleet. It cannot be excluded that the ongoing shift towards low-emissions vehicles could have an impact on the resale value of traditional internal combustion engines. The governance in place on residual value risk aims to monitor used car market evolutions and adapt Leasys' pricing and financial policy.

In its main European markets, measures are being taken to cut the share of diesel vehicles on the road, for pollution reasons. In this context, Leasys has put in place a series of measures to accelerate the transition from its historically mostly diesel fleet toward a more balanced mix. The Leasys' fleet is newer than the average car fleet. Beyond this structural dimension, the Group's policy is to prescribe responsibly: identify the right vehicle for the right usage and enable its clients to make informed decisions, with a view to continuously reducing the environmental impact of its fleet.

Car pooling, car sharing and transportation as a service encourage new behaviours which are gradually moving away from the one car per user paradigm.

Any of the foregoing could have a material adverse effect on Leasys' or the Group's business, financial position and results of operations."

DOCUMENTS INCORPORATED BY REFERENCE

By virtue of this Supplement, the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2023 is incorporated by reference in, and forms part of, the Base Prospectus.

At page 41 under the first paragraph of the section headed “*Documents Incorporated by Reference*”, a new letter (d) is added as follows:

“(d) Management report and the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2023 (available at the following link: <https://corporate.leasys.com/english/investor-relations>) including the information set out at the following pages in particular:

Key data	Page 3
Business Lines	Page 16
<i>Consolidated financial statements</i>	
Consolidated Balance Sheet	Pages 53-54
Consolidated Income Statement	Page 55
Consolidated Statement of Comprehensive Income	Page 56
Statement of Changes in Consolidated Shareholders’ Equity	Pages 57-58
Consolidated Cash Flow Statement (indirect method)	Page 59
Consolidated Explanatory Notes	Pages 59-147
Independent auditors’ report	Pages 161-165”

UPDATE OF THE “GENERAL INFORMATION” SECTION OF THE BASE PROSPECTUS

On page 130 of the Base Prospectus, the paragraph entitled “*Significant or Material Change*” in the “*General Information*” section is hereby amended as set out below:

“Significant or Material Change

There has been no significant change in the financial performance or financial position of the Group since 31 December 2023 and there has been no material adverse change in the prospects of the Group since 31 December 2023.”

GENERAL

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.