LEASYS

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

LEASYS Italia S.p.A., a sole shareholder company

Registered office: Corso Orbassano 367 – 10137 Turin, ITALY www.leasys.com, Satellite office: Viale dell'Arte 25 – 00144 Rome, ITALY Share Capital € 77,979,400, Tax Code and Turin Companies Register No. 08083020019, VAT No. 06714021000 Turin Business Register (REA) No. 960205 Direction and coordination pursuant to art. 2497 of the Italian Civil Code by Leasys S.a.s.

INTRODUCTION

The Consolidated Financial Statements of the Leasys Group (the "Group") as of 31 December 2023 were drawn up in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and with the respective interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission pursuant to EU Regulation No. 1606 of 19 July 2002, implemented in Italy by way of Legislative Decree No. 38 of 28 February 2005. The Consolidated Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the Explanatory Notes including material accounting policy information. They are accompanied by a Directors' Report on the Group's performance, operating results and financial situation. The reclassified income statement, and several balance sheet indicators and alternative performance indicators are provided to support the comments.

The Consolidated Financial Statements were drawn up in a clear manner and give a true and fair view of the financial position and operating results for the year and are accompanied by the Board of Statutory Auditors' report and the independent auditors' report pursuant to Legislative Decree No. 39 of 27 January 2010 and article 10 of European Regulation 537/2014.

Notices of the most recent significant events are also available on the Leasys Group website (www.leasys.com).

KEY DATA

347 €/M
Rental Margin
5.6%
of average value of assets

-21 €/M
Cost of Risk
0.3%
of average value of assets

-125 €/M
Net operating Expenses
2.0%
of average value of assets

117 €/M
Net result

509,452
Managed Fleet

7,462,101
Assets End of Period
(Year End Portfolio)

11
Countries where we operate

1,313
Employees

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DIRECTORS' REPORT ON OPERATIONS AS OF 31 DECEMBER 2023

FROM 2023 CONSOLIDATION TO 2024 AMBITIONS: THE LEASYS GROWTH STRATEGY IN THE LONG-TERM RENTAL SECTOR

Rolando D'Arco – Chief Executive Officer

The automotive industry is facing one of the most complex and dynamic phases in its history, in a macroeconomic context strongly influenced by geopolitical events at a global level.

In 2023, the automotive industry recorded a growth of 13.9% compared to 2022, in terms of registrations[1], although pre-pandemic performance levels are still far away; the long-term rental (LTR) sector made a tangible contribution to this result, once again establishing itself as a valid alternative to purchase, in line with the megatrend of 'disownership', i.e. the use of products and services without direct ownership.

Owning a car is no longer enough to respond to contemporary logics and lifestyles; we are therefore taking a greater interest in alternative mobility solutions, such as operational leasing. By nature, this guarantees the flexibility and cost-effectiveness expected by individuals and companies, increasingly attentive to avoid exposure towards the risks associated to car ownership such as the depreciation of the asset (vehicle), especially in an uncertain socio-economic context as we are currently experiencing.

In this constantly evolving scenario, the new Leasys made its debut last April, the result of a project that began in late 2021 with the merger of the former PSA and FCA automotive groups. The new mobility company specialising in multi-brand operational leasing, in which Stellantis and Crédit Agricole are equal shareholders, was created by consolidating the commercial activities of Leasys and Free2move Lease, two key players in the mobility sector. The consolidation of the two companies required a major design and development effort to achieve technical, and operational convergence between the two companies.

[1] *Source: ACEA "New car registrations: +13.9% in 2023; battery electric 14.6% market share", January 2024*

The new Leasys presented itself to the market with a wide array of innovative products and services and with digital platforms for both international corporate customers and small and medium-sized enterprises with the mission of providing a best-in-class customer experience.

During its first year, the “New Leasys” posted very strong results, recording an overall growth in orders of 38% across the 11 markets where it operates.

In Italy, the company maintained its market leadership, totalling 83,826 vehicles registrations, an increase of 9.2% compared to 2022. Its fleet reached 870,000 vehicles, recording a 5% growth YoY, in line with the 2026 set objective of 1 million cars.

Remarketing also maintained positive performance, despite the evident “normalization” of used cars market conditions. This demonstrates the company's ability of calibrated management of risks related to residual values.

From a financial perspective Leasys has embarked on a strategic plan to pursue its growth objectives in the European mobility market, based on 2 main two pillars:

1) Diversification and optimisation of its funding sources, with more frequent recourse to capital market operations; in June 2023, Leasys launched its €5 billion Euro Medium Term Notes (EMTN) Programme, carrying out three bond issuances during the year for a total value of €1,4 billion.

2) Inorganic growth operations: in August 2023, Leasys completed the acquisition of ALD Portugal and LeasePlan Luxembourg, entities with an overall fleet size of c.ca 30,000 cars.

Capital markets and M&A scouting operations have a common denominator: constant ‘monitoring’ of the market, looking for the most appropriate window for Leasys to combine its ambitious commercial objectives with an increasing focus on optimising financing costs and creating value for shareholders.

As a demonstration of the validity of Leasys strategic business plan, Fitch, one of the most prestigious independent rating agencies in the world, which in January 2023 had already raised the Group’s rating by one notch, confirmed its opinion in June 2023 by keeping the rating of A- (with a stable outlook).

Another cornerstone of Leasys strategy is its ambitious digital transformation process, due to be fully deployed throughout 2024. The Group’s strong focus on digitalisation and optimisation of systems and processes, is aimed at providing to our existing and potential clients a “best in class” CX experience by means of more transparent and hassle-free sales and after sales process. Tangible steps have already been made in this direction, most notably with the December 2023 launch of an e-commerce platform pilot in the Netherlands.

This represents the first piece of an ambitious plan taking place across the Group’s geographical footprint, with the objective of setting up and deploying a fully digital sales and onboarding process.

On top of that, digitalisation forms an integral part of the Leasys sustainability plan. The dematerialisation of documents, digital signatures and more efficient processes will contribute to reducing the Group’s environmental impact, as does a concrete commitment to contribute to the energy transition by continuing to invest in products and offers that encourage the transition from traditional internal combustion engines to electrified cars.

The overall Leasys strategy, including consolidation, digitalisation, international expansion, and sustainability, aims to consolidate its leadership position in the LTR sector. The continuing focus on service quality, diversification of funding sources and sustainable growth through M&A transactions outlines the company's ambitious path for the future.

ADMINISTRATION AND CONTROL BODIES

Board of Directors

Chairman
Richard Bouligny

Chief Executive Officer and General Manager
Rolando D’Arco

Directors
Andrea Faina

Independent Auditors
PricewaterhouseCoopers S.p.A.

Board of Statutory Auditors

Chairman
Giorgio Cavalitto

Serving Statutory Auditors
Luca Ambroso

Ottavio De Marco

Alternate Auditors
Giovanni Miglietta

Federico Lozzi

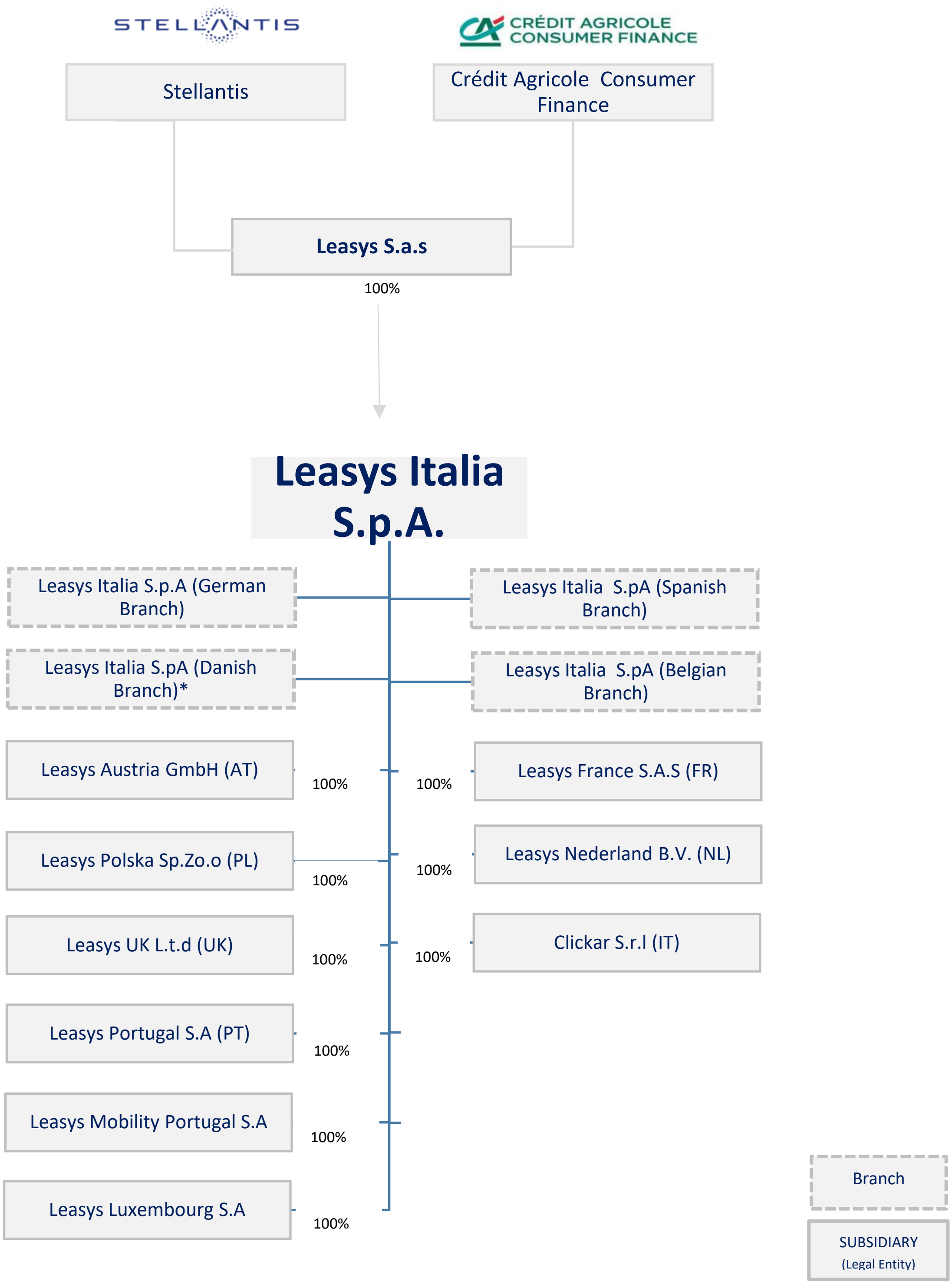
Supervisory Body
Antonio Mansueto

Andrea De Paoli

Andrea Giorio

SHAREHOLDER STRUCTURE

Leasys Italia S.p.A. is wholly owned by Leasys S.a.s. – a French multi-brand operating leasing company in which Stellantis and Crédit Agricole Consumer Finance each hold a 50% stake.



*Branch closed in the first half of 2024.

OWNERSHIP STRUCTURE

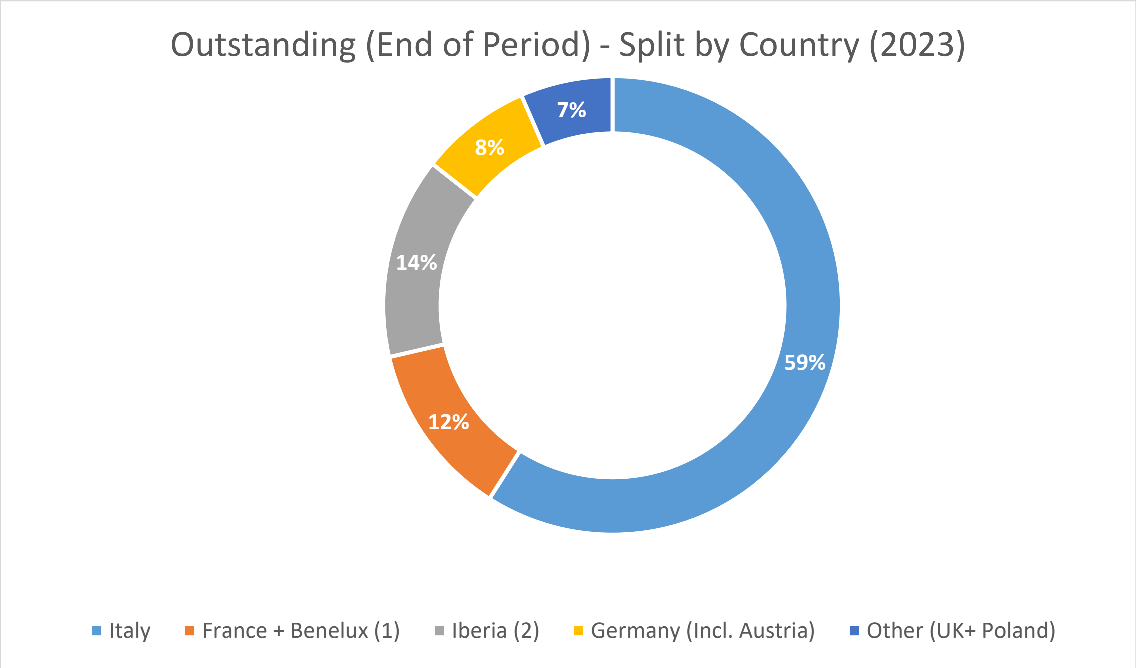
GEOGRAPHICAL PRESENCE

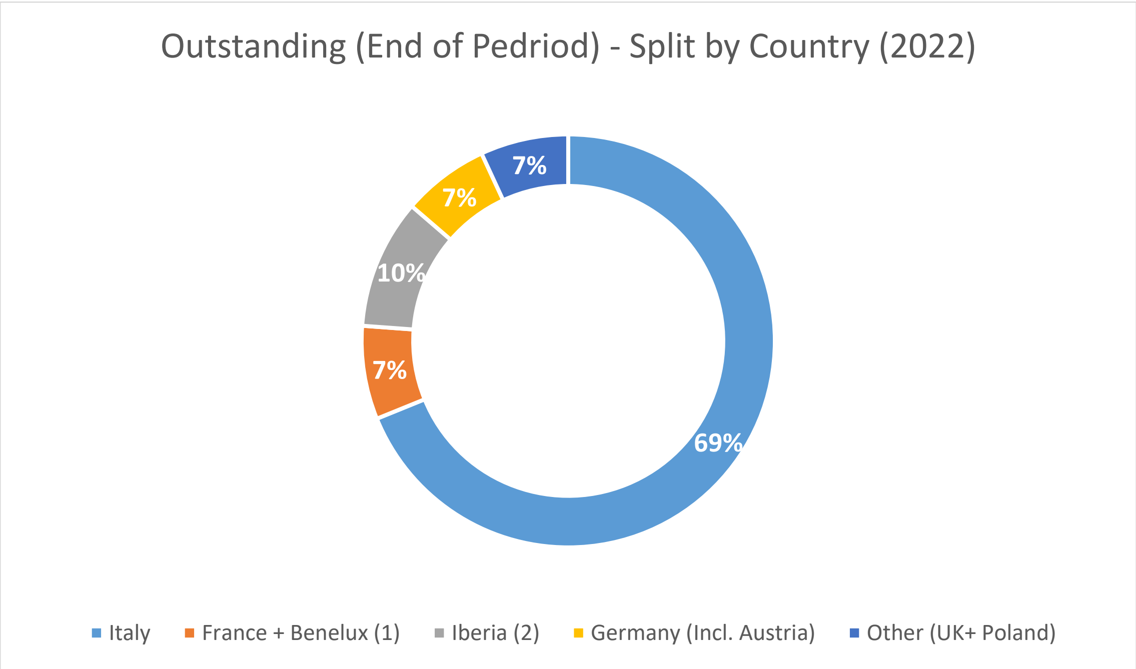
RESULTS OF OPERATIONS

Economic data (€/M)	31/12/2023	31/12/2022
Rental margin	347	314
Net operating expenses	-125	-91
Cost of risk	-21	-18
Non-recurring income (expenses)	-30	-0
Profit before tax	171	204
Income tax for the year	-54	-57
Net Results	**117**	**147**
Value of assets *	31/12/2023	31/12/2022
Average	6,219	4,931
End of year (End of Period)	7,462	5,677
Ratio (of value of assets)	31/12/2023	31/12/2022
Rental margin	5.6%	6.4%
Net operating expenses	2.0%	1.8%
Cost of risk	0.3%	0.4%

***The value of Assets is the sum of vehicles and receivables from customers net of the respective provisions**

PORTFOLIO SPLIT BY COUNTRY





BUSINESS LINES

The Leasys Group is an international entity present in 11 European countries, offering long term rental solutions to provide access to a more flexible and efficient mobility, delivering reliable services and consultancy capable of addressing the needs of individuals, small and medium-sized enterprises, large companies and institutions.

A benchmark capable of addressing various mobility needs, through a comprehensive range of services and products for a clientele increasingly oriented towards customized solutions. Leasys, as a key player in the market, supports the transition towards electrification as part of its strategy by offering a wide array of electrified products and services solutions, contributing to the development of a more sustainable form of mobility. The Leasys Group operates through an organisational structure divided into Long-Term Rental and Remarketing business lines.

Long-Term Rental

Leasys' Long-Term Rental activities consist of car and commercial vehicle rentals to a wide customer base of private consumers, small and medium-sized companies, large enterprises, and public institutions. The Leasys Group's innovative rental solutions come with a wide range of services whereby a potential customers can "lock-in" a fixed monthly fee (including all ancillary charges) for his/her mobility needs and benefit from Leasys' excellent after sales services.

Remarketing

The Leasys Group offers on-line and off-line sales of used cars from its own fleet under the Clickar brand. Selected used cars are offered to sector operators, professional customers, and private individuals through the Clickar.com portal – one of Europe's largest digital marketplaces for buying and selling used cars.

The purchasing experience on the Clickar.com portal is entirely on-line, and the quality of products is guaranteed through the certified origin of the cars, certifying that the scheduled maintenance has been performed correctly. Photographs of each car with detailed 360° views are accompanied by reports from accredited and independent experts.

CHARTING THE COURSE: KEY TRENDS SHAPING EUROPE'S ECONOMY IN 2023

Antoine Delautre – Chief Finance Officer & Deputy CEO

In 2023, the European economy navigated a dynamic landscape marked by a confluence of factors.

Inflationary pressures posed challenges throughout the year, prompting central banks to recalibrate monetary policies. The task of managing inflation while sustaining economic growth underscored the need for a nuanced approach to monetary policy.

While government interventions have played a crucial role in stabilizing the economy, as the activity regained momentum, fiscal policies adapted to strike a balance between supporting recovery and addressing fiscal sustainability concerns.

Geopolitical events introduced an additional layer of uncertainty. Shifts in global power dynamics and regional conflicts underscored the importance of robust risk management practices. Trade tensions necessitated agile supply chain management strategies, as companies sought to mitigate disruptions and enhance resilience.

Another prominent feature was the accelerated pace of digital transformation, which permeated various sectors. This digital pivot not only contributed to economic resilience but also highlighted the imperative for organizations to continually adapt to technological disruptions.

Sustainability also emerged as a central theme, with a pronounced focus on environmental, social, and governance (ESG) considerations. Governments and businesses alike intensified efforts to meet ambitious climate targets, leading to increased investments in green technologies, low emission transportation and sustainable practices.

As Leasys' activity level accelerated from April 2023, especially with the addition of Peugeot, Citroën, DS and Opel brands' long-term B2B rental business, the funding strategy implemented aimed at increasing funding capacity, diversifying, while preserving the company's profitability.

Relying on the availability of funds from its shareholder Crédit Agricole Consumer Finance, Leasys also renewed, extended, or opened credit lines with third-party banks for an approximate amount of €3 billion. The company originated moreover approximately €1,4 billion under its first EMTN programme. Leasys rolled over and extended up to €1,1 billion its existing securitization program (LABIRS ONE) backed by Italian rental agreements.

THE NEW LEASYS: RISK MANAGEMENT AND ETHICAL BUSINESS IN INITIATIVES

Jean Mathieu Stevens – Chief Risk & Compliance Officer

Since the inception of the new Leasys, our steadfast commitment resonates in the strategic implementation of the new Leasys risk governance, marked by the establishment of a robust Risk, Permanent Control, and Compliance department. This initiative seamlessly extends the risk management framework laid out by the former FCA Bank, signifying a commitment to meticulous oversight.

A notable highlight is the reinforcement of risk management protocols, aligning intricately with the distinctive risks associated with the long-term rental sector. The company aims to fortify its position by adopting best practices in risk management, ultimately ensuring unparalleled stability in its operations to better serve its customers.

Acknowledging the evolving landscape of business ethics, Leasys has taken a proactive stance by introducing an organizational framework. This new organization, coupled with the promotion of ethical and behavioural principles, enhances our commitment to active crime prevention and fortifies our Corporate Governance and Internal Control System. Aligned with the Code of Conduct, which is an integral part of the Organizational Model, this framework outlines rules and procedures for all individuals working on behalf of or in the interest of the Company, preventing and addressing corporate offenses.

Customer trust and satisfaction remain central to the Leasys Group’s mission, and this commitment is integral to our consolidated yearly report for 2023. We continue to instil a customer-centric culture across our workforce, regularly updating our internal regulatory framework, including regulations, policies, and procedures.

Our focus remains on adapting to regulatory changes throughout the year and providing comprehensive training for both internal staff and external partners.
In essence, Leasys Group’s financial results showcase not only its financial health but also the strategic foresight embedded in its risk management and ethical business initiatives, positioning the company for sustained success in the dynamic market.

LEASYS & FREE 2 MOVE LEASE: OPPORTUNITIES AND NEW CHALLENGES

Sebastiano Fedrigo – Head of G3 and Business Development Vice President

Federico Sanguinetti – Head of G6 Markets and European Sales

The official consolidation on April 3rd of the two leasing entities Leasys and Free2Move Lease into a single Joint Venture was the result of a major project fuelled by challenging and successful stories.

Since 3 April 2023, in each country, the teams have been integrated to meet the needs of the Stellantis Group's clients, brands and networks. A collective spirit was promptly established thanks to the collaborative preparatory work conducted in the months leading up to the merger. This is confirmed by the low turnover data recorded in various markets.

This success was achieved by combining the strengths of the two companies: Leasys' direct approach towards large accounts and multi-brand customers and Free2Move's indirect approach to SMEs through its networks.
Moreover, last August, the acquisition of ALD Portugal and Lease Plan Luxembourg further broadened our expertise through the contribution and know-how of two highly professional teams in mature leasing markets.

Training the former PSA network (Peugeot, Citroen, Opel and DS) to use the new Leasys Touch leasing tool has been one of the major challenges. The main focus of our team has been to train more than 5,000 company salespeople, as well as numerous sales managers and field teams. This goal was achieved by implementing on-site training, online sessions and post-merger coaching.

After 9 months of effective operation of the new JV, the global fleet increased by 40,000 units reaching a total of 870,000 managed vehicles.[2]
Over the course of 2023, Leasys registered approximately 177,000 orders (+ 45% vs 2022), of which around 60% were generated through the indirect channel (Stellantis brand networks and independent intermediaries) and 40% through the direct channel (large clients).

The growth in orders was mainly due to a strong acceleration in volumes in countries outside Italy. This was particularly the case in France (25% of the total) and Germany (11% of the total).

Compared to 2022, Leasys also recorded a 37% growth in volumes for fleet activations, with a significant contribution from LEV vehicles (+40%) and the Multibrand segment (+60%), confirming the company as one of the main players in the fleet market.
Following the closure of 2023, the new year has also started very positively, with a solid portfolio and excellent momentum across all channels.

Leasys' expectations for 2024 are those of a year focused on consolidating indirect activity based on the network, developing direct sales by expanding major international clients, broadening multi-

[2] *This figure includes the run-off from F2M Lease*

brand products, and innovating the product and service offerings, including insurance, for an increasingly demanding clientele.

In addition, 2024 will also see the launch of the online rental platform in various European countries. It is also thanks to the commitment of the various teams, their professionalism and their attention to services and performances that these ambitious goals can be achieved.

CREDIT MANAGEMENT: STRATEGIC PILLAR TO DRIVE A SOUND BUSINESS GROWTH

Alexey Proshin – Chief Credit Officer

In the fiscal year 2023, Leasys embarked on a strategic initiative to create and entrench a Credit Management function within its corporate structure, a move that has proven vital in strengthening market positions and safeguarding financial health; the Credit function synergizes the operational effectiveness of the industrial partner with the sophisticated credit risk management best practices typically found in the financial sector, inherited from our Banking shareholder.

The year 2023 was marked by good performance in credit risk management, in line with the Risk Appetite Framework and surpassing the budgeted goal.

The Credit Teams have played a key role, supporting the business growth with accurate and reactive credit assessments in the different Business Units, keeping the Customers' Need to have timely answers as a central pillar to develop the company's processes.

Looking ahead to 2024, Leasys is focused on the strategic deployment of centralized tools for credit risk monitoring. This advancement will complement the ongoing reinforcement of both central and local credit structures, ensuring an integrated approach to credit management across our operations.

Moreover, the company is fostering an ever-increasing credit risk awareness culture, which is integral to supporting our business's robust and healthy growth: we believe that understanding and managing credit risk is not just the responsibility of the Credit Department but is a company-wide ethos that will enable us to take on new challenges and opportunities with confidence.

In conclusion, as we continue to grow and adapt in a dynamic market, our fortified credit management strategy stands at the core of our business resilience and success. We remain committed to excellence in this domain, ensuring that Leasys will continue to deliver on its promises to customers and stakeholders alike.

LEASYS: A NEW CHOICE OF SUSTAINABLE AND INNOVATIVE MOBILITY

Laura Martini – Chief Marketing & Communication Officer

The consolidation of the business between F2ML and Leasys represented a major change for the Group, essentially witnessing the creation of a “new” Leasys. The new entity’s ambition was not to position itself in the market merely as the sum of two companies operating in the long-term rental sector, but rather as a whole new revamped full-fledged operator both in terms of its product portfolio and its strategic vision.

Notwithstanding the decision to maintain the name LEASYS, in line with its strong brand equity positioning and recognition in the markets in which it operates, the Group presents s itself as “The New Mobility Choice": a new company reborn from the equal union of two key players in the mobility with the aim of redefining and renewing long-term rental.

Leasys mission is to become the “Choice” for anyone seeking flexible, innovative and sustainable mobility solutions. In an industry undergoing a major shift such as the mobility arena, the quest for disruptive, innovative solutions, always looking beyond the current standard is the key to our Group’s success.

The mission of becoming the leading mobility provider in Europe rests not only on providing innovative solutions but also on a constant focus on the customer: spearheading the industry needs to go hand in hand with providing a best-in-class customer experience.

Leasys commercial proposition is based on offering a wide range of products and services that meet customers’ varying needs remaining attentive not only to the product itself but also to the services that can be chosen by business clients, private customers, or fleet managers to enhance their mobility experience.

Leasys product strategy is supported by substantial investments in terms of digitalisation, with platforms available at European level, aimed at facilitating the customer throughout the contractual life cycle by means of efficient management of their vehicle or fleet.

In 2024, digitalization will therefore continue to be the fundamental element of the company’s development plans, especially to facilitate sales and onboarding processes, aiming to expand the pool of users and potential customers less familiar with the world of long-term leasing and its benefits.

Leasys strategy is also strongly oriented towards contributing to the electrification transition. The Group has set itself a major goal by 2026, by when it expects 1 out of 2 new contracts to be activated on electrified vehicles (LEV).

BUILDING A SHARED IDENTITY: THE KEY ROLE OF HUMAN RESOURCES IN 2023

Patrizio Scifo – Chief Human Resources Officer

Major transformations took place at Leasys in 2023, in terms of its organisation, size and international presence; these changes also affected the Group's workforce management policies.

In order of importance, the greatest change was the consolidation with Free2Move Lease, the other long-term leasing operator in the Stellantis galaxy. After major preparations involving both teams, the operation was completed with the signing of the official agreement on 3 April 2023.

The key corporate functions worked together to define the business model, the processes, the systems, and the Human Resources department also played a key role in shaping the new Leasys.

Since the beginning, the e main effort has been directed towards the identification of an organisational model that could be adopted across the 11 countries where the consolidation took place.

Separate structures were identified according to the size of the various markets in terms of turnover, fleet, and employees; when feasible in order to streamline and render existing structures more agile, certain countries were combined into clusters, reducing hierarchical levels and increasing the effectiveness and capacity to operate and develop business.

Once the organisational model was identified, the focus shifted to top management figures, both in local markets and in the headquarters.

At this stage, the know-how of our people and their employment histories was decisive, and so was the ability to build a team, motivating and supporting its members. The objective was not to create a new, mostly French-Italian company, but rather to opt for a European and multicultural dimension, to make the best of the managerial and implementation skills of the different teams.

A great deal of work was done, and in early April, the new Leasys was established under the guidance of capable teams, aware that the right management figures were in place in the roles where they could be most effective.

Like all major transformations, the Leasys process required a deployment phase marked by tangible implementation of the theoretical design. The Human Resources department was instrumental in defining integration and 'engagement' activities, quickly tackling all those areas where employees' engagement would have been maximized across the organisation.

Leasys focused on communication to ensure a constant, multi-level flow of information. Executive Town Halls were set up to present the company's results, current projects, and strategic goals. A framework of recurrent touchpoints opportunities in each country was established, to increase the accessibility of the discussions, including for all the employees that, because of their role and duties, do not usually have the opportunity to interact with top management.

Moving forwards, these kind of interactions will be expanded to include an ever a wide range of options set to see the light in the upcoming months: an employee survey, to provide a detailed analysis of the internal perception of Leasys, and the launch of an initiative that will allow all employees to submit proposals to improve operating processes or increase turnover, especially in the fields of Marketing and Sales.

The team will also continue to work on raising awareness and disseminating the corporate values among employees. Shared at all organisational levels, these values define our company culture; one of the Human Resources' priorities for 2024 is therefore the transversal spread of these principles, thanks to specific communications campaigns.

Moreover, we will continue to pay great attention to training needs in a logic of continuous update of different sets of expertise and capabilities; training will be structured on paths created 'ad hoc' to support management where necessary to reinforce or improve specific skills.

In 2023, the Human Resources departments focused on supporting the business and on finding a shared identity that will increasingly permeate and distinguish the totality of its employees, with the aim of continuing to be true mobility pioneers in the long-term renting arena.

REMARKETING & OPERATIONS

Christian Sere Annichini – Chief Operating Officer

Remarketing

The semiconductor shortage, which started to make itself felt in late 2020, has been one of the most significant global challenges across industries. Specifically, the automotive industry has been affected in a major way by this shortage, given the extensive use of microchips in the manufacture of new vehicles, resulting in an impact on manufacturers' vehicle production and delivery times.
This situation has led to a consistent increase in demand for used vehicles, materialising in double-digit growth in the entire sector in the two years after the pandemic.

In 2023, this positive trend came to a halt in August after six months of slowdown in used vehicle transactions around Europe. In the main European markets, there were falls of 34.5% in Italy, 15.7% in Spain, 11.5% in France and 10.5% in the UK: clear evidence that the reversal in the trend in remarketing had already begun[3].

Despite this changed context, Leasys continued to post extremely positive sales performance, thanks to its careful management of residual values, its ability to interpret the market offering of mobility solutions such as re-rentals, evaluating the attractiveness of the specific product on the used car or re-rental markets, respectively.

With the AS-NEW product, available in the main markets where Leasys operates, it has been possible to extend the car leasing cycle by offering end customers a product that maintains its high quality, at an advantageous price reduced by an average of 20% compared to a new vehicle, with the same services included.

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[3] *Source: Autovista Group, "Monthly Market Update: European used-car markets slow in September", 3/10/2023*

Operations

In 2023, Leasys then concentrated its efforts on expanding its sales network, with a focus on the onboarding of Stellantis Dealers across Europe. Supported by significant investments in advanced tools and network training. This strategy was aimed at guaranteeing customers an end-to-end journey within the Group's network.

Courtesy of the collaboration with the 14 Stellantis brands, Leasys relies on an extensive network of dealers, servicing and repair centres, parts hubs, and component warehouses; likewise, the partnership with the independent network has been strengthened to offer multi-brand customers comprehensive coverage and continuous assistance.

The objective at Leasys is to remain by customers' side throughout the contractual life cycle, from delivery to the expiry of the contract, providing maintenance and repair services according to high standards of quality and safety. Customers can therefore always count on multiple contact channels, ranging from the most traditional physical touchpoints to digital applications for independent management of the services relating to their car.

This multi-channel approach enables us to meet our customers' broadest needs and to maintain a high level of service, partly because of the digital tools provided. One example is My-Leasys, the online portal dedicated to fleet managers and drivers, allowing them to independently manage vehicles and fleets, as well as to access all the services related to the leasing contract.

ELEVATING CUSTOMER EXPERIENCE TURNING LEASYS TOWARDS CUSTOMERS

Davide Pupello – Chief Customer Care & Quality Officer

In 2023, improving customer satisfaction has been a top priority and, as we step into the new year, Leasys is determined to renovate its commitment to elevate customer experience to the next level. By placing the customer at the center of our operations, we recognize the critical importance of the customer journey and are dedicated to enhancing their overall experience, thereby fostering long-term loyalty.

Our Customer Experience strategy primarily relies on the 'Net Promoter Score' (NPS), a globally recognized benchmark model that we implemented in 2023 to analyse customer satisfaction across all markets. This system, that ensures a daily monitoring of customer feedback, allows us to measure the customer perception of Leasys' services during their entire journey, identifying areas for improvement. By working on NPS and building effective action plans, we have been able to increase satisfaction scores globally and in every single market. This was the first step to spread the culture of the Customer Experience and create commitment within all company departments.

Leasys strategy encompasses other elements such as strategic partnerships. In 2023 the company started a collaboration with a CX global player to elevate Customer Experience programs, leveraging on advanced analytics and insights to tailor specific action plans and proactively address customer needs. Successively, we have decided to extend the measurement of the customer feedback to additional touchpoints also involving our network partners focusing on pre-sales, sales, and service experiences.

To widen the perimeter of our customer-centricity, we are focused on opening a dedicated network partner feedback, in parallel with the upcoming rebranding of our Network. This initiative aims to establish collaborative relationships with our partners network, facilitating a seamless and integrated experience for the customers. These strategic alliances create a unified and distinctive identity that resonates with our commitment to customer-centric services, reinforcing Leasys as a trusted and forward-thinking brand in the automotive industry.

Furthermore, continuing our investment in cutting-edge technologies, Artificial Intelligence (AI) will play a pivotal role in shaping the customer service landscape. We will further leverage on the Generative AI to automate and enhance Customer Care processes and using the natural language processing techniques to read and analyse large amounts of verbatims coming from the customer feedback surveys. This step forward is aimed at ensuring more effective and personalized support for our customers, aligning with the evolving landscape of customer service in the digital evolution.

Within our digital transformation journey, My-Leasys portal has been enhanced with new functionalities dedicated to our fleet managers and drivers. Throughout 2024, additional features will be introduced, with the purpose of empowering users with even greater control and insights into their vehicle fleets. This evolution aligns with our commitment to provide innovative and user-friendly digital solutions that streamline processes and enhance the overall user experience.

Through strategic partnerships, technological innovations, and a relentless focus on customer satisfaction, Leasys is setting new benchmarks in the automotive leasing industry enduring a best-in-class experience to our customers.

ICT ROADMAP: FROM THE CONSOLIDATION TO THE OPPORTUNITIES OF 2024

Benoit Sponton – Chief Information and Communication Technology Officer

The ICT team's goal is to support the company with the right tools for its day-to-day activities. At Leasys, this process involves supporting our central users and the entire sales network with their back-office activities. Following the decision to merge the Leasys and F2ML activities, an analysis was carried out to identify the appropriate tools for a best-of-breed approach, considering time-to-market.

Once the entire landscape had been defined, from sales tools to accounting, from CRM activities to the customer helpdesk, the ICT teams adopted an agile approach and worked with key suppliers to map all platforms and tools.

The working group identified the existing functionalities with the aim of providing a single tool, a single way of working, for each journey, covering the needs to ensure business continuity. The timely work done over the last few months ensured a 'big bang' launch in April 2023.

The project represented a real challenge because, prior to the merger, the data of the two companies were protected by an information barrier protocol. In spite of this, a huge number of hours were spent on running tests before the Day 1, training the teams, setting the new parameters correctly, and ensuring to receive the necessary green lights.

Beyond the technical aspects, a lot of energy has been devoted to training sessions led by the ICT team, as well as to the creation of digital support and local dispositive to assist the dealers to learn how to use the new set of tools, from authentication to follow-up of customer files.

The launch marked a significant organizational transition, impacting both our dealers and central users. A task force, organized a month prior to day one, handled rights management, system setups, and adaptations. Over three months, the team closely monitored operations, gathered feedback, and prioritized features.

Progress was steady from May to July and September to mid-December. The ICT teams introduced new features weekly, addressing sales support, back-office tasks, and transactions. Simultaneously, technical engineers optimized infrastructure in response to unexpectedly high quotation volumes.

Our international project required collaboration across European countries, with teams in Italy and France. The challenge lay in maintaining smooth communication from developers to end-users.

Our team is now diverse, with language proficiency and established rituals for efficient service delivery. The team's problem-solving approach and coordination between country and central teams remain essential.

Continuous feedback is prioritized through surveys, calls, and sessions with users. The operational landscape is stable, with teams collaborating to ensure optimal usage and proactive identification of improvement areas. Monthly rituals with key customers provide insights into their needs.

In 2024 while targeting milestones such as digitalizing documentation and streamlining processes, the focus remains on system evolution. Performance monitoring is crucial as we onboard more users, keeping pace with rising quotations and sales. Our agile mindset allows us to maintain a strong focus on the projects and face demanding challenges.

MACROECONOMIC SCENARIO AND CAR MARKET

In 2023, the overall global economic scenario deteriorated.

In the United States, despite a reduction in inflationary pressures, some signs of weakening economic activity continue to emerge. According to financial analysts' estimates, GDP growth in 2024 will slow down compared to 2023, despite the latest estimates from the International Monetary Fund, which are more optimistic.

In China, growth remains below pre-pandemic levels: GDP grew by 5.3%, the slowest pace in thirty years, while measures for real estate and investments are not taking off.

The most recent OECD estimates foresee a slowdown in global GDP to 2.7% in 2024, as a result of restrictive monetary policies and worsening consumer and business confidence.

Downside risks therefore remain predominant, mainly due to the widening of geopolitical tensions, linked to the further war in the Middle East, the greater fragmentation of international production and the possible repercussions on commodity prices.

There is also an increase in concerns about trade flows, due to the sharp reduction in transits through the Suez Canal due to attacks by the Yemeni Houthi faction in the Red Sea; both events could exert further pressure on global supply chains.

At their latest meetings, both the Federal Reserve and the Bank of England kept their policy rates unchanged, signalling that the monetary policy stance will remain restrictive until inflation returns to its targets.

The ECB's Governing Council followed suit: rates remained unchanged, and President Lagarde reiterated the forward-looking recommendation of "higher rates, for longer", believing that, if maintained at current levels for a sufficiently long period, they could make a substantial contribution to the return of inflation to the 2% target.

Inflation continued to decline due to the fall in the energy component, the impact of the ECB's monetary policy tightening and the continued easing of inflationary pressures, which led to a supply bottleneck.

Inflation is also expected to decline in the coming years, but at a slower pace: from 5.4% in 2023 to 2.7% in 2024 and 2.1% in 2025, reaching 1.9% in 2026.

As a result, the eurozone economy weakened in 2023 as a result of tighter financing conditions, weak sentiment and loss of competitiveness, and is expected to recover at a slightly slower pace than expected.

Growth is expected to strengthen from the beginning of 2024 as real disposable income increases thanks to lower inflation, robust wage dynamics and resilient employment. Eurosystem staff report an increase in growth from an average of 0.6% in 2023 to 0.8% in 2024 and 1.5% in 2025 and 2026.

The European car market slowed last December, after 16 consecutive months of growth. These increases are attributable to the delivery of orders and the elimination of delays due to shortages of electronic components that have accumulated in the previous few months.

Despite the negative figure for December, 2023 ended with a positive balance (+13.7%) and 12,847,481 registrations, over 1.55 million more than the 11,294,502 in 2022, but still 1.5 million fewer cars than in 2019 (-10.2%), the last year before the pandemic.

In 2023, the top five continental markets all grew: Italy recorded +18.9%, the United Kingdom +17.9%, Spain +16.7%, France +16.1%, Germany +7.3%. But even stronger growth was recorded in some smaller markets such as Bulgaria and Croatia, at +31.5% and +31.3% respectively, but also Belgium (+30.1%), Greece (+27.7%), Portugal (+26.9%) and Cyprus (+26.8%). Only Norway (-27.2%) and Hungary (-3.4%) were down.

In terms of power supplies, electric cars ended 2023 in third place, with a market share of 14.6%, surpassing that of diesel (13.6%). Petrol cars held the lead with 35.3%, whereas hybrid cars took second place, with a market share of 25.8%.

Outlook for 2024

Despite the economic downturn and geopolitical crises, which have also affected the automotive sector, the Leasys Group’s commercial activity last year helped consolidate its leading position in the Italian market and continue its growth path at European level.

In 2024, Leasys aims to consolidate its market share at European level, starting of course with France and Germany, but also with the Iberian region and the United Kingdom. To do so, it will act with the utmost attention to the evolution of the market and the opportunities that may arise, continuing to pursue its roadmap to climb through the rankings of the largest European LTR operators.

Leasys' main commercial objectives for 2024 include the development of the E-Commerce platform, which will enable it to expand its multi-channel offer and increase its presence in the digital marketplace; the constant improvement of the quality of products and services for customers and the distribution network; the continuous expansion of the commercial proposal, leveraging the range of brands it represents, always maintaining a multi-brand perspective.

Great attention will be paid to the digitalisation process, including targeted investments that further improve the functionality and accessibility features of the My-Leasys portal, dedicated to fleet managers. The portal is the gateway to the Leasys ecosystem of products and assistance services, which can be selected, customised, and purchased from the comfort of your home, quickly and easily.

OTHER INFORMATION

MAIN RISKS AND UNCERTAINTIES

Specific risks that may entail obligations for the company are assessed when determining the respective provisions and are mentioned in the notes to the financial statements, together with significant contingent liabilities. Reference is made below to the risk and uncertainty factors that essentially relate to the economic, regulatory and market environment and may affect the company's performance.

The company's financial position, results of operations and cash flows are primarily affected by the various factors involved in the macroeconomic framework in which it operates (factors such as the increase/decrease in gross domestic product, levels of consumer and business confidence, interest and exchange rate trends and the unemployment rate).

The Group's activities are mainly linked to the performance of the automotive sector, which is historically subject to periodic cycles. Given that it is difficult to predict the extent and duration of the various economic cycles, any macroeconomic event (such as a significant decline in the main markets, solvency of counterparties, volatility of financial markets and interest rates, or the ongoing shortage of semiconductors) can affect both outlook and financial results.

The geo-political context, marked by the Russia-Ukraine conflict and broadened by the Israel-Palestine war in the Middle East, significantly impacted the economic cycle during the past year and, as there are no signs that tensions will lower any time soon, will continue to affect 2024 with modest GDP growth rates and inflation rates remaining high.

In addition, the attacks in the Red Sea by the Houthi group based in Yemen provide further cause for concern, given the reduction in international trade flows through the Suez Canal and the related adverse impact on global procurement.

Moreover, Covid-19 – though under control in terms of its spread and severe effects – remains an element of uncertainty adding to an unfavourable geo-political picture.

The Leasys Group respects the laws and regulations in force in the countries where it operates. Most of our legal proceedings and disputes relate to non-payment by customers and dealers in the ordinary course of business.

Our provisioning policies for 'provisions for risks and charges' – together with our close monitoring of ongoing proceedings – ensure we can promptly consider any possible effects on our financial statements.

CONSOLIDATED NON-FINANCIAL STATEMENT

The Leasys Group publishes a Consolidated Non-Financial Statement pursuant to Decree 254/2016 and Consob Resolution No. 20267 of 18 January 2018 as a separate document available on the website www.corporate.leasys.com, in the "Investor Relations" section.

REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

The system of corporate governance and the organisational structures adopted by the Leasys Group are designed to assure the healthy and prudent management of the Group, consistent with current regulations and likely future developments, as well as with the established business development objectives.

Corporate governance comprises a system of administration and control founded on an administrative body (the Board of Directors) and the Board of Statutory Auditors.

In addition, as envisaged in art. 123-bis, para. 5 TUF, for companies that do not issue shares admitted to trading in regulated markets or in multilateral trading systems, the information required in para. 2.b) of the above article is presented by the Leasys Group in the "Internal control system" section of this Report on Operations.

DISTRIBUTED DIVIDENDS AND RESERVES

Following a resolution adopted at the Shareholders' Meeting held on 28 March 2023, Leasys Italia S.p.A. paid a dividend of € 5 million to its sole shareholder.

EVENTS SUBSEQUENT TO THE REPORTING DATE

No events have occurred after the reporting date that would require adjustments to the amounts reported in the separate financial statements as of 31 December 2023.

The company is closely monitoring the development of potential issues and economic repercussions related to the conflicts between Russia and Ukraine, and between Israel and Palestine. Based on the evidence and information available and the analyses performed, there are no exposures to entities traceable to Russia, Ukraine, Belarus, Israel or Palestine, and there are no direct impacts deriving from either conflict or the respective geo-political situations.

All information available to date on any indirect impacts has been reflected in the separate financial statements made available to you.

SIGNIFICANT EVENTS AND STRATEGIC OPERATIONS

COVID-19 AND GLOBAL CONFLICTS – POTENTIAL IMPACTS

After three years of pandemic, the WHO officially declared the end of the Covid-19 healthcare emergency in May 2023. Thanks to the massive vaccination campaign and ever greater herd immunity, the impact of the virus is now much lower, albeit still present. Accordingly, the residual uncertainty adds to the unfavourable geo-political picture.

The Russia-Ukraine conflict continues to pose a risk to the business cycle. Events have confirmed the views of leading analysts that the conflict would be long-lasting, with a risk of spreading and impacts on oil and gas prices.

In addition, the heightening of the Israel-Palestine war has added to these fears, both due to uncertainty about its duration and because of its possible expansion, with the involvement of new actors and destabilisation of the international equilibrium. From an economic standpoint, the conflict is causing special concern regarding the energy and oil markets, as well as for the trade flows that transit through the Suez Canal. These flows have been hit by a series of attacks on cargo vessels by the Houthis, an armed group based in Yemen, that have forced merchant fleets to avoid the Red Sea route - a major choke point for world trade - and chart longer and more costly passages, likely to result in higher commodity and energy prices.

LEASYS GROUP

Following the sale on 21 December 2022 of the Leasys Group from FCA Bank (now known as CA Auto Bank) to LeaseCo S.a.s. (now Leasys S.a.s.), a French multi-brand operating leasing company in which Stellantis and CACF each hold a 50% stake, in April 2023 Leasys merged its business with Free2Move Lease to create a new joint venture.

STELLANTIS N.V. AND CORPORATE EVOLUTION

The ownership structure of Leasys Italia S.p.A., wholly owned by FCA Bank S.p.A. until 21 December 2022, has changed following a reorganisation arranged by Stellantis. More specifically, FCA Bank

S.p.A. sold the entire share capital of Leasys Italia S.p.A. to Leasys S.a.s., a newly-formed French company owned jointly and equally by Stellantis N.V. and Crédit Agricole Consumer Finance S.A. (CACF).

This completed the process of creating a multi-brand operating leasing company, derived from merging the activities of Leasys and F2ML, in which Stellantis and CACF each hold 50% stakes. The object of the new entity is to manage the financing in Europe of all vehicle brands owned by Stellantis. In this way, Leasys Italia S.p.A. has become one of the leading multi-brand vehicle rental companies in Europe.

NEW ACQUISITIONS BY THE LEASYS GROUP

During 2023, the Leasys Group acquired the following companies, thus finalising the binding agreement to acquire the operations of ALD and LeasePlan in Portugal and Luxembourg respectively.

Leasys Mobility Portugal S.A.

On 1 August 2023, Leasys Italia S.p.A. acquired 100% of Leasys Mobility Portugal S.A., operating as ALD Automotive in Portugal.

Leasys Luxembourg S.A.

On 1 August 2023, Leasys Italia S.p.A. acquired 100% of Leasys Luxembourg S.A., operating as LeasePlan in Luxembourg.

COMMERCIAL POLICY

As a leading European player in the sector, Leasys will continue to consolidate its operating structure and invest in the development of new long-term leasing schemes that are increasingly flexible, customised, and accessible, in response to a constantly evolving market context.

A particular focus will be accorded to services, especially in terms of assistance and insurance coverage, which will be characterised by greater flexibility to be even more ‘tailor-made’ to meet customers' specific needs, as well as to make them usable even only at certain points in the leasing life cycle.

Leasys will increasingly play a leading role in the transition to sustainable and responsible mobility, positioning itself as an enabler of the change taking place for private customers and fleet managers. It will accompany them from the selection of vehicles and evaluation of charging solutions, appropriate composition, and management of the fleet to the return of the vehicle at the end of the contract.

STAFF MANAGEMENT

The Leasys Group offers mobility services and puts people first, whether employees or external customers.

One of our key objectives is to attract, retain and motivate highly qualified staff, as well as to reward those who uphold, believe in and promote our values, via remuneration schemes tied to long-term value creation.

As of 31 December 2023, the Leasys Group employs a total of **1,313** persons, up by 724 since 31 December 2022.

This increase was principally due to three phenomena:

- Transfer of the long-term rental teams of Free2Move Lease to Leasys Group companies (about 450 persons)
- The acquisition of two companies: ALD Portugal and LeasePlan Luxembourg (about 180 persons)
- A recruitment drive in order to deliver the business plan of the new Leasys Group

The above numbers relate to the employed workforce as of 31 December 2023.

FINANCIAL POLICY

In 2023, the Treasury Department ensured the management of liquidity and financial risks based on the guidelines provided by the Central Treasury of Crédit Agricole Consumer Finance SA, and in line with the risk management policies established by the Board of Directors of Leasys S.p.A.

The Group's financial strategy aims to:

- maintain a stable and diversified structure of financial sources;
- manage liquidity risk;

- minimise exposure to interest-rate, exchange-rate and counterparty risks, within the framework of contained and pre-established limits, and in any case in compliance with regulatory provisions where applicable.

In 2023, Treasury ensured the resources needed to finance the Group's activities amid significantly higher demand, which made it possible to keep the rental margin stable, despite the change in base rates seen during the year.

RATING

On 13 January 2023, after Leasys left the FCA Bank Group, Fitch applied its internal methodology and criteria to raise Leasys' rating by 1 notch from BBB+ to A- (with stable outlook).

Leasys' rating is therefore:

Company	Long-term rating	Outlook	Short-term rating	Long-term deposit rating
Fitch	A-	Stable	F1	-

STRUCTURE OF FUNDING SOURCES

The structure of sources of funds and liabilities as of 31 December 2023 is as follows:

Description	% of total external funding sources	% of total balance sheet liabilities
Crédit Agricole Group	7%	5%
Third-party financial institutions	39%	30%
Factoring	4%	3%
Market	36%	28%
Securitisation	15%	12%
Non-financial liabilities		22%
Total	**100%**	**100%**

In 2023, in addition to the drawdowns made (or renewed) under the Committed Facility made available by the Crédit Agricole Group, bank lines were arranged (or renewed) with third-party credit and financial institutions for over € 1,850 million.

The début of the Group into the world of ABS is of special interest: During 2023, Leasys renewed, increased, and extended its asset-backed financing operation based on long-term rental receivables – the first operation of its kind in the Italian market.

Rental fees are financed on a revolving basis, for 24 months, under an innovative ring-fenced securitisation structure, where the Italian special purpose vehicle, Leasys Asset Backed Italian Rental Securitisation One S.r.l. (Labirs One) issued asset-backed securities to provide Leasys with limited-recourse financing. Senior securities (amounting to € 1,100 million) were subscribed by three leading banks, while the junior securities (amounting to € 596 million) are held by Leasys.

The transaction was structured in line with the Simple, Transparent and Standardised Securitisations criteria (STS) set out in Regulation (EU) 2402/2017.

Additionally, in July, the Leasys Group established its first EMTN programme with a maximum amount of € 5 billion, and later returned to the capital market twice where, following virtual roadshows held to meet leading European investors, the following transactions were placed successfully:

- one transaction amounting to € 750 million maturing in July 2026 with a fixed coupon of 4.5 percent.
- one transaction amounting to € 600 million maturing in February 2027 with a fixed coupon of 4.65 percent.

FINANCIAL RISK MANAGEMENT

Interest-rate risk management policies to protect the financial margin from the impact of interest rate changes, include matching the maturity profile of liabilities with the maturity profile of the asset portfolio (determined based on the interest rate recalculation date).

It should be noted that the Group’s risk management policies only allow the use of interest rate derivative transactions for hedging purposes.

Interest rate profiles are matched to maturity using more liquid derivative instruments, such as Interest Rate Swaps and Forward Rate Agreements (note that the Group’s risk management policies do not allow the use of instruments other than plain vanilla, such as exotic derivatives for example).

The strategy pursued during the year led to a constant and substantial hedging of this risk, minimising the impact of the volatility of market interest rates.

In terms of exchange-rate risk, taking currency positions is not company policy. Assets in currencies other than the euro are therefore usually financed in the corresponding currency.

Where this is not possible, the risk would be reduced through the use of Foreign Exchange Swaps (note that the Group's risk management policies only allow the use of foreign exchange transactions for hedging purposes).

MANAGEMENT OF RESIDUAL-VALUE RISK

Residual value is one of the most important components when determining the rental instalment, being the expected value of the vehicle in the used market at the end of the rental contract.

The residual-value risk in relation to leased vehicles is generally borne by the lessor, unless specifically agreed otherwise with third parties, and reflects the difference between the vehicle's market value at the end of the rental period and the carrying amount of the asset concerned.

In 2023, Leasys decided to revise the set of internal regulations that govern the decision-making process for determining residual values. The shareholders, among others, were directly involved in this policy revision.

The purpose of the document is to define guidelines for the definition and proper management of residual values, harmonising this process and the related governance within the Leasys Group, detailing the roles and responsibilities of the various entities in the valuation decision, and establishing so-called *"Golden Rules"*: the powers delegated with reference to the level of risk accepted and any *escalation processes* needed in specific cases, as well as the checks that each Group entity must carry out to ensure that the policy is implemented correctly.

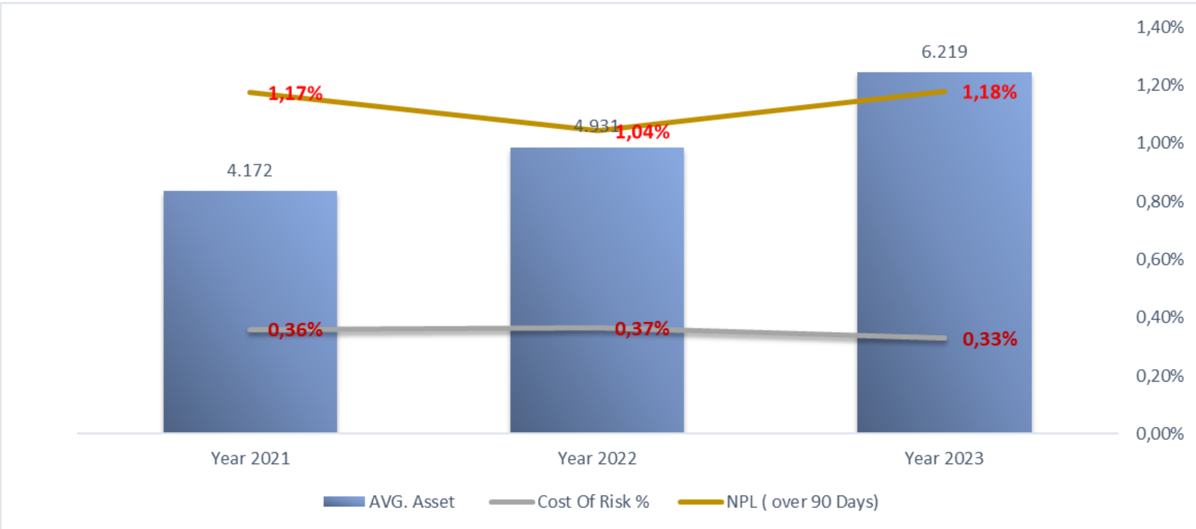
Residual-value risk is analysed quarterly by combining data and time series based on the experience of Leasys with external elements obtained from independent RV influencers. A specific provision takes due account of any impairment identified. There are no issues concerning the residual-value risk associated with the vehicle fleet.

CREDIT RISK MANAGEMENT

Leasys' cost-of-risk performance reflects factors typical among the largest banks, such as:

- conservative credit-risk acceptance policies, supported by ratings, scoring and decision-making engines;
- monitoring of credit performance with prompt detection of deteriorating trends through early warning indicators;
- effective credit collection actions.

This makes it possible to maintain very low levels of impaired receivables and customers/contracts exposed to increased risk. Once again, the cost-of-risk performance was good in 2023 (at 0.33%), with an improvement against budget.



The Company maintains strict control over credit risk, leveraging practices, processes and tools inherited from the banking sector experience of the Crédit Agricole Group, a shareholder in the joint venture.

During 2023, Leasys strengthened the internal structures responsible for credit control processes, implementing effective monitoring and other actions.

Planned technological projects seek to consolidate the control over risk even further, highlighting a commitment to innovation and financial security.

As a result of the numerous actions taken and despite strong growth in the portfolio, the receivables of the Leasys Group that are more than 90 days past due are not only very low (1.18%), but also below budget.

INTERNAL CONTROL SYSTEM

To ensure sound and prudent management that tempers business profitability with the informed acceptance of risk and operational conduct founded on ethical criteria, the Company has adopted an Internal Control System (ICS) for activities and risks that governs (in terms of compliance with the regulations) the security and efficiency of operations.

The internal control system consists of a set of rules, functions, structures, resources, processes, and procedures that seek to achieve the following purposes:

- financial performance, via efficient and appropriate use of the Group's assets and resources, as well as protection against the risk of losses;
- precise and consistent understanding of the data needed by the decision-making and risk-management processes;
- compliance with laws, regulations, professional and ethical standards, and internal standards;
- prevention and identification of fraud and errors;
- complete and accurate accounting entries and timely production of reliable accounting and financial information.

The system comprises two distinct levels of control and, within the Group, three lines of defence.

The first two lines represent forms of permanent control:

1. The first line of defence comprises the operating lines of business.

   Their business managers ensure that the risks generated by their activities are addressed by an efficient first line of defence. They implement first-level controls designed to ensure the proper conduct of daily operations and individual transactions, either performed by the relevant operating structures or embedded in the related IT procedures.

2. The second line of defence comprises the risk management and compliance lines, both entrusted to structures without operational responsibilities.

   The Risk & Permanent Control manager and the Compliance manager ensure that this second line of defence implements effectively the second-level controls, which are designed to measure risk and check the consistency of operations with the established risk objectives.

The third line comprises the performance of periodic checks:

3. The third line of defence comprises the business audit line, for which the Internal Audit function is responsible. This function implements third-level controls to identify anomalous trends, as well as violations of procedures and regulations, and to assess the overall functioning of the internal control system.

The control functions maintain constant contact with the corresponding functions within Leasys S.a.s.

The Compliance and Risk & Permanent Control functions report to the Chief Executive Officer.

The Internal Audit function reports directly to the Board of Directors.

This paragraph describes the "main features of the existing risk management and internal audit systems with regard to the financial reporting process", pursuant to art. 123-bis, paragraph 2, letter b) TUF.

The Directors of Leasys Italia S.p.A. are responsible for maintaining an internal control system in compliance with the criteria set out in the "Internal Control - Integrated Framework" issued by COSO ("Committee of Sponsoring Organizations of the Treadway Commission").

The Internal Control System on corporate reporting is a process which, by involving various corporate functions, guarantees the reliability of financial reporting, the reliability of the financial statements and compliance with rules and regulations. The oversight of accounting and financial reporting is carried out by the Group Chief Financial Officer and is based on:

- the adequacy of the processes and procedures used for the purpose of preparing the financial reports and any other financial disclosure;
- the monitoring of IT architectures and applications, especially with reference to the management of data processing and the actions taken to develop the summary systems used for financial reporting;
- the completeness and consistency of the disclosures made to the market.

INTERNAL AUDIT

The Internal Audit function is responsible for level 3 controls, by verifying the adequacy of the ICS based on an annual plan submitted for the approval of the Board of Directors, and by providing the Board of Directors and Management with a professional and impartial assessment of the effectiveness of the internal controls.

The Head of the Internal Audit Function is responsible for preparing the audit plan, based on a periodic risk assessment process, and for coordinating the related audit work. He/she periodically reports on the results and progress of the audit plan to the Board of Directors, the Internal Control Committee and the Board of Statutory Auditors.

The internal audit process involves an annual mapping of risks, at individual company level, using a method common to each.

This risk mapping is carried out centrally for companies that do not have a local internal audit function. The results of the internal audit work carried out at each company are monitored using a reporting system that covers:

- the progress of the audit plan, with explanations for any changes;
- the implementation status of recommendations made.

The Board of Directors is informed periodically about the results of the audits, the action plans adopted, the progress of the plan, and the extent of implementation by each company of the recommendations made.

RISK AND PERMANENT CONTROL (R&PC)

The mission of this function is to manage the control and risk prevention system.

The Risk & Permanent Control structure consists of people, not involved in business activities, who focus on permanent controls.

R&PC is responsible for mapping and measuring the business risks, for supervising the risk management processes and for managing directly the permanent second-line/second-level controls.

R&PC ensures that the level of risk accepted is compatible with the guidelines of the Group and the guidelines, policies and limits established by the administrative body, ensuring their proper implementation.

R&PC is responsible for identifying and mapping risks against the various lines of business, collecting and analysing the relevant risk indicators, monitoring respect for the limits set and guaranteeing the effective communication of alerts.

The Risk & Permanent Control function liaises with contact persons at Leasys S.a.s. and with the contact persons of that company at the legal entities and foreign branches.

The results of the second-level controls carried out by Risk & Permanent Control are presented to the Board of Directors on a quarterly basis and analysed by the Internal Control Committee.

COMPLIANCE

The Compliance function is responsible for the compliance structure of the Company in the areas of customer protection, anti-corruption, internal fraud, money laundering and the fight against terrorism.

It reports directly to the Chief Executive Officer of the Company.

To prevent the infringement of laws, regulations or self-regulation standards, this function adopts a risk-based approach to the management of non-compliance risks, checking that internal procedures are capable of preventing them. Specifically, the Compliance function:

- identifies, in cooperation with the other functions involved, including the Legal Affairs function in particular, all the rules and regulations applicable to the Company, and assesses their impact on activities, processes and procedures;
- collaborates with Human Resources to define the training needs of employees on compliance-related matters;
- assesses ex ante the consistency of applicable regulations with all innovation-driven projects (including their impact on new products or services);
- prepares flows of information to the corporate bodies and other corporate control functions;
- verifies the effectiveness of the procedural and organisational changes suggested to prevent the risk of non-compliance;
- coordinates the activities of the Supervisory Board, ensuring the update of the Organisation, management and control model pursuant to Decree 231/01;

The results of the second-level controls carried out by the Compliance function are presented to the Board of Directors on a quarterly basis and analysed by the Internal Control Committee.

DPO - Data Protection Officer

The mission of the DPO is to guarantee and, if necessary, improve compliance with the requirements of the personal data protection regulations.

The Compliance function is responsible for the organisation of privacy-related matters within the Company.

The Data Protection Officer (DPO):

- informs and supports the controller and/or the processor, as well as employees who carry out processing activities, with regard to their obligations under the personal data protection regulations;
- supervises compliance with the applicable regulations, including the allocation of responsibilities, awareness building and the training of employees involved in processing and the related control activities;
- provides, on request, opinions on data protection impact assessments and monitors their performance;
- acts as contact person for the data protection authority, cooperating with the latter on matters related to the processing of personal data.

BODIES INVOLVED IN SUPERVISING THE INTERNAL CONTROL SYSTEM

To supplement and complete the ICS, the Company has established the following bodies (in addition to the Control Functions).

INTERNAL CONTROL COMMITTEE

The mission of the Internal Control Committee (ICC) is to monitor the results of the audit activities carried out by the control functions, in order to:

- examine their findings;
- provide information about the progress of the action plans;
- present the Audit Plan and its progress;
- analyse any issues arising from the assessment of the internal control system.

The Committee also performs the functions of the Anti-Fraud Committee, with the aim of monitoring fraud events, the effectiveness of fraud prevention mechanisms, and the adequacy of the control systems for the detection of fraud.

The ICC meets quarterly. The Chief Executive Officer completes the internal control system, as the senior person with overall responsibility for implementing the necessary operational measures and improvements (in the event of weaknesses or anomalies) in order to obtain a complete and integrated understanding of the results of the controls carried out.

SUPERVISORY BODY

With regard to the function of preventing administrative liability pursuant to Decree 231/01, a Supervisory Body has been appointed by Leasys S.p.A., with the task of overseeing proper application of the Organisation, management and control model (231 Model) and the Code of Conduct.

The Supervisory Body:

- meets on at least a quarterly basis and reports periodically to the Chief Executive Officer and General Manager, the Board of Directors and the Board of Statutory Auditors;
- carries out periodic checks on the effective ability of the 231 Model to prevent the commitment of offences, normally with the help of the Risk, Permanent Control & Compliance function and the Internal Audit function, as well as from other internal functions whenever necessary.

Recognising the need for independence, the Supervisory Body of Leasys comprises three members, one of whom is an external professional, expert in the administrative responsibility of entities for offences and in criminal law.

The two internal members are the manager of the Compliance function and the manager of the Legal Affairs function of the Company.

The Supervisory Body remains in office for the period approved by the Board of Directors and may be re-appointed.

RECONCILIATION OF THE INCOME STATEMENT WITH THE RESULTS OF OPERATIONS (€/M)

Income Statement (€/M)	31/12/2023	
Income from leases	1,159	NBI
Write-downs from leases	(832)	NBI
Costs from leases – loans	(147)	NBI
Margin on leases	**180**	
Revenues from services	561	NBI
Costs for services	(497)	NBI
Margin on services	**64**	
Income from car sales	151	NBI
Costs of cars sold	(48)	NBI
Margin on cars sold	**103**	
Gross operating margin	**347**	
Payroll costs	(89)	NOE
Other operating expenses	(25)	NOE
Depreciation and amortisation	(11)	NOE
Total operating expenses	**(125)**	
Losses on receivables	(21)	COR
Non-recurring income (expenses)	(30)	OTH
Operating profit	**171**	
Profit before tax	**171**	
Income tax	(54)	TAX
Profit for the year	**117**	

Results of operations (€/M)	31/12/2023	
Rental margin	347	NBI
Net operating costs	(125)	NOE
Cost of risk	(21)	COR
Non-recurring income (expenses)	(30)	OTH
Earnings before tax	171	
Income tax for the year	(54)	TAX
Profit for the year	**117**	

Value of assets *	31/12/2023
Average	6,219
End of year	7,462

Ratio (of value of assets)	31/12/2023
Rental margin	5.6%
Net operating costs	2.0%
Cost of risk	0.3%

Turin, 21 March 2024

for the Board of Directors

Chief Executive Officer

Rolando D'Arco

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS

Asset items (in thousands of EUR)		Total 31 December 2023	Total 31 December 2022
Vehicles	1	6,748,326	4,859,709
Other tangible assets	2	2,343	2,518
Rights of use	3	20,848	32,795
Goodwill	4	107,571	81,212
Other intangible assets	5	100,756	30,083
Equity Investments	6	0	0
Derivative financial instruments	9	68,403	145,128
Deferred tax assets	8	91,234	54,281
TOTAL NON-CURRENT ASSETS		**7,139,481**	**5,205,727**
Inventories	10	172,531	87,569
Receivables from customers	11	713,775	816,995
Other current receivables and assets	12	1,030,105	816,889
Cash and cash equivalents	13	226,536	314,985
Derivative financial instruments	9	14,835	42,147
Tax receivables	15	47,862	7,550
TOTAL CURRENT ASSETS		**2,205,645**	**2,086,135**
TOTAL ASSETS		**9,345,126**	**7,291,862**

CONSOLIDATED BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY

Liability and shareholders' equity items (in thousands of EUR)		Total 31 December 2023	Total 31 December 2022
SHAREHOLDERS' EQUITY			
Share capital		77,979	77,979
Profit (loss) brought forward		456,232	314,431
Other reserves		24,440	109,116
Profit for the year		116,953	146,801
TOTAL SHAREHOLDERS' EQUITY		**675,605**	**648,328**
Financial payables (non-current)	17.1	1,625,212	1,168,538
Bonds issued	17.4	2,447,892	2,111,600
Leasing liabilities (non-current)	17.2	18,202	25,704
Derivative financial instruments	9	36,119	29,093
Employee benefits	18	4,035	3,976
Provisions for risks and charges	19	20,310	14,114
Deferred tax liabilities	8	82,974	89,415
TOTAL NON-CURRENT LIABILITIES		**4,234,745**	**3,442,442**
Financial payables (current)	17.1	2,004,868	2,154,740
Bonds issued	17.4	1,266,545	(2,116)
Leasing liabilities (current)	17.2	3,208	7,585
Trade payables	20	973,727	881,453
Derivative financial instruments	9	979	1,418
Other current liabilities	21	134,402	140,524
Tax payables	22	51,045	17,489
TOTAL CURRENT LIABILITIES		**4,434,776**	**3,201,092**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**9,345,126**	**7,291,862**

CONSOLIDATED INCOME STATEMENT

Items (in thousands of EUR)		Total 31 December 2023	Total 31 December 2022	
Income from leases		1,158,740	979,732	*
Write-downs from leases		(832,366)	(748,703)	
Costs from leases - loans		(146,615)	(41,658)	
Margin on leases	**1**	**179,759**	**189,370**	
Revenues from services		560,877	503,286	**
Costs for services		(497,013)	(479,133)	***
Margin on services	**2**	**63,863**	**24,153**	
Income from car sales		151,452	139,210	
Costs of cars sold		(48,122)	(38,943)	
Margin on cars sold	**3**	**103,330**	**100,267**	
Gross operating margin		**346,952**	**313,791**	
Payroll costs	4	(89,201)	(61,753)	
Other operating expenses	5	(25,288)	(17,912)	
Depreciation and amortisation	6	(10,911)	(11,546)	
Total operating expenses		**(125,399)**	**(91,211)**	
Credit losses	7	(20,525)	(18,285)	
Non-recurring income (expenses)	8	(30,082)	(34)	
Operating profit		**170,946**	**204,261**	
Financial income		0	0	
Financial charges		0	0	
Profit before tax		**170,946**	**204,261**	
Income tax	9	(53,993)	(57,460)	
Profit for the year		**116,953**	**146,801**	

Reclassifications for a greater representation of costs and revenues related to rental fees

*** Reclassification to Income from leases reported in 2022:**

+79,310 million euro of brand contribution, from Revenues from services

-65,082 million euro of network incentives paid, from Costs for services

**** Reclassification from Revenues from services reported in 2022:**

-79,310 million euro of brand contribution, to Income from leases

***** Reclassification from Costs for services reported in 2022:**

+65,082 million euro of network incentives paid, to Income from leases

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items (in thousands of EUR)	31/12/2023	31/12/2022
Profit (loss) for the year	**116,953**	**146,801**
Other income components net of tax without reclassification to the income statement	**(170)**	**1,868**
Defined benefit plans	(170)	1,868
Other income components net of tax with reclassification to the income statement	**(84,506)**	**112,003**
Exchange rate differences	2,873	(4,400)
Cash flow hedging	(87,380)	116,403
Total other income components net of tax	**(84,676)**	**113,871**
Comprehensive income	**32,277**	**260,672**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 31/12/2023

Items in thousands of EUR

	Balance at 31/12/2022	Change in opening balances	Balance at 01/01/2023	Allocation of previous year's result		Changes in the year									Shareholders' equity 31/12/2023
						Change in reserves	Shareholders' equity transactions							Comprehensive income for 2023	
				Reserves	dividends and other uses		Issue of new shares	Acquisition of treasury shares	Interim dividends	Estraordinary Distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options		
Share Capital:															
a) Ordinary shares	77,979		77,979												77,979
b) other shares															
Share premiums															
Reserves:															
a) of earnings	314,431		314,431	146,801	-5,000										456,232
b) other															
Measurement reserves	109,116		109,116											-84,676	24,440
Equity instruments															
Interim dividends															
Treasury shares															
Profit (loss) for the year	146,801		146,801	-146,801										116,953	116,953
Shareholders' Equity	**648,328**		**648,328**											**32,277**	**675,605**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 31/12/2022

Items in thousands of EUR

	Balance at 31/12/2021	Change in opening balances	Balance at 01/01/2022	Allocation of previous year's result		Changes in the year									Shareholders' equity 31/12/2022
						Change in reserves	Shareholders' equity transactions							Comprehensive income for 2022	
				Reserves	dividends and other uses		Issue of new shares	Acquisition of treasury shares	Interim dividends	Extraordinary Distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options		
Share Capital:															
a) Ordinary shares	77,979		77,979	0											77,979
b) other shares															
Share premiums															
Reserves:															
a) of earnings	191,341		191,341	123,090											314,431
b) other															
Measurement reserves	-4,755		-4,755											113,871	109,116
Equity instruments															
Interim dividends															
Treasury shares															
Profit (loss) for the year	123,090		123,090	-123,090										146,801	146,801
Shareholders' Equity	**387,656**		**387,656**												**648,328**

CONSOLIDATED CASH FLOW STATEMENT (indirect method)

Items (in thousands of EUR)	Total 31 December 2023
Cash flow generated (absorbed) by operating activities (a)	
Profit (loss) for the year	**116,953**
Adjustments to reconcile net profit with cash flow from operating activities:	**911,354**
Depreciation of tangible and intangible assets and rights to use leased assets	843,277
Net impairment/(reversal) of trade and other receivables	20,525
Net change in deferred tax assets (liabilities)	-6,441
Income tax	53,993
Change in working capital:	**-196,957**
Inventories	-84,962
Receivables from customers	82,695
Trade payables	92,275
Provisions for risks and charges	6,196
Other assets and liabilities	**-293,161**
Cash flow generated (absorbed) by operating activities (a)	**831,349**
Cash flow from investing activities	
Investments:	
Intangible assets, tangible assets and rights to use leased assets	-2,816,803
Equity interests	0
Financial receivables and other financial assets	-36,953
Cash flow generated (absorbed) by investing activities (b)	**-2,853,756**
Cash flow from financing activities	
Change in current financial liabilities and other	-126,813
Change in non-current financial liabilities	2,054,184
Change in Hedging and non-hedging derivatives receivable/payable	6,587
Cash flow generated (absorbed) by financing activities (c)	**1,933,958**
Total cash flow (e = a+b+c+d)	**-88,449**
Net cash and cash equivalents at the start of the year (f)	**314,985**
Net cash and cash equivalents at the end of the year (h = e+f+g)	**226,536**

CONSOLIDATED EXPLANATORY NOTES

PART A – ACCOUNTING POLICIES

A.1 – GENERAL PART

SECTION 1

Statement of compliance with international accounting standards

These Consolidated Financial Statements as of 31 December 2023 have been drawn up in accordance with the IAS/IFRS International Accounting Standards approved by the European Commission pursuant to European Union Regulation No. 1606 of 19 July 2002 and implemented in Italy by Legislative Decree 38 of 28 February 2005, supplemented by the relevant interpretations – Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) – issued by the International Accounting Standards Board (IASB) in place at year-end.

SECTION 2

General drafting principles

The Consolidated Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the Explanatory Notes including material accounting policy information and are accompanied by a directors' report on the performance of the Group.

The general criteria adopted when drawing up these Financial Statements was the historical cost method, except for the financial statement items which – in accordance with the IAS-IFRS – must be recognised at fair value as indicated in the measurement of the individual items.

All amounts are shown in thousands of EUR unless otherwise indicated.

In addition to the amounts for the reporting period, the Financial Statements and Notes also present the corresponding comparative figures as of 31 December 2022.

The Leasys Group's Consolidated Financial Statements have been drawn up in accordance with the general principles established by IAS 1. Specifically:

- **Balance Sheet and Income Statement.**

  Out of the various options permitted by IAS 1, the Company has chosen to present the balance sheet items by distinguishing between current/non-current, and to present the income statement by classifying costs by nature.

When drafting the financial statements, some specific items (typical of rental companies) have been included for a better understanding of the business and its results.

Current/non-current classification

Assets and liabilities in the Company's financial statements are classified on a current/non-current basis. An asset is current when it:

- is assumed to be realised, or is held for sale or consumption, in the ordinary course of business;
- is held primarily for the purpose of trading;
- is expected to be realised within 12 months of the end of the reporting period;
- or is made up of cash or cash equivalents, unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the end of the reporting period.

All other assets are classified as non-current. A liability is current when it:

- is expected to be settled in its normal operating cycle;
- is held primarily for the purpose of trading;
- must be settled within 12 months of the end of the reporting period;
- the entity does not have an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.

This classification is not affected by contractual terms that could, at the counterparty's discretion, result in the liability being settled through the issuance of equity instruments. The Company classifies all other liabilities as non-current.

Prepaid and deferred tax assets and liabilities are classified as non-current assets and liabilities.

- **Consolidated Statement of Comprehensive Income.**

The Statement of Comprehensive Income shows, in addition to profit for the year, the other income components divided into those "without reclassification" and those "with reclassification to the Income Statement".

- **Statement of Changes in Consolidated Shareholders' Equity.**

The statement of changes in shareholders' equity shows the breakdown of and changes in shareholders' equity for the reporting period and the previous year.

- **Consolidated Cash Flow Statement.**

The Cash Flow Statement has been prepared using the indirect method.

- **Financial statements prepared on a consistent accruals basis applicable to going concerns.**

With regard to the going concern principle used when drawing up the Financial Statements, it is believed that the Group will continue to operate as a going concern; accordingly, the Consolidated Financial Statements for the year ended 31 December 2023 have been prepared on a consistent accruals basis, on the presumption of business continuity.

There have been no exemptions to the application of IAS/IFRS.

- **Fair value measurement**

The Group measures financial instruments, such as derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset, or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability is made:

- in the principal market for the asset or liability;

or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured based on the assumptions that would be used by market participants when pricing the asset or liability, assuming that they are acting in their best economic interests.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by deploying the asset to its fullest and best use or by selling it to another market participant who would use it to its fullest and best use.

The Group uses measurement techniques that are appropriate to the circumstances and for which there is sufficient available data to measure fair value, maximising the use of relevant observable inputs and minimising the use of inputs that are not observable in the market.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised based on the fair value hierarchy, as described below:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which the input data is not observable for the asset or liability.

The fair value measurement is entirely classified at the same level of the fair value hierarchy in which the lowest-level input (used for the measurement) is classified.

For assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reviewing the categorisation (based on the lowest-level input that is important for the fair value measurement in its entirety) at each reporting date.

The Group Finance Department determines the criteria and procedures for both recurring fair value measurements (such as equity instruments in unlisted companies) and non-recurring measurements (such as non-current assets held for sale).

The Group Finance Department comprises the heads of mergers and acquisitions, risk management, financial managers and the head of each production unit.

External experts are involved in the measurement of significant assets (such as equity instruments in unlisted companies) and significant liabilities (such as contingent consideration).

The involvement of external experts is decided on an annual basis after discussing with and obtaining the approval of the Board of Statutory Auditors. Selection criteria include market knowledge, reputation, independence and adherence to professional standards. Experts are normally replaced every three years.

After consulting the external experts, the Finance Department decides which measurement techniques and inputs to use for each case.

At each reporting date, the Group Finance Department analyses the changes in the value of assets and liabilities requiring remeasurement or restatement based on the Group's accounting standards.

For this analysis, the main inputs applied in the most recent measurement are verified by linking the information used in the measurement to agreements and other relevant documents.

The Group's Finance Department makes a comparison of each change in fair value of each asset and liability with the relevant external sources to determine whether the change is reasonable. The results of the assessments are periodically presented to the Board of Statutory Auditors and the Group's auditors.

This presentation includes a discussion of the main assumptions used in the measurements.

For the fair value disclosures, the Group determines the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value in the hierarchy described above.

It should be noted that there were no transfers of assets and liabilities between fair value levels 1 and 2 and 3 during the year.

- **Accounting of securitisation transactions**

  In securitisation transactions, Leasys subscribes for the junior securities. As a result of these transactions, the Company recognises the assigned receivables portfolio as an asset, since the conditions for derecognition were not met pursuant to IFRS 9. For further information see the section "PART D - SECURITISATION TRANSACTIONS".

- **Risks and uncertainties relating to the use of estimates**

  As per the IFRS, management is required to make discretionary assessments, estimates and assumptions affecting the application of accounting standards and the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. The estimates and respective assumptions are based on previous experience and other factors considered reasonable in the circumstances and were adopted to determine the assets and liabilities' carrying amount.

  In particular, estimation processes were adopted to support the carrying amounts of certain key items reported in the Consolidated Financial Statements as of 31 December 2023, as required by the accounting standards referred to above. These processes are largely based on estimates of the future recoverability of the amounts recorded in the financial statements in accordance with current regulations and have been carried out on a going concern basis.

  Estimates and assumptions are reviewed regularly and periodically updated. In the event of a change in performance of the elements considered, the actual amounts may differ from the original estimates and may need to be adjusted accordingly: in such cases, the changes are recognised in the income statement either in the period in which they occur or in subsequent periods.

  The most frequent cases requiring the use of subjective assessments by management are:

  - the recoverability of the value of receivables and, in general, of other financial assets and the resulting determination of any impairment;
  - determining the fair value of financial instruments in order to recognise them and disclose them in the explanatory notes to the Financial Statements; in particular, using measurement models to determine the fair value of financial instruments not listed in active markets;
  - quantifying payroll provisions and the provisions for risks and charges;
  - the recoverability of deferred tax assets and goodwill.

SECTION 3

Scope of Consolidation

The scope of consolidation as of 31 December 2023 includes the parent company Leasys Italia S.p.A. and the Italian and foreign companies it controls directly or indirectly, as specifically laid down by IFRS 10.

It includes entities where the parent company is able to exercise the power to direct the relevant activities in order to influence the variable returns to which the Group is exposed.

To verify the existence of control, the Group considers the following factors:

• the purpose and constitution of the investee to identify what the entity's objectives are, the activities determining its returns and how these activities are governed;

• the power to understand whether the Group has contractual rights enabling it to govern the relevant activities; for this purpose, only substantive rights providing practical capacity to govern are taken into account;

• the exposure to the investee to assess whether the Group has relationships with the investee, the returns of which are subject to change depending on the investee's performance. Where the relevant activities are governed by voting rights, the existence of control is verified by considering the voting rights (including potential voting rights) held, and the existence of any agreements or shareholders' agreements granting the right to control the majority of voting rights, appoint the majority of the governing body or the power to otherwise determine the entity's financial and operating policies.

The table below shows the companies included in the scope of consolidation.

INVESTMENTS IN WHOLLY-OWNED SUBSIDIARIES

COMPANY NAME	REGISTERED OFFICE	PLACE OF BUSINESS (*)	TYPE OF RELATIONSHIP (**)	PARENT (***)	SHAREHOLDING %
Leasys Italia S.p.A.	Turin - Italy	Rome - Italy	1 1	Leasys S.a.s.	100
Leasys S.p.A. Spanish Branch	Turin - Italy	Madrid - Spain	1		100
Leasys S.p.A. German Branch	Turin - Italy	Rüsselsheim - Germany	1		100
Leasys S.p.A. Belgian Branch	Turin - Italy	Brussels - Belgium	1		100
ALease&Mobility Danish Branch[1]	Glostrup - Denmark		1		100
Clickar S.r.l.	Turin - Italy	Rome - Italy	1		100
Leasys France S.A.S	Massy - France		1		100
Leasys UK Ltd	Slough - United Kingdom		1		100
Leasys Portugal S.A.	Lisbon - Portugal		1		100
Leasys Polska Sp.Zo.o.	Warsaw - Poland		1		100
Leasys Nederland B.V.	Amsterdam - Netherlands		1		100
Leasys Austria GmbH	Vienna - Austria		1		100
Leasys Luxembourg S.A.	Leudelange - Luxembourg		1		100
Leasys Mobility Portugal S.A.	Sintra - Portugal		1		100

(*) If different from Registered Office
(**) Type of relationship:
1 = majority of voting rights at ordinary shareholders' meeting
2 = dominant influence at ordinary shareholders' meeting
(***) If different from Leasys S.p.A.

[1]The branch is empty and inactive. Expected closure in 2024.

In accordance with IFRS 10, subsidiaries may also include structured entities in which voting rights are not decisive for the assessment of control (de facto control), including special purpose vehicles (SPV - Special Purpose Vehicles).

Therefore, the special purpose vehicle - LABIRS ONE S.r.l. - relating to securitisation transactions, is included in the scope of consolidation.

Details of which are provided below and in section D - Securitisation transaction.

Consolidation method

When drafting the Consolidated Financial Statements, the financial statements of the parent company and its subsidiaries (drawn up in accordance with consistent IAS/IFRS accounting standards) are included "line by line" by adding together, for each item, the corresponding values of assets, liabilities, shareholders' equity, revenues and expenses.

The carrying amount of the parent's investments in each subsidiary and the corresponding portion of each subsidiary's shareholders' equity held by the parent are derecognised. The differences resulting from this transaction are recognised – after any allocations to the subsidiary's assets or liabilities – as goodwill at the date of first consolidation and under other reserves thereafter.

Intra-group balances and transactions and related unrealised gains are entirely derecognised.

The financial statements of the parent company and other companies used to prepare the consolidated financial statements refer to the same reporting date.

For foreign companies which draw up their financial statements in a currency other than the euro, assets and liabilities are translated using the reporting date exchange rates, while revenues and expenses are translated using the average exchange rates for the period.

The translation of foreign companies' financial statements results in the recognition of exchange differences deriving from the translation of income and expense items at average exchange rates and from the translation of assets and liabilities at the reporting date exchange rates.

Exchange differences on the net assets of consolidated subsidiaries are recognised as reserves in the Consolidated Financial Statements and are only released to the Income Statement in the year when the loss of control occurs.

The exchange rates used to translate the financial statements as of 31 December 2023 are as follows:

	Spot 31/12/2023	Average 31/12/2023	Spot 31/12/2022	Average 31/12/2022
Polish Zloty (PLN)	4.348	4.544	4.690	4.687
Danish Krone (DKK)	7.453	7.451	7.437	7.440
British Pound Sterling (GBP)	0.869	0.870	0.887	0.853

Other information

The following have been used to prepare the Consolidated Financial Statements:

• the draft financial statements as of 31 December 2023 of the parent company Leasys Italia S.p.A.;

the accounting results as of 31 December 2023 (approved by the competent bodies and functions) of the other companies, consolidated line-by-line, are adjusted to take account of consolidation requirements and, where necessary, to bring them in line with Group accounting standards.

SECTION 4

Events subsequent to the reporting date

No events have occurred after the reporting date that would require adjustments to the amounts reported in the Consolidated financial statements as of 31 December 2023.

SECTION 5

Other aspects

The Consolidated financial statements and the separate financial statements of the parent company have been audited by PricewaterhouseCoopers S.p.A. in accordance with Legislative Decree No. 39 of 27 January 2010.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION, EFFECTIVE FROM 1 JANUARY 2023

As required by IAS 8, the table below sets out the new international accounting standards and amendments to standards already in force, which became mandatory from FY 2023.

IFRS 17 – Insurance Contracts, including the amendments to IFRS 17.

On 18 May 2017, the IASB issued the new International Accounting Standard on insurance contracts with effect from 1 January 2021.

The new international accounting standard for accounting insurance contracts (formerly known as IFRS 4) serves to improve investors' understanding of insurers' risk exposure, income and financial position. The IASB has finalised the final text, ending a long consultation phase.

IFRS 17 is a complex standard that includes some key differences from the previous accounting model in both the measurement of liabilities and recognition of profits.

IFRS 17 applies to all insurance contracts. The accounting model of reference ("General Model") is based on discounting expected cash flows, "risk adjustment" and a "Contractual Service Margin" (CSM), which cannot be negative and which represents the present value of up-front profits, released by way of depreciation.

On 25 June 2020, the IASB issued amendments to IFRS 17 Insurance Contracts to help companies implement the Standard and make it easier for them to explain their financial performance. The fundamental principles introduced when the Board first published IFRS 17 in May 2017 remain unchanged. The changes, which respond to stakeholder feedback, are designed to:

- reduce costs by simplifying certain requirements of the Standard;

- make financial performance easier to explain;

- facilitate the transition by postponing the effective date of the Standard to 2023 and reducing the burden of applying IFRS 17 for the first time.

The Regulation allows companies to make agreements characterised by intergenerational mutualisation and adequate cash flows, exempt from the requirement of grouping into annual cohorts in line with IFRS 17.

Companies must apply the provisions as of 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure on Accounting Policies.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure on Accounting Policies.

On 12 February 2021, the IASB issued narrow scope amendments to the IFRS Standards.

The Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 as follows:

- an entity is now required to disclose information about relevant accounting standards instead of significant accounting standards;

- several paragraphs have been added to explain how an entity can identify material information about accounting standards and to provide examples of when information about accounting standards is likely to be material;

- the amendments clarify that disclosures about accounting standards may be material because of their nature, even if the amounts involved are immaterial;

- the amendments clarify that disclosures about accounting standards are relevant if users of an entity’s financial statements would require them to understand other significant information in the financial statements;

- and the amendments clarify that if an entity discloses immaterial information about accounting standards, said information must not conceal material information about the accounting standards.

In addition, IFRS Practice Statement 2 was amended by adding guidance and examples to explain and demonstrate how to apply the ‘four-step materiality process’ to accounting policy disclosures in order to support the amendments to IAS 1.

Changes are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

Once an entity has applied the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

On 12 February 2021, the IASB issued amendments to IAS 8.

The amendments clarify how companies should distinguish between changes in accounting standards and changes in accounting estimates. This distinction is important because changes in accounting estimates are only applied prospectively to future transactions and other future events, whereas changes in accounting standards are generally also applied retrospectively to past transactions and other past events.

Companies sometimes have difficulty distinguishing between accounting standards and accounting estimates. Therefore, the Interpretations Committee received a request to clarify this distinction. The Interpretations Committee noted that it would be helpful if more clarity were provided and brought to the attention of the IASB for future consideration.

The amendments are effective for financial years beginning on or after 1 January 2023. Early application of changes is permitted.

Amendments to IAS 12 Income Taxes: Tax related to Assets and Liabilities arising from a Single Transaction.

The IASB published amendments to IAS 12 “Tax related to Assets and Liabilities arising from a Single Transaction” to clarify how companies account for deferred taxes on transactions such as leases and decommissioning obligations in view of achieving more standardised statements.

Under certain circumstances, companies are exempt from recognising deferred taxes when posting assets or liabilities for the first time. Previously, there had been some uncertainty as to whether or not the exemption applied to transactions such as leases and decommissioning obligations, for which companies may recognise both an asset and a liability.

The amendments clarify that the exemption does not apply to such transactions and that companies are required to recognise deferred taxes. The objective of these amendments is to reduce the diversity in the recognition of deferred taxes on leases and decommissioning obligations.

The amendments are effective for financial years beginning on or after 1 January 2023. Early application is permitted.

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

The International Accounting Standards Board (IASB) has issued a narrowly focused amendment to the transition requirements in IFRS 17 Insurance Contracts, providing insurers with the option to make the information more useful for investors when applying the new Standard for the first time.

The amendment only relates to the transition of insurers to the new Standard and does not affect any other requirements of IFRS 17.

IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences may cause temporary accounting mismatches between the financial assets and liabilities of insurance contracts in the comparative information presented in their financial statements when applying IFRS 17 and IFRS 9 for the first time.

The amendment to the transitional provisions of IFRS 17 allows companies to overcome one-off classification differences in comparative information from the previous year upon the first-time application of IFRS 17 and IFRS 9 Financial Instruments.

The amendment will help insurers avoid these temporary accounting mismatches and, in turn, make the comparative information more useful for investors. This is achieved by providing insurers with an option to present comparative information on financial assets.

IFRS 17, including this amendment, is effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 12 Income Taxes: International Tax reform - Pillar Two Model Rules

On 23 May 2023, the International Accounting Standards Board published the document International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 Income Taxes –

The Board's aim of introducing amendments to IAS 12 was motivated by the following reasons:

1) To provide timely relief to affected companies;
2) To prevent differing interpretations of IAS 12 income taxes;
3) To improve the information provided to users on financial statements before and after the enactment of the Pillar Two legislation.

The amendments introduce:

- A temporary and mandatory exception to deferred tax accounting as a result of the legal enactment of the Pillar Two model rules;

- Disclosure requirements for affected entities to assist users of financial statements to better understand an entity's exposure to Pillar Two income taxes as a result of said legislation, particularly prior to its enactment.

This exception applies to annual financial statements beginning on or after 1 January 2023, but not to interim financial statements ending on or before 31 December 2023.

The adoption of these standards and amendments had no impact on the consolidated financial statements of the Group.

IFRS ACCOUNTING STANDARDS AND AMENDMENTS AND IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, BUT NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE GROUP AT 31 DECEMBER 2023

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities into Current and Non-current, and deferral of the effective date of the amendments.

On 23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify how to classify payables and other liabilities as current or non-current.
The amendments aim to improve the consistency in the application of the requirements by helping companies determine whether, in the balance sheet, payables and other liabilities with an uncertain settlement date should be classified as current (due or contingent to be settled within one year) or non-current.

The amendments include clarification of the classification requirements for payables that a company might settle by conversion into equity.

The amendments clarify the existing requirements without making any changes and, therefore, should not significantly affect companies' financial statements. However, they may result in the reclassification of some liabilities from current to non-current and vice versa.

At the latest, the amendments are applicable from 1 January 2024.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.

On 22 September 2022, the International Accounting Standards Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses when measuring the lease liability arising from a sale and leaseback transaction to ensure that the seller-lessee does not recognise any amount of gain or loss relating to the right of use.

A sale and leaseback transaction involves the transfer of an asset from one entity (the seller-lessee) to another (the buyer-lessor) and the leaseback of the same asset by the seller-lessee.

The amendment is intended to improve the requirements for sale and leaseback transactions under IFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions.

The amendment applies retrospectively for annual periods beginning on or after 1 January 2024. Early application is permitted.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture". The Exposure Draft (ED) tackles the recognised inconsistency between the requirements of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, when accounting for the loss of control over a subsidiary that is contributed to an associate or joint venture.

IFRS 10 requires any equity investment still held by the parent company in the former subsidiary after the loss of control to be measured at fair value, with the recognition of any resulting profit or loss in the income statement (full recognition of the profit or loss).

IAS 28 requires profits and losses deriving from upstream and downstream transactions between an investor and its associate or joint venture to be recognised solely to the extent of the equity interests attributable to the other holders of the capital of the associate or joint venture (partial recognition of the profit or loss).

Amendments to IAS 7 Statement of Cash Flow and IFRS 7 Financial Instruments Disclosures: Financial Arrangements with suppliers

Amendments to IAS 7 clarify the characteristics of financial arrangements with suppliers.

On 25 May 2023, the International Accounting Standards Board issued Amendments to IAS 7 “Statement of Cash Flow” and IFRS 7 “Financial Instruments, Disclosures: Supplier Finance Arrangements”.

These amendments introduce new disclosure requirements to improve the transparency and, in turn, the usefulness of the information provided by entities on supplier financing arrangements. These amendments address the presentation of liabilities and related cash flows arising from financing arrangements, as well as the disclosures required for such arrangements. The purpose is to help users of financial statements understand the effects that such arrangements have on trade payables, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of financing arrangements. In these arrangements, one or more third-party lenders pay the amounts that the entity owes to its suppliers. The entity agrees to settle those amounts with the lenders under the terms and conditions of the agreements on or after the same date as when the third-party lenders pay the entity’s suppliers. As such, the financing arrangements grant the entity extended payment terms and offer the entity’s suppliers early payment in advance of the original due dates.

Different terms are used to describe these arrangements, such as supply chain finance, payables finance and reverse factoring. Arrangements involving financial guarantees, including letters of credit used as collateral, are not considered supplier financing arrangements. Similarly, instruments used to settle amounts directly with a supplier, such as credit cards, are not supplier financing agreements.

The amendments come into effect for financial years beginning on or after 1 January 2024. Early adoption is permitted, however notice must be provided.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

On 15 August 2023, the International Accounting Standards (IASB or Board) published Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates). The

amendments to IAS 21 clarify how an entity must determine the exchange rate for a currency that has little or no exchangeability. The amendments define a currency as exchangeable when the exchange takes place without undue delay i.e. within a period of time that allows exchange with another currency. Further, a currency is defined as not exchangeable with another if the entity can only obtain an insignificant amount of the other currency.

In these scenarios, the entity must estimate an exchange rate that would have applied to an orderly transaction between market participants on the prevailing economic conditions.

When an entity estimates the exchange rate, it must disclose how that rate influences its economic results and financial position. In addition, information must be provided about:

- the inability to exchange between one currency and another;
- the exchange rate used;
- the process followed to estimate the exchange rate;
- the risks to which the entity is exposed because the currency is not exchangeable with another.

When the functional currency of a foreign operation is not exchangeable with the reporting currency, or the reporting currency is not exchangeable with the functional currency of a foreign operation, the entity must also disclose the following information:

- the name of the foreign operation and the type of control;
- summary financial information about the foreign operation;
- the nature and terms of any contractual agreements

that might require the entity to provide financial support to the foreign operation.

SECTION 6

Summary of main accounting standards

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred (measured at fair value at the acquisition date) and the amount of the non-controlling interest in the acquiree. For each business combination, the Group determines whether to measure the non-controlling interest in the acquiree at fair value or in proportion to the non-controlling interest’s share of the acquiree’s identifiable net assets. Acquisition costs are expensed during the year and classified under administrative expenses.

The Group determines that it has acquired a business when the integrated set of activities and assets includes at least one factor of production and one substantial process that, together, contribute significantly to the ability to generate an output. The acquired process is considered substantial if it is critical to the ability to continue generating an output and the acquired inputs include an organised labour force that has the necessary skills, knowledge or experience to perform that process, or contributes significantly to the ability to continue generating an output, and is considered unique or scarce, or cannot be replaced without significant cost, effort or delay to the ability to continue generating an output.

When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in line with the contractual terms, economic conditions and other relevant terms in effect at the acquisition date. This includes testing whether an embedded derivative should be separated from the host contract.

The acquirer posts any contingent consideration to be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent payment is accounted for against shareholders' equity. The change in the fair value of contingent consideration classified as an asset or liability within the scope of IFRS 9 Financial Instruments shall be recognised in the income statement in accordance with IFRS 9. Contingent consideration not within the scope of IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognised in the income statement.

Goodwill is initially recognised at cost represented by the excess of all consideration paid and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds all of the consideration paid, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to determine the amounts to be recognised at the acquisition date. If the remeasurement still results in a fair value of the net assets acquired that exceeds the consideration, the difference (gain) is recognised in the income statement.

After its initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated – as of the acquisition date – to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the operations of said unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. The goodwill associated with the disposed operation is determined based on the respective values of the disposed operation and the retained portion of the cash-generating unit.

A.2 – PART RELATING TO THE MAIN STATEMENT ITEMS

SUMMARY OF THE MAIN IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS APPLIED

Vehicles

The "vehicles" category mainly includes vehicles rented to third parties and company-owned vehicles used by employees.

In accordance with IAS 16, vehicles are measured at historical cost less accumulated depreciation. Vehicles are capitalised based on:

- the acquisition price;
- all expenses relating to making the vehicle available for use and considered to be a permanent addition to the vehicle at the lease start date;
- delivery costs.

Leased assets are depreciated on a straight-line basis over the term of the lease up to their residual value. The average duration of the lease ranges from 3 to 4 years.

The start of depreciation is deemed to coincide with the time the asset is included in the production cycle which, in the case of leased vehicles, coincides with the time the assets are delivered to customers.

Upon termination of the lease, the relevant assets are reclassified to "Inventories" at their carrying amount.

The residual values of assets for which the risk is borne by the company, are reviewed and adjusted – if necessary – on a quarterly basis so as to allow for the most appropriate measurement of the provisions.

The calculation is based on a comparison between the market value (Eurotax) provided by an external industry provider (by model/version/series) and the residual value of the asset at the end of the lease. This comparison takes into account the internal sales statistics of the last 24 months.

Momentary and non-repeatable factors that may affect the assessment of the residual value (e.g. legislative changes, government scrappage campaigns, government bonuses for the purchase of "ecological" used vehicles, etc.) are examined by a special committee which may decide to adjust the calculation parameters in order to better reflect future market conditions.

Other tangible assets

In other tangible assets, plant and equipment are recognised at historical cost less accumulated depreciation and accumulated impairment losses in accordance with IAS 16. This cost includes the costs of replacing part of the plant and equipment at the time the costs are incurred, if they meet the recognition criteria. Where necessary to replace significant parts of plant and equipment on a regular basis, the Group depreciates them separately over their respective useful lives.

Similarly, in the case of major overhauls, the cost is included in the carrying amount of the plant or equipment (as in the case of replacement) if the recognition criterion is met. All other repair and maintenance costs are recognised in the income statement when they are incurred.

The current value of the cost of dismantling and removing the asset at the end of its useful life is included in the cost of the asset if the recognition criteria for a provision is met.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- office buildings 15%

The carrying amount of an item of plant and equipment and any significant components initially recognised is derecognised upon disposal (i.e. when the acquirer obtains control) or when no future economic benefits are expected to be gained from its use or disposal.

Gains or losses arising upon derecognition of the asset (calculated as the difference between the net carrying amount of the asset and the consideration received) are recognised in the income statement.

The residual values, useful lives and depreciation methods of plant and equipment are reviewed at the end of each reporting period and, where appropriate, adjusted prospectively.

Rights of use

<u>Leased assets (as the lessee)</u>

In application of IFRS 16, the Company:

- recognises – in the balance sheet – the assets and liabilities under right-of-use leases, initially measured at the current value of future lease payments, with the right-of-use asset adjusted for the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

- recognises the depreciation of right-of-use assets and interest on lease liabilities in the income statement;
- separates the total amount of cash paid into principal (presented as part of financing activities) and interest (presented as part of financing activities) in the cash flow statement.

The Standard applies to all types of agreements containing a lease, i.e. contracts that provide the lessee with the right to control the use of an identified asset for a specified period of time (period of use) in exchange for a consideration.

Lease liabilities

Lease payments included in the measurement of lease liabilities are as follows:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the lease start date;
- the amount the lessee expects to pay as security for the residual value;
- the exercise price of the purchase options, if the lessee is reasonably certain that it will exercise the options; and
- payments of penalties for termination of the lease where the term of the lease reflects the exercise of an option to terminate the lease.

The lease liability is presented separately within the balance sheet.

Right-of-use assets

Right-of-use assets include the initial measurement of the respective lease liability, lease payments made on or before the lease start date, and any initial direct costs. They are then measured at cost less accumulated depreciation and impairment losses.

Where the Company is required to bear the costs of dismantling and removing a leased asset, restoring the site on which it is located or restoring the underlying asset to the conditions required by the terms and conditions of the lease, a provision is recognised and measured in accordance with IAS 37.

The costs are included in the relevant right of use. The right of use is depreciated over the lease term or, if shorter, the useful life of the underlying asset. If a lease agreement transfers ownership of the underlying asset, or if the cost of the right of use reflects the Company's intention to exercise a call option, the respective right of use is depreciated over the useful life of the underlying asset. Depreciation begins on the lease start date.

Right-of-use assets are shown on a separate line in the balance sheet.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset. The respective payments are recognised as an expense in the period in which the event or condition triggering those payments occurs and are included in “other expenses” in the income statement.

Short-term leases and leases for low-value assets

The Company applies the exemption for recognising short-term leases relating to machinery and equipment (i.e. leases that last 12 months or fewer from the start date and that do not contain a call option).

The Company has also applied the exemption for leases of low-value assets relating to office equipment deemed to be of a small value. Lease payments relating to short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Under IFRS 16, rights of use are tested for impairment in accordance with IAS 36 - Impairment of assets.

The Company has adopted the following approach, in that it has:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- adjusted the asset’s right-of-use at the date of initial application of IFRS 16 by the amount of the provision for onerous leases recognised in accordance with IAS 37 in the balance sheet immediately before the date of initial application, as an alternative to performing an impairment test;
- elected not to recognise assets and liabilities for the right to use leases for which the lease term ends within 12 months of the initial application date;
- excluded the initial direct costs from the valuation of the right of use at the date of initial application;
- used retrospectively to determine the lease term when the agreement contains options to extend or terminate the lease.

Goodwill

Goodwill is the positive difference between the purchase cost and the fair value of the assets and liabilities acquired in a business combination.

According to IAS 36 - Impairment of Assets, goodwill must be tested for impairment on an annual basis to verify the recoverability of its value. At each reporting date, therefore, the Group performs a test by estimating the recoverable amount of goodwill and comparing it to the carrying amount to see if the asset has been impaired.

Criteria for estimating Value in Use

Value in use was determined by estimating the current value of the future cash flows expected to be generated. The analytical forecast period covered a five-year period.

Last year's flow of analytical forecasting was projected in perpetuity (using a perpetual annuity solution) with an appropriate growth rate "g" to obtain the "Terminal Value". The rate "g" was determined by taking the medium-term inflation rate in the euro area as the growth factor, as a constant rate over time).

Flows from financial assets/liabilities are part of the company's core business. In other words, the recoverable amount is affected by these cash flows and, in turn, must also include the financial assets/liabilities.

As such, it can be considered with adequate reliability that the cash flows coincide with the expressed profitability and, therefore, it has been assumed that the Free Cash Flow (FCF) corresponds to Net Result.

Determining the discount rate of cash flows

When determining Value in Use, cash flows were discounted at a rate that reflects current market assessments, the time value of money and the risks specific to the asset.

The discount rate used was estimated on an equity side basis, i.e. considering only the cost of equity (Ke) in line with the methods for determining cash flows which, as mentioned earlier, include cash flows deriving from financial assets and liabilities.

The cost of capital was then determined using the Capital Asset Pricing Model (CAPM). Based on this model, the cost of capital is determined as the sum of the return on risk-free investments and a risk premium which, in turn, depends on the specific riskiness of the business (i.e. both the riskiness of the operating segment and the geographical riskiness represented by the “country risk”).

Other intangible assets

Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognised at fair value at the acquisition date, in accordance with IAS 38.

After their initial recognition, intangible assets are entered at cost, less accumulated amortisation and any accumulated impairment. Internally produced intangible assets, except for development costs, are not capitalised and are recognised in the income statement in the year in which they were incurred.

The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with a finite useful life are amortised over their useful life and are tested for impairment whenever there are indications of potential impairment. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at each year closing at least.

Changes in the expected useful life or in the manner in which the future economic benefits associated with the asset will be realised are recognised through changes in the period or in the method of amortisation, as appropriate, and are considered changes in accounting estimates.

Amortisation of intangible assets with finite useful lives is recognised in the income statement for the year in the relevant cost category based on the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortised, but tested annually for impairment, both at the individual level and by cash-generating unit.

The measurement of the indefinite useful life is reviewed annually to determine whether this attribution continues to be sustainable, otherwise, the change from indefinite to finite useful life is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e. when the acquirer obtains control of the asset) or when no future economic benefits are expected to be derived from its use or disposal.

Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net proceeds from the disposal and the carrying amount of the asset) is included in the income statement.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets – initial recognition and measurement

Upon initial recognition, financial assets are classified according to the following measurement methods, i.e. amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through the income statement, as appropriate.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model the Group is using to manage them.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it must give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amounts outstanding.

This measurement is referred to as the SPPI test and is performed at instrument level. Financial assets whose cash flows do not meet the above (SPPI) requirements are classified and measured at fair value through the income statement.

The Company's business model for managing financial assets refers to the way it manages its financial assets in order to generate cash flows. The company model determines whether financial flows will derive from contractual cash flows, from the sale of financial assets or both.

Financial assets classified and measured at amortised cost are held as part of a business model with the aim of holding financial assets in order to collect contractual cash flows, whereas financial assets classified and measured at fair value through OCI are held as part of a business model with the aim of collecting contractual cash flows and selling financial assets.

Where purchasing or selling a financial asset requires it to be delivered within a period of time generally established by regulations or market conventions (regular way trade), said purchase or sale is recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets – subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income;
- Financial assets at fair value through other comprehensive income without a reversal of accumulated gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through the income statement.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or remeasured.

Securitisation transaction

Leasys Italia S.p.A. participates in securitisation programmes resulting from long-term rental contracts without driver as borrower and as subscriber for the junior securities.

The role of servicer of the transactions is performed by the company, which receives remuneration from the special purpose vehicles at market conditions.

Securitisation transactions can be traditional or synthetic.

Traditional securitisation transactions involve the non-recourse sale of a portfolio of loans to a special purpose vehicle, which finances the purchase of the loans by issuing asset-backed securities, i.e. securities whose repayment and interest flows depend on the cash flows generated by the loan portfolio.

Whereas in synthetic securitisation transactions, ownership of the exposures is retained by the originator company; the only thing being transferred is the credit risk associated with the receivables which, although subject to accounting segregation, remain in the originator company's assets.

The asset-backed securities are divided into classes according to their degree of seniority and rating: higher-ranking classes (senior) are, in most programmes, placed on the market and subscribed for by investors; lower-ranking classes (junior), whose repayment is subordinate to that of senior securities, are subscribed for by Leasys Italia S.p.A. in the securitisation transaction.

Therefore, since the Company subscribed for the junior tranches of the securities issued by the special purpose vehicles, the derecognition rules under IFRS 9 have also been applied to the receivables subject to the securitisation transaction.

In fact, the reversal derecognition (under IFRS 9) provides that, at the separate financial statement level, the securitised receivables be stated in the financial statements of the originator company, simulating repurchase of the assigned receivables.

The application of these rules has meant that:

- securitised assets sold were maintained, as well as allocated assets;
- a liability to financial institutions was recognised for the special purpose vehicle (net of the junior securities subscribed) as a balancing entry to the reposted receivables.

The income statement reflects:

- the total charge for the year and interest expense relating to the debt recognised as a liability in respect of the securitisation vehicles, net of income other than portfolio interest income;
- interest income and similar income arising from reposted securitised loans.

Financial assets at fair value

For assets measured at fair value through OCI, interest income, exchange rate changes and impairment, together with reversals, are recognised in the income statement and calculated in the same way as financial assets measured at amortised cost.

The remaining changes in fair value are recognised through OCI. Upon derecognition, the cumulative change in fair value recognised through OCI is reclassified to the income statement.

Financial assets at fair value through the income statement

Financial instruments at fair value with changes recognised in the income statement are recognised in the balance sheet at fair value, and net changes in fair value are recognised in the income statement.

Financial assets – derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first instance (removed from the Company's balance sheet) when:

- the rights to receive cash flows from the asset have ceased;
- the Company has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred the significant risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained the significant risks and rewards of ownership of the asset but has transferred control thereof.

In cases where the Company has transferred the rights to receive cash flows from an asset or has entered into an agreement under which it retains the contractual rights to receive the cash flows from the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients (pass-through), it shall assess whether and to what extent it has retained the risks and rewards of ownership.

If it has neither transferred nor retained the significant risks and rewards of ownership or has not lost control thereof, the asset shall continue to be recognised in the Company's financial statements to the extent of its continuing involvement in the asset. In this case, the Company shall also recognise an associated liability. The transferred asset and associated liability are measured to reflect the rights and obligations that remain with the Company.

When the entity's continuing involvement is a guarantee of the transferred asset, involvement is measured at the amount of the asset or, if lower, the maximum amount of the consideration received that the entity could be required to repay.

Financial assets – credit losses

The Company recognises an expected credit loss (ECL) write-down for all financial assets not held at fair value through the income statement. ECLs are based on the difference between the contractual cash flows due under the contract and all cash flows the Company expects to receive, discounted at the approximate original effective interest rate. Expected cash flows will include cash flows arising from the enforcement of collateral held or other credit guarantees that form an integral part of the contractual terms.

Expected losses are recorded in two stages. For credit exposures where there has been no significant increase in credit risk since initial recognition, credit losses resulting from default events that are possible within the next 12 months are recognised (12-month ECL).

For credit exposures where there has been a significant increase in credit risk since initial recognition, expected losses relating to the remaining life of the exposure must be recognised in full, regardless of when the event of default is expected to occur ("Lifetime ECL").

For trade receivables and contract assets, the Company applies a simplified approach to calculate expected losses. Therefore, the Company does not monitor changes in credit risk, but fully recognises the expected loss at each reporting date.

<u>Financial liabilities - initial recognition and measurement</u>

Financial liabilities are classified upon initial recognition as financial liabilities at fair value through the income statement, as loans and borrowings, or as derivatives designated as hedging instruments.

All financial liabilities are initially recognised at fair value, plus – in the case of mortgages, loans and borrowings – directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, mortgages and loans, including overdrafts.

<u>Financial liabilities – subsequent measurement</u>

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through the income statement
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through the income statement include liabilities held for trading and financial liabilities initially recognised at fair value through the income statement.

Liabilities held for trading are those which are assumed with the intention of settling or transferring them in the short term. This category also includes derivative financial instruments entered into by the Company which are not designated as hedging instruments in a hedging relationship.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities are only designated at fair value with changes recognised in the income statement from the initial recognition date if the criteria of IFRS 9 are met. Upon initial recognition, the Company did not designate any financial liabilities at fair value with changes recognised in the income statement.

Financial liabilities at amortised cost

After initial recognition, loans are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is settled, as well as through the amortisation process.

Amortised cost is calculated by recognising the discount or premium on the acquisition and fees or costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in finance costs in the income statement.

The sub-items ‘Payables to banks’, ‘Payables to customers’ and ‘Securities issued’ are allocated to financial instruments (other than trading liabilities and those measured at fair value)

representing the various forms of funding from third parties. In particular, securities issued are represented by bond issues by Group companies and securities related to issues by the special purpose vehicles as part of loan securitisation transactions.

Financial liabilities - derecognition

A financial liability is derecognised when the obligation underlying the liability is settled, removed or fulfilled. When an existing financial liability is exchanged for another financial liability of the same lender on substantially different terms, or the terms of an existing liability are substantially amended, said exchange or amendment is treated as a derecognition of the original liability, along with the recognition of a new liability, with any difference between the carrying amounts recognised in the income statement.

Derivative financial instruments

In accordance with IAS 39, derivative financial instruments are used for economic hedging purposes, in order to reduce the risk of exchange rate, interest rate and market price changes.

Transactions that are able to meet the requirements of the standard for hedge accounting in line with the company's risk management policies are classified as hedging transactions and cash flow hedges in particular.

Derivative financial instruments qualify for hedge accounting only when, at the inception of the hedge, there is a formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, said effectiveness can be reliably measured, and the hedge is highly effective throughout the reporting periods for which it is designated.

The following applies when derivative financial instruments qualify for hedge accounting:

Cash flow hedge: where a derivative financial instrument is designated as a hedge of the exposure to variability of future cash flows of a recognised asset or liability or a highly probable transaction and could affect the income statement, the effective portion of any gain or loss on the derivative financial instrument is recognised directly in shareholders' equity as "Reserve for cash flow hedges".

The cumulative gain or loss is recognised in the income statement in the same period as the related economic effect of the hedged transaction and is posted as an adjustment to the hedged item. The gain or loss associated with a hedge (or part of a hedge) becoming ineffective is immediately recognised in the income statement.

If a hedging instrument or a hedging relationship is discontinued though the hedged transaction has yet to be realised, the accumulated gains and losses (recognised until that moment in the relevant equity reserve) are reclassified to the Income Statement at the time when the economic effects of the hedged transaction are recognised.

If the hedged transaction is no longer deemed probable, the accumulated unrealised gains or losses recognised in Shareholders' Equity are recognised in the Income Statement immediately.

Derivative financial instruments with a positive fair value are classified as assets in the balance sheet (in the item 'Derivative financial instruments') or, if the fair value is negative, as liabilities (in the item 'Derivative financial instruments').

If hedge accounting cannot be applied, gains or losses arising from the measurement of the derivative instrument are recognised in the Income Statement immediately.

Inventories

In accordance with IAS 2, inventories are measured at the lower of cost and net realisable value.

The costs incurred in bringing each asset to its present location and condition are recognised as follows:

- Raw materials: purchase cost calculated using the FIFO method;
- Finished and semi-finished goods: direct cost of materials and labour, plus a share of production overheads, defined based on normal production capacity, excluding financial expenses.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

In accordance with IAS 7, Cash and cash equivalents comprise cash on hand and demand deposits, and short-term, highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value.

Provisions for risks and charges

Provisions for risks and charges are made when the Company has a current obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount may be made, in accordance with IAS 37.

When the Company considers that a provision for risks and charges will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately under assets if, and only if, it is virtually certain.

In this case, the cost of the provision, if any, is presented in the income statement less the amount recognised for the indemnity.

If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects the risks specific to the liabilities where appropriate. When the liability is discounted, the increase in the provision due to the passage of time is recognised as a finance charge.

Employee benefits

Defined benefit plans

Defined benefit plans are retirement plans determined based on employee salaries and years of service. The Company's obligation to contribute to employee benefit plans and the respective current service cost are determined using an actuarial method in accordance with the revised IAS 19 (the projected unit credit method).

The net cumulative amount of all actuarial gains and losses is recognised in Shareholders' Equity (under Measurement Reserves) and in Other Comprehensive Income.

The amount recognised as a liability under defined benefit plans is the present current of the respective obligation, taking into account the expenses to be recognised in future periods for employees' work in prior periods.

The rate used to discount post-employment benefit obligations varies depending on the country/currency in which the liability is denominated, and is determined based on market yields, at the reporting date, on bonds of major companies with an average duration in line with that of the liability.

Defined contribution plans

Contributions made to a defined contribution plan are recognised as an expense in the income statement in the period in which the employees provided the related service.

Until 31 December 2006, Italian employees were entitled to defined benefit plans called 'TFR' ('Trattamento di fine rapporto' or severance pay).

With Law no. 296 of 27 December 2006 and subsequent decrees ('Pension Reform') issued in early 2007, the rules and regulations on severance pay were changed.

With regard to contributions accrued since 1 January 2007 and not yet paid at the reporting date, for entities with more than 50 employees, post-employment benefits in Italy are recognised as defined contribution plans.

Contributions accrued up until 31 December 2006 are still recognised as defined benefit plans and accounted for under actuarial assumptions.

Revenue

Revenue from contracts with customers is recognised when it is received and, therefore, it is certain that future benefits will be received and these benefits can be measured reliably; it is recognised when control of the goods or services is transferred to the customer for an amount that reflects the consideration expected to be owed to Company in exchange for said goods or services.

Rental income is recognised in accordance with IFRS 15 on a straight-line basis over the term of the lease.

When customers make an initial down payment at the beginning of the rental agreement, the payments are recognised in the balance sheet and posted in the income statement on a straight-line basis over the duration of the rental agreement.

Sale of goods

Revenue from the sale of goods is recognised when control of the goods passes to the customer, generally at the time of delivery, depending on the terms applied. The Company assesses whether the agreement includes other promises that constitute performance obligations.

When determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, non-monetary consideration and consideration payable to the customer (if any).

Provision of services

Repair and maintenance services: Revenues for ordinary and extraordinary maintenance services are recognised in the income statement based on the historical analysis of maintenance curves, adjusted to the current composition of the fleet.

Maintenance curves are updated periodically so as to better identify the best cost profile for each vehicle class.

For agreements still under lease, expected losses are recognised as an expense immediately where it is probable that the total cost of the agreement will exceed the total agreement revenue. However, income from said services is only recognised at the end of the agreement.

Revenues from brand contribution: the brand contribution is an extra discount granted to the Group by car manufacturers upon achieving predetermined minimum purchase volumes of vehicles from the manufacturers' brands.

Criteria and procedures for the recognition of the extra discount are governed by a supply agreement between Leasys and the respective car manufacturer.

The brand contribution is recorded as deferred income in the financial statements of the Group.

It is charged to the income statement over a period equal to the duration of the rental agreement for the individual vehicle.

Expenses

Expenses are recognised when they are incurred. Expenses that may be directly attributed to financial instruments measured at amortised cost and determined as of inception (regardless of when they are settled) are recognised in the income statement by applying the effective interest rate.

Impairment losses are recognised in the income statement in the year in which they are incurred.

Tax

Current and deferred taxes have been accounted for in accordance with IAS 12.

<u>Current taxes</u>

Current tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to tax authorities. The tax rates and regulations used to calculate the amount are those enacted – or substantively enacted – at the reporting date in the countries where the Company operates and generates its taxable income.

Current taxes relating to items recognised directly in shareholders' equity are also recognised in shareholders' equity and not in the income statement.

Deferred taxes

Deferred taxes are calculated by applying the liability method to temporary differences at the reporting date between the tax bases of assets and liabilities and their corresponding carrying amounts.

Deferred tax liabilities are recognised on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit;
- the reversal of taxable temporary differences tied to investments in subsidiaries, associates and joint ventures may be controlled and is not likely to occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused tax credits and losses carried forward to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and tax credits and losses carried forward can be utilised, with the following exceptions:

- where the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit;
- in the case of deductible temporary differences tied to investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that they will be reversed in the foreseeable future and that there will be sufficient taxable profit to recover the temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent where it is no longer probable that sufficient taxable profit will be available in the future to be able to utilise some or all of this credit.

Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent where it becomes probable that taxable profit will be sufficient to recover the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when said assets are realised or said liabilities are settled, considering the tax rates that have been enacted – or substantively enacted – at the reporting date.

Deferred taxes relating to items recognised outside of the Income Statement are also recognised outside of the Income Statement (either in Shareholders' Equity or in Other Comprehensive Income depending on the item to which they refer).

The Company offsets deferred tax assets and deferred tax liabilities if, and only if, there is a legal right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes owed to the same tax authority by the same taxable entity or by different taxable entities that intend to settle current tax assets and liabilities on a net basis or realise the asset and settle the liability simultaneously, in respect of each future period in which the deferred tax assets and liabilities are expected to be settled or recovered.

Indirect taxes

Expenses, revenues, assets, and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the expense recognised in the income statement;
- trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered from or paid to the Treasury is included in the financial statements under either receivables or payables.

Risks and uncertainties relating to the use of estimates

In accordance with IAS/IFRS, the preparation of the Company's financial statements requires management to make discretionary assessments, estimates and assumptions affecting the application of accounting standards and the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities.

These estimates were drawn up based on available information and subjective assessments, also considering historical experience, to make reasonable assumptions for the recognition of operating events.

By their nature, the estimates and assumptions used may vary from period to period and, therefore, it cannot be ruled out that the amounts recognised in the financial statements may change in subsequent periods because of changes in the subjective assessments made.

In particular, estimation processes were adopted to support the carrying amounts of certain key items reported in the financial statements at 31 December 2023, as required by the accounting standards and reference regulations referred to above.

These processes are largely based on estimates of the future recoverability of the amounts recorded in the financial statements in accordance with current regulations and have been carried out on a going concern basis.

Estimates and assumptions are reviewed regularly and periodically updated. In the event of a change in performance of the elements considered, the actual amounts may differ from the original estimates and may need to be adjusted accordingly: in such cases, the changes are recognised in the income statement either in the period in which they occur or in subsequent periods.

At the reporting date, the principal measurements that required subjective assessments by management are described below:

- Provision for expected losses on trade receivables and financial assets

For trade receivables and assets arising from contracts under IFRS 15, as well as for receivables arising from leases, IFRS 9 has enacted some simplifications so as to avoid entities having to monitor changes in credit risk (as required by the general model).

For trade receivables, IFRS 9(5.5.15) requires that the allowance for doubtful accounts be determined with reference to the entire life of the receivable (lifetime expected credit losses). This avoids the need to monitor credit risk from the moment of initial recognition.

In accordance with this principle, the Leasys Group has opted to adopt the simplified approach for the calculation of the provision for rental receivables.

To determine lifetime expected credit loss, IFRS 9 suggests using a matrix showing the various impairment percentages. The matrix groups receivables on the basis of their characteristics (e.g. geographical area, product, customer, etc.).

For each category, the receivables are aged, and an impairment percentage is applied to each ageing class.

At the reporting date, the principal measurements that required subjective assessments by management are described below:

- determining the fair value of financial instruments for financial reporting purposes; in particular, the use of measurement models for that purpose;
- assessing the recoverability of goodwill and other intangible assets;
- quantifying payroll provisions and the provisions for risks and charges;
- assessing the recoverability of deferred tax assets.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available for their recovery on reversal of the related temporary differences.

Management is required to make significant estimations to determine the amount of tax assets that may be recognised based on the level of future taxable profits, the timing of their occurrence and the applicable tax planning strategies.

The Group believes that the conditions have been met to recognise related deferred tax assets by virtue of the financial plans approved by management and the respective future taxable income.

- <u>Determination of the recoverable amount of Tangible Assets</u>

Residual value means the value of the vehicle when the relevant rental contract ends. For long-term rentals, the residual-value risk in relation to leased vehicles is generally borne by the lessor, unless specifically agreed otherwise with third parties, and reflects the difference between the vehicle's market value at the end of the rental period and the carrying amount of the asset concerned.

Trends in the second-hand market can involve risks for those who manage, as owners, vehicles in the medium to long term.

Leasys and its subsidiaries have long established and adopted Group-wide guidelines for determining and monitoring residual values over time.

The model used to calculate Residual-Value Provisions is updated quarterly to ensure the most appropriate assessment of the hedges. There are no particular issues concerning the residual-value risk associated with the vehicle fleet.

- Goodwill

Goodwill is the positive difference between the purchase cost and the fair value of the assets and liabilities acquired in a business combination.

Goodwill must be tested for impairment on an annual basis to verify its recoverability. At each reporting date, therefore, the Group performs a test by estimating the recoverable amount of goodwill and comparing it to the carrying amount to see if the asset has been impaired.

PART B – INFORMATION ON THE CONSOLIDATED BALANCE SHEET

A breakdown of the main Balance Sheet items is provided below.

Amounts are expressed in thousands of Euros.

ASSETS

TANGIBLE ASSETS

1. VEHICLES

This item amounts to € 6,748,326 thousand, up by € 1,888,617 thousand compared with the prior year due to the increased size of the fleet managed. A breakdown is provided below.

1.1 VEHICLES: Breakdown

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Owned vehicles	**6,200**	**1,733**	**4,467**
Gross amount	7,942	3,456	4,486
Accumulated depreciation	(1,742)	(1,724)	(18)
Rental vehicles	**5,673,862**	**4,218,959**	**1,454,903**
Gross amount	7,416,863	5,661,169	1,755,694
Accumulated depreciation	(1,743,001)	(1,442,209)	(300,791)
Vehicles in stock	**141,085**	**33,063**	**108,021**
Gross amount	208,381	52,662	155,719
Accumulated depreciation	(67,296)	(19,599)	(47,697)
Vehicles for hire	**927,179**	**605,953**	**321,225**
Gross amount	927,179	605,953	321,225
Accumulated depreciation	-	-	-
Total	**6,748,326**	**4,859,709**	**1,888,617**
Gross amount	**8,560,365**	**6,323,241**	**2,237,124**
Accumulated depreciation	**(1,812,039)**	**(1,463,532)**	**(348,507)**

The above item includes the following:

- Own cars, mainly company cars and vehicles assigned to company staff amounting to € 6,200 thousand (net of accumulated depreciation);
- Cars and commercial vehicles rented to third parties for a total of € 5,673,862 thousand (net of accumulated depreciation);
- Vehicles in stock for € 141,085 thousand and vehicles for hire for € 927,179 thousand. These comprise vehicles awaiting contractual activation and delivery, which are not subject to depreciation until their delivery and activation.

1.2 VEHICLES: Annual change

The changes during 2023 are shown below.

Items (in thousands of EUR)	Owned vehicles	Rental vehicles	Vehicles in stock	Vehicles for hire	Total
Net opening balances	**1,733**	**4,218,959**	**33,063**	**605,953**	**4,859,709**
Adjustment of opening balances	1,431	544,695			546,126
Acquisitions	5,131	1,823,109	3,110	899,104	2,730,454
Divestments	(697)	(551,266)	(21,195)	(5,583)	(578,742)
Depreciation	(1,230)	(684,422)	-	-	(685,651)
Exchange rate differences	-	9,819	-	-	9,819
Other changes	(168)	312,967	126,106	(572,295)	(133,390)
Net carrying amount	**6,200**	**5,673,862**	**141,085**	**927,179**	**6,748,326**

The acquisitions during the year reflect the new registrations in 2023, of which about 47% were full electric and hybrid vehicles, down 7 percentage points compared to the prior year, while 37% were diesel vehicles (34% in the prior year) and 16% were petrol vehicles, up by 4 percentage points compared to the prior year.

The decrease was mainly due to a slight increase in the sale of vehicles compared with the prior year.

The item "other changes" includes movements of asset from Vehicles for hire to the other two categories, in rented and in stock, due to the change in the status of the rental contract.

2. TANGIBLE ASSETS

This item amounts to € 2,343 thousand, down by € 175 thousand compared with the prior year, and principally comprises investment in electrification projects and in machinery and equipment, industrial and commercial equipment and other tangible fixed assets.

It is broken down as follows:

2.1 OTHER TANGIBLE ASSETS: Breakdown

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Machinery and equipment	**1,110**	**1,044**	**66**
Gross amount	4,271	2,118	2,153
Accumulated depreciation	(3,161)	(1,074)	(2,087)
Industrial and commercial equipment	**1,297**	**196**	**1,100**
Gross amount	1,822	366	1,456
Accumulated depreciation	(526)	(170)	(356)
Other tangible fixed assets	**(63)**	**1,278**	**(1,341)**
Gross amount	1,778	2,452	(674)
Accumulated depreciation	(1,842)	(1,175)	(667)
Total	**2,343**	**2,518**	**(175)**
Gross amount	**7,872**	**4,937**	**2,935**
Accumulated depreciation	**(5,528)**	**(2,419)**	**(3,110)**

2.2 OTHER TANGIBLE ASSETS: Annual change

The changes during 2023 are shown below.

Items (in thousands of EUR)	Machinery and equipment	Industrial and commercial equipment	Other tangible fixed assets	Total
Net opening balances	**1,044**	**196**	**1,278**	**2,518**
Acquisitions	690	1,100	63	1,854
Divestments	(349)	-	(79)	(428)
Depreciation	(375)	-	(295)	(670)
Exchange rate differences	23	-	2	25
Other changes	77	-	(1,032)	(955)
Net carrying amount	**1,110**	**1,297**	**(63)**	**2,343**

The change principally comprise investment in the purchase of office equipment for the Spanish and German markets, and the disposal of office equipment transferred to Drivalia S.p.A.

3. INTANGIBLE ASSETS

3.1 RIGHTS OF USE: Breakdown

As provided under international accounting standards (IFRS 16 in particular), the Group avails itself of the exemption from the standard for leases with a duration of 12 months or less or for assets with low value. As such, leases of more than 12 months are accounted for in this item, unless the underlying asset is of low value.

This item amounts to € 20,848 thousand, down by € 11,947 thousand compared with the prior year, mainly due to the downsizing of the premises rented by Leasys Italia. A breakdown is provided below.

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Property	**20,848**	**32,795**	**(11,947)**
Gross amount	32,970	45,260	(12,290)
Accumulated depreciation	(12,122)	(12,465)	343
Total	**20,848**	**32,795**	**(11,947)**
Gross amount	**32,970**	**45,260**	**(12,290)**
Accumulated depreciation	**(12,122)**	**(12,465)**	**343**

The most significant item presented above relates to lease agreements (falling within the scope of IFRS 16) entered into by the Group for buildings used for the Companies’ operating activities, such as buildings used as offices. These leases generally last more than 12 months.

3.2 RIGHTS OF USE: Annual change

The changes during 2023 are shown below.

Items (in thousands of EUR)	Property	Total
Net opening balances	**32,795**	**32,795**
Acquisitions	1,392	1,392
Depreciation	(2,890)	(2,890)
Other changes (-)	(10,449)	(10,449)
Net carrying amount	**20,848**	**20,848**

4. GOODWILL

Goodwill amounts to € 107,571 thousand as of 31 December 2023 and comprises:

- € 78,480 thousand for goodwill generated in 2001 on the formation of Leasys Italia S.p.A.;
- € 2,732 thousand relating to the goodwill generated in 2020 on the acquisition of Leasys Portugal S.A.;
- € 5,854 thousand relating to the goodwill generated in 2023 on the acquisition of Leasys Luxembourg;
- € 20,505 thousand relating to the goodwill generated in 2023 on the acquisition of Leasys Mobility Portugal.

The value of goodwill increased in 2023 by € 26,359 thousand, from € 81,212 thousand at the end 2022, due to the acquisitions of Leasys Luxembourg and Leasys Mobility Portugal.

The goodwill relating to the 2023 acquisitions was recognised on a preliminary basis at the acquisition dates of the above companies, ahead of finalising the purchase price allocation within 12 months of the respective acquisition dates, as required by IFRS 3.

Impairment testing of goodwill

According to IAS 36 - Impairment of Assets, goodwill must be tested for impairment on an annual basis to verify the recoverability of its value. At each reporting date, therefore, the Group performs a test by estimating the recoverable amount of goodwill and comparing it to the carrying amount to see if the asset has been impaired.

Criteria for estimating Value in Use

Value in use was determined by estimating the current value of the future cash flows expected to be generated. The analytical forecast period covered a five-year period. Last year's flow of analytical forecasting was projected in perpetuity (using a perpetual annuity solution) with an appropriate growth rate "g" to obtain the "Terminal Value". The rate "g" was determined by taking the medium-term inflation rate in the euro area as the growth factor, as a constant rate over time).

Flows from financial assets/liabilities are part of the company's core business. In other words, the recoverable amount is affected by these cash flows and, in turn, must also include the financial assets/liabilities.

As such, it can be considered with adequate reliability that the cash flows coincide with the expressed profitability and, therefore, it has been assumed that the Free Cash Flow (FCF) corresponds to Net Result.

Determining the discount rate of cash flows

When determining Value in Use, cash flows were discounted at a rate that reflects current market assessments, the time value of money and the risks specific to the asset.

The discount rate used was estimated on an equity side basis, i.e. considering only the cost of equity (Ke) in line with the methods for determining cash flows which, as mentioned earlier, include cash flows deriving from financial assets and liabilities.

The cost of capital was then determined using the Capital Asset Pricing Model (CAPM). Based on this model, the cost of capital is determined as the sum of the return on risk-free investments and a risk premium which, in turn, depends on the specific riskiness of the business (i.e. both the riskiness of the operating segment and the geographical riskiness represented by the "country risk").

Impairment Test Results

Goodwill is tested for impairment at least once a year or more frequently if circumstances indicate that the carrying amount may be impaired.

At the reporting date, there were no conditions or findings following testing that would indicate an impairment loss.

- the discount rate of 9.80% was calculated as the cost of capital, considering a risk-free rate of 2.14%, a business risk premium of 6.99% and a beta of 1.10%;

- the growth rate is estimated at 2.3%.

The recoverable and carrying amounts are shown below.

CGU - amounts in €/M	Goodwill	Carrying amount	Recoverable amount	Excess over carrying amount
Leasys Group	107.6	783.2	4,498.1	3,714.9
Total	**107.6**	**783.2**	**4,498.1**	**3,714.9**

As they are referring to several subsidiaries carrying on long term rental business, all goodwill is included in the CGU “Leasys Group”. Moreover, sensitivity analyses were performed by simulating a change in the significant parameters of the impairment test, including a 20% decrease in the Net Result, to consider a potential worsening of economic market conditions. At the end of this analysis, the recoverable amount was found to be higher than the carrying amount.

5. OTHER INTANGIBLE ASSETS

This item amounts to € 100,756 thousand, up by € 70,673 thousand compared with the prior year. A breakdown is provided below.

5.1 OTHER INTANGIBLE ASSETS: Breakdown

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Industrial patent rights and intellectual property	**25,182**	**16,581**	**8,602**
Gross amount	77,628	63,071	14,557
Accumulated amortisation	(52,445)	(46,490)	(5,955)
Concessions, licences, trademarks and similar rights	**661**	**169**	**492**
Gross amount	15,193	14,272	921
Accumulated amortisation	(14,532)	(14,104)	(428)
Other intangible fixed assets	**73,376**	**2,519**	**70,856**
Gross amount	101,767	24,268	77,499
Accumulated amortisation	(28,391)	(21,748)	(6,643)
Fixed assets in progress and advances	**1,537**	**10,814**	**(9,277)**
Gross amount	1,537	10,814	(9,277)
Accumulated amortisation	-	-	-
Total	**100,756**	**30,083**	**70,673**
Gross amount	**196,125**	**112,425**	**83,700**
Accumulated amortisation	**(95,369)**	**(82,343)**	**(13,026)**

The following should be noted with regard to intangible assets:

- Industrial patents and intellectual property rights, € 25,182 thousand, mainly refer to the cost of IT implementations following the merger with Free2Move, and to the update of system functions for business needs and to comply with regulatory requirements;
- Other intangible assets, € 73,376 thousand, mainly consist of the capitalised costs of the Perseverance Project (BTA)s;
- Fixed assets in progress, € 1,537 thousand, reflect the capitalisation of projects with a 2024 go-live date, and mainly comprise additions to the IT system.

5.2 OTHER INTANGIBLE ASSETS: Annual change

The changes during 2023 are shown below.

Items (in thousands of EUR)	Industrial patent rights and intellectual property	Concessions, licences, trademarks and similar rights	Other intangible fixed assets	Fixed assets in progress and advances	Total
Net opening balances	**16,581**	**169**	**2,519**	**10,814**	**30,083**
Acquisitions	13,126	534	77,363	1,312	92,335
Amortisation	(5,884)	(61)	(6,638)	(2)	(12,585)
Exchange rate differences	14	-	7	-	21
Other changes	1,346	19	124	(10,587)	(9,097)
Net carrying amount	**25,182**	**661**	**73,376**	**1,537**	**100,756**

6. EQUITY INVESTMENTS

The table below details the equity investments held by the Leasys Group:

Items (in EUR)	Location (Country)	Currency	Share of ownership	Carrying amount
Long-term investments				
FCA Security S.c.p.A.	Italy	EUR	0,00%	150
Total equity investments				**150**

8. TAX ASSETS AND LIABILITIES

Deferred tax assets, € 91,234 thousand as detailed below, have increased by € 36,953 thousand compared with the prior year.

Deferred tax liabilities, € 82,974 thousand as detailed below, have decreased by € 6,441 thousand compared with the prior year.

8.1 TAX ASSETS AND LIABILITIES: Breakdown

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Deferred tax assets	**91,234**	**54,281**	**36,953**
With matching entry in the Income Statement	63,255	53,892	9,363
With matching entry in Shareholders' Equity	27,979	389	27,589
Deferred tax liabilities	**82,974**	**89,415**	**(6,441)**
With matching entry in the Income Statement	45,874	52,317	(6,442)
With matching entry in Shareholders' Equity	37,099	37,099	1

8.2 TAX ASSETS AND LIABILITIES: Annual change

	Deferred tax assets			Deferred tax liabilities		
Items (in thousands of EUR)	With matching entry in the Income Statement	With matching entry in Shareholders' Equity	Total	With matching entry in the Income Statement	With matching entry in Shareholders' Equity	Total
1. Opening amount	**53,892**	**389**	**54,281**	**52,316**	**37,099**	**89,415**
2. Increases	**16,561**	**27,594**	**44,155**	**(2,485)**	**-**	**(2,485)**
2.1 Deferred tax assets/liabilities recognised during the year	16,561	27,594	44,155	(2,493)	-	(2,493)
a) relating to previous years			-	-	-	-
c) other	16,561	27,594	44,155	(2,493)	-	(2,493)
2.3 Other increases	**1,012**	**-**	**1,012**	**9**	**-**	**9**
Calculated exchange rate differences (+)	1,012	-	1,012	9	-	9
3. Decreases	**(8,210)**	**(4)**	**(8,214)**	**(3,957)**	**-**	**(3,957)**
3.1 Deferred tax assets/liabilities reversed during the year	(8,035)	(4)	(8,039)	(3,957)	-	(3,957)
a) reclassifications	(8,522)	(4)	(8,526)	(3,957)	-	(3,957)
d) Other	487	-	487	-	-	-
3.3 Other decreases	(175)	-	(175)	-	-	-
Other changes (-)	(175)	-	(175)	-	-	-
4. Closing amount	**63,255**	**27,979**	**91,234**	**45,874**	**37,099**	**82,974**

9. DERIVATIVE FINANCIAL INSTRUMENTS

Items (in thousands of EUR)	Current notional value	Current fair value	Non-current notional value	Non-current fair value
Derivative assets				
Trading derivatives	0	0	1,100,000	10,142
Hedging derivatives	770,537	14,835	2,350,754	58,261
Interest-rate risk	**770,537**	**14,835**	**3,450,754**	**68,403**
Foreign exchange risk				
Total derivative assets	**770,537**	**14,835**	**3,450,754**	**68,403**
Derivative liabilities				
Trading derivatives	0	0	2,200,000	11,270
Hedging derivatives	760,425	979	2,981,657	24,849
Interest-rate risk	**760,425**	**979**	**5,181,657**	**36,119**
Foreign exchange risk				
Total derivative liabilities	**760,425**	**979**	**5,181,657**	**36,119**

This item includes derivative financial instruments to manage interest-rate risk, with a notional value as of 31 December 2023 of € 10,163,373 thousand, and a fair value of € 46,140 thousand. The notional value of a derivative contract is the contractually defined amount.

Trading derivatives refer to the new securitisation transaction Labirs One with the value of vehicles leased by Leasys Italia S.p.A. as collateral.

The amount of fair value differs from the Shareholders' Equity item "Reserve for cash flow hedges" in that it is recognised net of related accruals.

Interest differentials are recognised in the income statement on an accrual basis under financial income/expenses.

These derivative financial instruments were arranged for hedging purposes and are intended to transform the cost profile of part of the fundraising from variable to fixed in order to correlate it with the duration and yield of the rental agreements.

The fair value of these instruments, all of which are interest rate swaps, was determined by discounting future cash flows, which are estimated based on the relevant rate curves as of 31 December 2023.

Due to the decrease in interest rates, the fair value of hedging derivatives has fallen since the end of 2022.

CURRENT ASSETS

10. INVENTORIES

Inventories, € 172,531 thousand, refer to vehicles that have ended their contractual rental period and are held for sale. The amount has risen by € 84,962 thousand since the end of the prior year.

The change is attributable to the increase in vehicles returned by Drivalia S.p.A., mainly in the last quarter of the year.

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Total Change
Vehicles held for sale	172,531	87,569	84,962
Total	**172,531**	**87,569**	**84,962**

11. RECEIVABLES FROM CUSTOMERS

The item amounts to € 713,775 thousand, down by € 103,220 thousand compared with the prior year. A breakdown is provided below.

11.1 RECEIVABLES FROM CUSTOMERS: breakdown

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Total Change
Vehicle rental receivables	703,132	757,621	(54,489)
Allowance for doubtful accounts	(68,625)	(47,338)	(21,287)
Receivables from finance leases	81,742	109,501	(27,760)
Allowance for doubtful accounts	(2,473)	(2,789)	316
Receivables from customers - net	**713,775**	**816,995**	**(103,220)**

11.2 CHANGES IN ALLOWANCE FOR DOUBTFUL ACCOUNTS

The changes in the allowance for doubtful accounts during 2023 are shown below.

Items (in thousands of EUR)	31/12/2023	31/12/2022
Initial value	**(50,127)**	**(42,857)**
Increases	**(30,852)**	**(17,078)**
Provision for the year	(24,228)	(17,078)
Other changes	(6,625)	-
- Calculated exchange rate differences (+)	(246)	-
- Other changes (+)	(6,378)	-
Decreases	**9,881**	**9,808**
Write-backs	177	347
- in value from collections	177	347
Gains on disposal (-)	233	1,143
Write-offs	9,460	7,256
Other changes	11	1,062
- Calculated exchange rate differences (-)	-	261
- Change in scope of consolidation (-)	11	801
Total	**(71,098)**	**(50,127)**

Trade receivables are non-interest-bearing and generally have maturities of 30 to 90 days.

12. OTHER CURRENT RECEIVABLES AND ASSETS

These amount to € 1,030,034 thousand, up by € 213,145 thousand compared with the prior year, due to a general increase in the items classified as “Other receivables”.

The change principally reflects:

- an increase of € 130 million in indirect taxes recoverable from the tax authorities;
- an increase of € 56 million in commercial prepaid expenses;
- an increase of € 18 million in prepaid operating lease services.

The total is broken down as follows:

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Total Change
Personnel-related receivables	543	164	379
Receivables from social security institutions	14	16	(2)
Guarantee deposits	33	537	(504)
Other receivables	1,029,444	816,172	213,272
Total	**1,030,034**	**816,889**	**213,145**

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents have decreased by € 88,449 thousand since 31 December 2022. This was mainly due to the utilisation of cash accumulated at the end of the previous year to meet the financial requirements generated by the increase in the fleet in 2023.

Cash and cash equivalents include deposits of the securitisation special purpose vehicles, amounting to € 28,958 thousand.

The table below breaks down the cash and cash equivalents held by the Company:

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Total Change
Bank and postal deposits	223,979	314,980	(91,002)
Cash on hand	2,557	4	2,553
Total	**226,536**	**314,985**	**(88,449)**

15. TAX RECEIVABLES

This item amounts to € 47,862 thousand, up by € 40,312 thousand since 31 December 2022.

The table below provides a breakdown of tax receivables.

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Total Change
Direct tax receivables	47,862	7,550	40,312
Total tax receivables	**47,862**	**7,550**	**40,312**

LIABILITIES AND SHAREHOLDERS' EQUITY

17. NET FINANCIAL DEBT

Net financial debt amounts to € 7,139,393 thousand, an increase of € 1,988,326 thousand compared with the prior year.

The breakdown is as follows:

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
A. Cash on hand	2,557	4	2,553
B. Bank and post office deposits	223,979	314,980	(91,002)
C. Securities	-	-	-
D. Liquidity (A+B+C)	**226,536**	**314,985**	**(88,449)**
E. Current financial receivables	-	-	-
F. Current bank debt	2,004,868	2,001,634	3,234
G. Bonds issued	1,266,545	(2,116)	1,268,661
H. Other current financial liabilities	3,208	159,602	(156,394)
I. Current financial debt (F+G+H)	**3,274,621**	**2,159,120**	**1,115,501**
J. Net current financial debt (I-E-D)	**3,048,086**	**1,844,136**	**1,203,950**
K. Non-current bank debt	1,625,212	1,168,538	456,674
L. Bonds issued	2,447,892	2,111,600	336,292
M. Other non-current payables	18,202	26,792	(8,590)
N. Non-current financial debt (K+L+M)	**4,091,307**	**3,306,931**	**784,376**
O. Net financial debt (J+N)	**7,139,393**	**5,151,067**	**1,988,326**

17.1 NON-CURRENT AND CURRENT FINANCIAL LIABILITIES: Breakdown

This item amounts to € 7,365,928 thousand, an increase of € 1,436,476 thousand compared with the prior year.

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Long-term financial payables	**1,625,212**	**1,168,538**	**456,674**
Bank loans (portion beyond 12 months)	1,625,212	1,114,277	510,935
Other financial payables	-	54,261	(54,261)
Bonds issued	**2,447,892**	**2,111,600**	**336,292**
Medium-/long-term financial lease liabilities	**18,202**	**25,704**	**(7,502)**
Total non-current financial liabilities	**4,091,307**	**3,305,843**	**785,464**
Current financial liabilities due to financing agreements and others	**-**	**-**	**-**
Short-term financial payables	**2,004,868**	**2,154,740**	**(149,871)**
Overdrawn current accounts	78,523	52,943	25,581
Bank loans (portion within 12 months)	1,493,276	2,001,634	(508,359)
Other financial payables	433,070	100,163	332,907
Liabilities under short-term financial leases	**3,208**	**7,585**	**(4,377)**
Bonds issued	**1,266,545**	**(2,116)**	**1,268,661**
Total current financial liabilities	**3,274,621**	**2,160,208**	**1,114,413**
Total financial liabilities	**7,365,928**	**5,466,051**	**1,899,877**

The increase in loans compared to the 2022 financial year is mainly due to the financial requirements needed to cover the increase in business volumes in terms of company fleet, which grew in 2023 compared with the prior year.

17.2 LEASE LIABILITIES

Lease liabilities, amounting € 21,410 thousand, arose exclusively from the application of IFRS 16, and mainly relate to leases of employee housing and office premises.
Detailed below are the maturity dates of the lease liabilities (referred to in the table above):

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Current lease liabilities - Minimum future payments <1 year	3,208	7,585	(4,377)
Lease liabilities - Minimum future payments between 1 and 5 years	7,138	18,753	(11,614)
Lease liabilities - Minimum future payments beyond 5 years	11,064	6,951	4,112
Total minimum payments	**21,410**	**33,289**	**(11,879)**

17.4 BONDS ISSUED

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Current portion	1,266,545	(2,116)	1,268,661
Non-current portion	2,447,892	2,111,600	336,292
Total carrying amount	**3,714,437**	**2,109,484**	**1,604,953**

On 15 July 2021, Leasys Italia S.p.A. issued the Stellantis Group's first Green Bond, successfully placing a transaction worth € 500 million that matures in July 2024. Leasys used the proceeds from the Green Bond to finance its fleet of electric and plug-in hybrid vehicles, while expanding its network of charge points.

A second bond for € 750 million was issued on 7 December 2022, maturing on 7 December 2024.

A bond for € 750 million was issued on 26 July 2023, maturing on 26 July 2026.

A bond for € 600 million was issued on 16 November 2023, maturing on 16 February 2027.

This item also includes securities issued in December 2022 by the special purpose vehicle, as part of the securitisation transaction, amounting to € 1,100 million.

18. DEFINED BENEFIT COMPANY RETIREMENT PLANS

18.1 EMPLOYEE BENEFITS: Breakdown

The item amounts to € 4,035 thousand, up by € 59 thousand compared with the prior year.

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Defined benefit plans	2,458	2,586	(128)
Defined contribution plans	-	-	-
Other long-term benefits	1,578	1,391	187
Total defined benefit plans	**4,035**	**3,976**	**59**

The liability for post-employment benefits recognised in the balance sheet represents the current value of the defined benefit obligation, adjusted for actuarial gains and losses and previously unrecognised expenses for past work. The provisions for defined benefit retirement plans and the annual cost recognised in the income statement are determined by external actuaries using the Projected Unit Credit Method.

18.2 EMPLOYEE BENEFITS: Annual change

The changes during 2023 are shown below.

Items (in thousands of EUR)	Defined benefit plans	Other long-term benefits	Total employee benefits
Gross opening balances	**2,586**	**1,391**	**3,976**
Changes in opening balances	7	74	82
A. Net opening balances	**2,593**	**1,465**	**4,058**
B. Increases	**262**	**221**	**483**
B.1 Provision for the year	153	126	279
B.2 Other changes	109	95	204
C. Decreases	**(398)**	**(108)**	**(506)**
C.1 Payments made	(302)	(106)	(408)
C.2 Other changes	(96)	(2)	(98)
D. Closing carrying amount	**2,458**	**1,578**	**4,035**

18.3 EMPLOYEE BENEFITS: Changes in actuarial liability

Items (in thousands of EUR)	Defined benefit plans	Other long-term benefits	Total employee benefits
Opening actuarial liability	**2,593**	**1,465**	**4,058**
Costs for services	-	43	43
Financial charges	153	82	235
Other costs	102	28	130
Actuarial losses/(gains) from changes in financial assumptions	16	(21)	(5)
Other actuarial losses/(gains)	(36)	64	28
Disbursements	(302)	(106)	(408)
Other movements	(68)	22	(46)
Closing actuarial liability	**2,458**	**1,578**	**4,035**

19. PROVISIONS FOR RISKS AND CHARGES

This item amounts to € 20,310 thousand, up by € 6,196 thousand compared with the prior year.

19.1 PROVISIONS FOR RISKS AND CHARGES: Breakdown

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Provision for taxes and fiscal risks	55	-	55
Provision for legal disputes	737	385	351
Provision for risks and charges relating to operating leases	3,723	3,477	247
Other provisions for risks and charges	15,795	10,252	5,543
Total provisions for risks and charges	**20,310**	**14,114**	**6,196**

The item “Provision for legal disputes” reflects the risks associated with cases where the risk of losing the case is probable. Most of the cases considered to have a probable risk of being lost related to disputes in which the company was being sued as the owner of vehicles involved in motor accidents. A minority of cases also relate to lawsuits involving the company due to defects in the vehicles sold.

The item “Provision for risks and charges relating to operating leases” mainly includes the provision for agency termination risks.

The item “Other provisions for risks and charges” mainly includes the provision for self-insurance and provision for personnel risks.

19.2 PROVISIONS FOR RISKS AND CHARGES: Annual change

The changes during 2023 are shown below.

Items (in thousands of EUR)	Provision for taxes and fiscal risk	Provision for legal disputes	Provision for risks and charges relating to operating leases	Other provisions for risks and charge	Total 31/12/2023
A.Net opening balances	**-**	**385**	**3.477**	**10.252**	**14.114**
B.Increases	**2.255**	**451**	**247**	**8.849**	**11.802**
Provision for the year	-	451	-	8.444	8.895
Other changes	2.255	-	247	405	2.907
C.Decreases	**(2.200)**	**(100)**	**-**	**(3.306)**	**(5.606)**
Use during the year	(2.200)	(100)	-	(2.959)	(5.259)
for release	(2.200)	(100)	-	(956)	(3.256)
for payment				(2.003)	(2.003)
Other changes (-)	-	-	-	(347)	(347)
D. Closing carrying amount	**55**	**737**	**3.723**	**15.795**	**20.310**

For supplementary defined benefit retirement plans, the actuarial values required by IAS 19 Employee Benefits are determined by an independent actuary using the Projected Unit Credit Method, as detailed in Part A – Accounting Policies.

Other Provisions for Risk and Charge increased by increased by 8,444 thousand Euros compared to the previous year for provisions relating to the fund self-insurance and provisions for funds relating to the incentive to be paid to employees.

The decrease of 2,003 thousand Euros is due to the payment made to employees for the adaptation of the collective agreement and for the incentives provided on the results achieved.

20. TRADE PAYABLES

Trade payables amount to € 973,727 thousand, up by € 92,275 thousand compared with the prior year due to higher investments and higher costs incurred as a result of the increased size of the fleet. The decrease in “Other payables” by € 42,940 thousand was principally due to a reduction in amounts due to customers for guarantee deposits received.

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Trade payables	733,389	591,451	141,937
Deferred income for operating leases	150,674	160,155	(9,481)
Other accrued expenses and deferred income	9,835	7,077	2,758
Other payables	79,830	122,769	(42,940)
Total trade payables	**973,727**	**881,453**	**92,275**

The characteristics of the above liabilities are indicated below:

- trade payables do not generate interest expense and are normally settled between 30 and 60 days;
- other payables are non-interest-bearing and are settled at six months on average.

21. OTHER CURRENT LIABILITIES

Other current liabilities amount to € 134,402 thousand, down by € 6,122 thousand compared with the prior year. The change mainly reflects the decrease in the “Deferred Brand Contribution” classified within “Other payables” by about € 18 million, and the increase in “Payables to personnel” by € 8,740 thousand, due to the rise in the number of employees following the acquisition of two new companies. This item also includes the net balance of Euro 3 million relating to some transitional accounts (fuel expenses and insurance claims) of the subsidiary Leasys Mobility Portugal on which reconciliation activities are ongoing.

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Payables to insurance companies	15,889	16,738	(849)
Payables to personnel and social security institutions	12,319	3,578	8,740
Other payables	106,194	120,207	(14,013)
Total other payables	**134,402**	**140,524**	**(6,122)**

22. TAX PAYABLES

This item amounts to € 51,045 thousand, up by € 33,557 thousand since 31 December 2022, mainly due to IRAP payables.

The table below provides a breakdown of tax payables:

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Direct tax payables	51,045	16,624	34,421
Other taxes	-	865	(865)
Total tax payables	**51,045**	**17,489**	**33,557**

PART C – INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Shown below is a breakdown of the main items of the Income Statement.

Amounts are expressed in thousands of Euros.

1. MARGIN ON LEASES

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Income from leases	**1,158,740**	**979,732** *	**179,008**
Operating lease payments	1,158,740	979,732	179,008
Leases - result of financial operations	**(146,615)**	**(41,658)**	**(104,957)**
Financial charges	(254,899)	(61,194)	(193,705)
Interest on bonds	(88,676)	(3,317)	(85,359)
Expenses from derivatives designated as hedging instruments	(207)	(2,633)	2,427
Interest expense - banks	(128,898)	(38,991)	(89,907)
Interest expense - other lenders	(21,107)	(7,915)	(13,191)
Other financial charges	(16,013)	(8,338)	(7,675)
Financial income	108,285	19,536	88,749
Dividends from equity investments	-	-	-
Interest from customers	13,576	11,549	2,027
Interest from other loans	5,023	215	4,808
Income from derivatives designated as hedging instruments	76,159	3,535	72,624
Other financial income	13,526	4,236	9,290
Costs from leases - depreciation	**(832,366)**	**(748,703)**	**(83,663)**
Operating lease depreciation	(799,887)	(695,185)	(104,701)
Fees payable on buy backs	(32,479)	(53,518)	21,039
Total margin on leases	**179,759**	**189,370**	**(9,611)**

* ***Reclassification to Income from leases reported in 2022:***

+79,310 million euro of brand contribution, from Revenues from services

-65,082 million euro of network incentives paid, from Costs for services

Revenues are recognised in accordance with the provisions set out in the "revenues" section of the accounting standards herein and are recognised on a straight-line basis over the duration of the rental period. Any revenue arising from these unbudgeted contracts is recognised as revenue in the period in which it accrues.

The reduction in the margin on leases, € 9,611 thousand, was due to the combined effect of the increase in rental fees (€ 179,008 thousand), the increase in the depreciation of leased vehicles (€ 83,663 thousand) and the increase in financial charges (€ 104,957 thousand) due, in the main, to the higher contractual spreads on loans, compared with previous years, as a result of the change in financial market conditions.

2. MARGIN FROM SERVICES

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Revenues from services	**560,877**	**503,286** **	**57,590**
Service payments for operating leases	420,727	311,879	108,847
Insurance claims and compensation	472	735	(263)
Other operating lease income	137,364	186,804	(49,440)
Other income from services	2,314	3,868	(1,554)
Costs for services	**(497,013)**	**(479,133)** ***	**(17,880)**
Costs for vehicle services	(496,960)	(413,371)	(83,589)
Costs for commercial services	-	(64,036)	64,036
Other costs for services	(53)	(1,726)	1,673
Total Margin from Services	**63,863**	**24,153**	**39,710**

***** Reclassification from Revenues from services reported in 2022:***

-79,310 million euro of brand contribution, to Income from leases

****** Reclassification from Costs for services reported in 2022:***

+65,082 million euro of network incentives paid, to Income from leases

This item mainly consists of revenues and ancillary costs relating to maintenance services offered to the customer together with the rental of the car.

The increase in the margin from services of € 39,710 thousand was mainly due to the net effect of the increase in service fees (€ 108,847 thousand) and the increase in vehicle and commercial service costs (€ 83,589 thousand).

3. MARGIN FROM VEHICLE SALES

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Vehicle sales revenues	**151,452**	**139,210**	**12,242**
Capital gain on sale of leased assets	115,317	120,383	(5,066)
Proceeds from residual values	3,587	7,360	(3,772)
Other revenue	32,547	11,467	21,080
Costs for vehicle sales	**(48,122)**	**(38,943)**	**(9,179)**
Capital losses on sale of leased assets	(35,536)	(22,740)	(12,797)
Provisions on residual values	(1,268)	(1,168)	(99)
Logistics costs	(11,318)	(15,035)	3,717
Other costs	-	-	-
Total margin from vehicle sales	**103,330**	**100,267**	**3,063**

The increase in the margin from vehicle sales by € 3,063 thousand was mainly due to the increase in revenues from vehicle sales € 12,242 thousand, generated by the related capital gains, as offset by the increase in the cost of sales by € 9,179 thousand, mainly due to lower capital losses on vehicle sales.

4. PAYROLL COSTS

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Wages and salaries	(54,509)	(27,415)	(27,094)
Social security contributions	(14,190)	(6,605)	(7,585)
Defined benefit plans	(153)	(135)	(18)
Defined contribution plans	(2,299)	(1,795)	(504)
Other long-term plans	(145)	(4)	(141)
Other costs	(17,904)	(25,798)	7,894
Total payroll costs	**(89,201)**	**(61,753)**	**(27,448)**

Payroll costs were € 27,448 thousand higher than in the prior year as a result of the increase in the Group's workforce (from 589 to 1,313) due to the acquisition of new companies during 2023.

The item "Wages and salaries" includes salaries and bonuses (of white collar staff and managers) amounting to € 54,509 thousand.

The item "Social security contributions" includes contributions for employees for € 14,190 thousand.

The item "Defined contribution plans" classifies the contributions to supplementary retirement plans paid by the company.

The item "Other costs" mainly includes 'Labour costs' for external personnel and 'Incentive costs for Sales staff'.

5. OTHER OPERATING EXPENSES

Total other operating expenses have increased by € 7,376 thousand compared with the prior year. The change was mainly due to increases in IT and marketing costs.

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Net provisions for risks and charges	**(416)**	**(735)**	**319**
Other operating expenses	**(24,872)**	**(17,177)**	**(7,695)**
IT services	(11,145)	(5,561)	(5,584)
Technical, legal, administrative and professional services	(11,780)	(10,171)	(1,609)
Charges and provisions for indirect taxes and duties	(145)	(818)	673
Other costs	(1,802)	(626)	(1,176)
Total other operating expenses	**(25,288)**	**(17,912)**	**(7,376)**

6. DEPRECIATION AND AMORTISATION

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Depreciation of right-of-use assets	(3,382)	(3,728)	345
Depreciation of other tangible assets	(744)	(745)	0
Amortisation of intangible assets	(6,785)	(7,074)	290
Total depreciation and amortisation	**(10,911)**	**(11,546)**	**635**

This item amounts to € 10,911 thousand, down by € 635 thousand compared with the prior year.

7. LOSSES ON RECEIVABLES

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Write-downs of current and non-current financial assets	-	(20)	20
Losses on current and non-current financial assets	-	(58)	58
Write-downs of receivables from customers	(21,600)	(21,255)	(345)
Losses on receivables from customers	(2,917)	(376)	(2,541)
Write-backs on customer receivables	3,992	3,423	569
Total losses on receivables	**(20,525)**	**(18,285)**	**(2,240)**

This item amounts to € 20,525 thousand, up by € 2,240 thousand compared with the prior year.

The item “Allowance for doubtful accounts” includes the provision for doubtful accounts according to the simplified IFRS 9 approach as defined herein, amounting to € 21,600 thousand, and also includes the costs of credit collection.

8. NON-RECURRING INCOME (EXPENSES)

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Non-recurring expenses	(30,082)	(34)	(30,048)
Total non-recurring expenses	**(30,082)**	**(34)**	**(30,048)**

"Non-recurring expenses" mainly comprise the indemnities paid by the branches and subsidiaries of Leasys Italia S.p.A. to PSA/Opel, following the agreement to transfer the long-term rental activities of Free2Move to Leasys Italia S.p.A. completed on 3 April 2023.

9. INCOME TAX

9.1 INCOME TAX: Breakdown

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022	Change
Current taxes for the year	(63,377)	(27,464)	(35,913)
Current taxes from previous years	916	(260)	1,175
Total current taxes	**(62,462)**	**(27,724)**	**(34,738)**
Change in deferred tax assets	9,100	(32,556)	41,656
Change in deferred tax liabilities	(632)	2,820	(3,452)
Total taxes on income from continuing operations	**8,468**	**(57,460)**	**65,928**
Income taxes from Discontinued operations/Non-current assets held for sale	-	-	-
Total income taxes	**(53,993)**	**(57,460)**	**3,466**

Income taxes for the year amounted to € 53,993 thousand, up by € 3,466 thousand compared with the prior year.

9.2 Reconciliation of the theoretical tax charge with the effective tax charge

The tax charge recorded in the financial statements is reconciled as follows with the theoretical tax charge, determined using the tax rates in force in Italy:

Items (in thousands of EUR)	Total 31/12/2023	Total 31/12/2022
Profit before tax from continuing operations	**170,946**	**204,261**
Taxes on theoretical income from continuing operations	41,027	49,023
Effect of fully or partially non-deductible expenses – increases	2,719	4,497
Effect of wholly or partly non-taxable income – decreases	(1,880)	(8,507)
Consolidation effect	(918)	738
Effective income taxes from continuing operations, excluding IRAP (a)	**40,948**	**45,751**
IRAP - theoretical tax burden	7,693	7,966
Effect of charges not forming part of the tax base	4,797	1,351
Consolidation effect	1,472	(623)
IRAP - Effective tax charge (b)	**13,961**	**8,694**
Adjustment of prior years' taxes (c)	**(916)**	**3,015**
Total effective tax charge (a+b+c)	**53,993**	**57,460**

PART D – SECURITISATION TRANSACTIONS

QUALITATIVE INFORMATION

Strategies and processes underlying loan securitisation transactions

Leasys carries out securitisation transactions – pursuant to Law No. 130/1999, as subsequently amended and supplemented – with a view to achieving four results:

- diversifying financing sources: securitisation is an important alternative source of financing for the Company with respect to ordinary bank funding;
- improving its liquidity position: the Company's potential capacity to securitise receivables also provides key support for its liquidity position.
- optimising the cost of funding: the structures used to carry out securitisations and the quality of the assigned portfolio enable a competitive cost of funding by achieving a high rating;
- possible streamlining of risk-weighted assets associated with the securitised portfolio.

As of 31 December 2022, the Company carried out a securitisation transaction pursuant to the combined provisions of Article 7(1)(a) and (2-*octies*) of Law No. 130/1999 and Article 4-*bis* of Decree-Law No. 162 of 30 December 2019. The structure of said transaction provides that the Special Purpose Entity – Leasys Asset Backed Italian Rental Securitisation One S.r.l or 'Labirs One S.r.l' for short – (which would traditionally be the assignee of the receivables) operates in this transaction as the Lender or funder. It grants a loan of € 1,365,000 thousand to Leasys (which would traditionally be the Originator, i.e. the assignor of the receivables), which operates in this particular transaction as the Borrower or lender. This pursuant to a loan agreement under Article 7(1)(a) of Law No. 130/1999 (the "Article 7 Loan") between Labirs One and Leasys, guaranteed by Allocated Assets established pursuant to Article 4-*bis* of Decree-Law No. 162 of 30 December 2019 (converted into Law No. 8 of 28 February 2020) (Article 4-*bis*) and pursuant to Article 7(2-*octies*) of Law 130 by resolution of Leasys' Board of Directors on 25 November 2022 and registered in the Companies' Register of the Chamber of Commerce of Rome on 28 November 2022 under No. 180606/2022.

The restructuring carried out on 21 December 2023 resulted in an increase in the original notes with an extension and in the issue of an additional class of securities. As a consequence, the amount of the loan was increased by € 364,886,054 to a total of € 1,667,932,836.

The operation was authorised by the Board of Directors of Leasys on 11 December 2023 and filed with the companies register of the Rome Chamber of Commerce on 11 December 2023 under No. 233155/2023.

Pursuant to this resolution, the allocated assets include the following relationships, receivables and financing rights offered to the special purpose vehicle:

- receivables arising from long-term car rental contracts entered into by Leasys in the ordinary course of its business in accordance with the laws and regulations applicable at the time the contract was entered into, as well as in accordance with the policies adopted by Leasys;
- receivables claimed by Leasys relating to the residual value of the vehicles, said residual value;
- is to be understood as equal to the last available value indicated by Leasys in its accounting systems;
- the long-term rental contracts without driver entered into by Leasys with its customers which give rise to the Initial Assigned Receivables (as amended and/or supplemented within the limits and conditions set out below);
- vehicles leased on a long-term basis pursuant to the Initial Assigned Contracts
- a bank account opened by Leasys with The Bank of New York Mellon SA/NV Milan branch, IBAN: IT23I0335101600001228109780 and its balance.

Labirs One S.r.l. did not purchase from Leasys the securitised receivables or other assets, which therefore remained under Leasys' ownership. In fact, Leasys retained title to the assets and retained primary responsibility for their management and collection. As such, the debtors of the assets shall continue to pay Leasys any amounts due in respect of the assets as provided for in the relevant contracts or by law, and as per any further instructions provided to the debtors.

Pursuant to the resolution constituting the allocated assets, the assets (as well as the proceeds deriving from the management, collection, disposition and/or sale thereof) will be used: 1) to repay the Article 7 Loan in full to the Lender in accordance with Article 4-*bis* of Decree-Law No. 162 of 30 December 2019 and Article 7(2-*octies*) of Law 130/1999; 2) to cover the expenses incurred by the Company for the outstanding transaction; 3) to repay the principal of the notes issued by Labirs One S.r.l..

The Leasys securitisation transaction is a private transaction that does not provide for the assignment of a rating on the securities.

The securitisation transaction carried out by Leasys is a revolving transaction, i.e. the originator company has the right to periodically assign additional receivables in compliance with the restrictions set out in the securitisation agreement and within the limits of the amount of the programme itself, for a predetermined period, so as to constantly maintain the existing portfolio at the level it was at the time of the initial issue.

Following the issue date and during the revolving period, Leasys shall be entitled to assign to the allocated assets the additional receivables as specified above, taking economic effect from the subsequent cut-off dates as established in the securitisation agreements, for the benefit of the special purpose vehicle and as a security for the payment of any amount relating to the Article 7 Loan.

Finally, it should be noted that, since the allocated assets above mentioned are regulated by Decree Law n.162 of 30 December 2019 (c.d. "Decreto Milleproroghe" then converted into Law n.8 of 28 February 2020) no separate statement has been drawn up under the rules of the Civil Code.

Revolving Structure

In the case of revolving transactions as described above, for a predetermined period the Special Purpose Entity (SPE) may purchase additional portfolios of receivables which have the same economic-legal nature and similar risk profile, the purchase of which may be financed either through the capital proceeds from the receivables in the outstanding portfolio at the time of issue of the ABS securities, of which the originator company had previously become the assignee, or through further issues of securities within the amount limits of the securitisation programme.

At the end of the revolving phase, the securities issued are redeemed in accordance with the contractually agreed priorities.

The revolving structure allows the fixed costs of the transaction to be amortised over a longer period, optimising the cost of the transaction.

Liquidity Line management

The originator company may be required, depending on the rating agencies’ valuation methodologies, to allocate a liquidity line or cash deposit to support the Special Purpose Entity in forms that may be formally different from each other.

The size of this amount is contractually determined and shall enable the vehicle to meet any temporary liquidity requirements (typically on payment dates) that may arise from the application of the “waterfall” payment structure described below.

“Waterfall” structure

The “waterfall” payment structure identifies the priorities for the allocation of available cash within the Special Purpose Entity.

In the case of transactions originating from rental receivables, the waterfall structure provides – in a simplified manner – for the following types of payments:

- vehicle expenses (mainly expenses relating to the transaction’s service providers);
- swaps (contractually stated in order to cover against the risk of fluctuating interest rates of the Special Purpose Entity);
- servicer remuneration;
- interest on securities;
- replenishment/remuneration of the liquidity line;
- other items.

Servicing activities

The role of servicer of securitisation transactions is always performed by the originator company.

The role of servicer of transactions requires compliance with a series of qualitative parameters tied to the proper management of the assets underlying the securities issued by the Special Purpose Entity, as well as an adequate organisational structure in terms of management and specialised staff.

Operationally, the servicer will:

- manage outstanding contracts in accordance with its own credit and collection policies and regulations (in agreement with the Special Purpose Entity and the trustee/representative of the transactions’ noteholders), along with the requirement to report also to the rating agencies in the event of significant events;
- make records of collections and recoveries, and transfer the relevant amounts. Collections made by the servicer of the various transactions are transferred to a segregated current account on a daily basis and transferred to the Special Purpose Entity at a set frequency for each transaction (monthly) on the earliest possible payment date, when they are used for the payments set out in the waterfall structure;
- perform monitoring, reporting and verification activities on the transaction (Paying Agent / Calculation Agent / Agent Bank activities are assigned to a third-party banking entity).

Servicing activities are remunerated by the Special Purpose Entity at market conditions.

Risks associated with securitisation transactions

The company participates in the programmes as an originator, servicer and investor of the junior securities and is responsible for structuring the securitisation transactions and performing the checks and monitoring of the regular performance of the transactions, as well as servicing activities including the production of the periodic reports required under the agreement.

To address securitisation risks, Leasys Italia S.p.A. has adopted:

- a comprehensive organisational model;
- a process for identifying, monitoring and mitigating securitisation risks in specific internal procedures.

Each new securitisation transaction, structured by the Securitisation and Risk Transfer department of the Treasury and validated by the CFO & Deputy General Manager, is submitted for the approval of the NPA Committee, which is chaired by the CEO & General Manager, by its front lines and by second-level internal control functions.

The approval minutes and any opinions issued by the company's second-level control functions are forwarded, along with the product concept, to the Board of Directors for final approval.

The Treasury is responsible for structuring all group operations, for direct management (in Italy), and for managing relations with rating agencies and investors.

Risk & Permanent Control defines and develops the methods, policies and procedures for the detection, assessment, monitoring, measurement and mitigation of Level 2 securitisation risks, and expresses its opinion within the NPA Committee.

At least once every three years, Internal Audit checks the degree of adequacy of the internal control system, and verifies compliance with regulations relating to the management of securitisation transactions and servicing activities carried out by Leasys Italia S.p.A.

The control tools used by the company include the following processes:

- checks of the entire documentary and contractual framework of the transaction by Treasury - Securitisation and Risk Transfer, in cooperation with internal and external legal firms;
- checks of the fairness and economic appropriateness of the transaction as a whole by Treasury - Securitisation and Risk Transfer;
- Risk & Permanent Control and also directly responsible for permanent second-level checks on securitisation transactions.

QUANTITATIVE INFORMATION

Outstanding securitisation transactions

As of 31 December 2023, Leasys Italia S.p.A. has only one securitisation transaction outstanding with Labirs One S.r.l. with a nominal value of € 1,668 million.

Securitisation Company	LABIRS ONE SRL
Originator	LEASYS ITALIA SPA
Issuer	LABIRS ONE SRL
Servicer	LEASYS ITALIA SPA
Arrangers	UniCredit AG Credit Agricole and investment bank, Milan Branch Bank of America Europe Designated Activity Company
Underlying assets	Long-term rental
Currency	EUR
Transaction start date	27/12/2022
Transaction end date	27/12/2025
Other information	Revolving
Rating agencies	n.a.

Amount and Securities outstanding (Amounts in Euro)				
Name	**Class A1**	**Class A2**	**Class A3**	**Class M**
Seniority level	Senior	Senior	Senior	Junior
ISIN	IT0005523482	IT0005523490	IT0005573719	IT0005523524
Rating	n.a.	n.a.	n.a.	n.a.
Stock exchange listing	unlisted	unlisted	unlisted	unlisted
Date of first issue	14/12/2022	14/12/2022	21/12/2023	14/12/2022
Legal maturity	01/04/2040	01/04/2040	01/04/2040	01/04/2040
Nominal value issued	475,000,000	475,000,000	150,000,000	596,400,000
Value outstanding at year-end	475,000,000	475,000,000	150,000,000	596,400,000
Underwriter securities	PADEL Finance DAC	LMA S.A.	BOFA Europe	Leasys Italia S.p.A.

PART E – RELATED-PARTY TRANSACTIONS

The following schedule analyzes the assets, liabilities, costs and revenues as of 31 December 2023 by type of related party.

The transactions carried out by the Leasys Group with subsidiaries during 2023 mainly related to the provision of commercial and financial services.

The revenues of the Leasys Group, mostly realized from transactions with Stellantis and CACF, principally derive from the provision of rental services, whereby the Company rents assets in exchange for rental fees and payments for the related ancillary services. Revenues also include the brand contributions recognized by Stellantis.

The costs of the Leasys Group are principally incurred on the management of operational services, such as replacement cars, pre-rental services, car-related formalities and vehicle maintenance.

They also include the cost of administrative services provided by Group companies and of IT services.

Financial transactions mainly relate to use of the centralised treasury system, governed on market conditions, in order to optimise the management of financial resources and facilitate the settlement of intercompany relations of a commercial nature.

RELATED-PARTY TRANSACTIONS: BALANCE SHEET ITEMS

Items in thousands of EUR	Shareholders	Executives	Other related parties	Total
Current assets				
Cash and cash equivalents	0	0	91,918	91,918
Other current receivables and assets	0	0	20,144	20,144
Derivative instrument assets	0	0	4,739	4,739
Receivables from customers	0	0	64,477	64,477
Total assets	**0**	**0**	**181,278**	**181,278**
Financial payables (current and non-current)	0	0	-1,064,848	-1,064,848
Derivative instrument liabilities	0	0	-18	-18
Trade payables	0	0	-79,756	-79,756
Total liabilities	**0**	**0**	**-1,144,622**	**-1,144,622**

RELATED-PARTY TRANSACTIONS: INCOME STATEMENT ITEMS

Items in thousands of EUR	Shareholders	Executives	Other related parties	Total
Gross operating margin	0	0	100,825	100,825
Operating costs	0	0	-17,499	-17,499

All transactions were carried out in the company’s interest, are part of the ordinary course of business, and are generally settled at market conditions, i.e. at the conditions that would be applied between two independent parties.

FEES PAID TO EXTERNAL AUDITORS

Fees for statutory audit services provided totalled € 918 thousand net of VAT, Consob contributions and reimbursement of expenses.

Group auditors belonging to the PricewaterhouseCoopers network

Amounts in thousands of EUR

TYPE OF SERVICE	SERVICE PROVIDER	SERVICE RECIPIENT	FEES
Audit	PricewaterhouseCoopers	LEASYS Italia S.p.A.	159
		CLICKAR S.r.l.	20
		LEASYS Austria G.m.b.H.	45
		LEASYS France S.A.S.	48
		LEASYS Italia S.p.A. Spanish Branch	17
		LEASYS Nederland B.V.	79
		LEASYS Polska Sp.Zo.o.	85
		LEASYS Portugal S.A.	34
		LEASYS Italia S.p.A. German Branch	110
Total			**596**

Other external auditors

Amounts in thousands of EUR

TYPE OF SERVICE	SERVICE PROVIDER	SERVICE RECIPIENT	FEES
Audit	EY S.p.A.	LEASYS UK Ltd	182
	KPMG	LEASYS Luxembourg	57
	Deloitte	LEASYS Mobility Portugal S.A.	83
Total			**322**

GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

The table below details the guarantees provided and commitments made by the parent company Leasys Italia S.p.A., representing the most significant component of the Group's overall exposure:

Guarantees (amounts in thousands of EUR)	Balance at 31/12/2023	Balance at 31/12/2022	Change
Guarantees received			-
Banking	3,962	4,590	(628)
Insurance	57	57	-
Total guarantees received	**4,019**	**4,647**	**(628)**
Guarantees provided			-
Banking	763,901	121,901	642,000
Insurance	121	121	-
Other	-	-	-
Total guarantees provided	**764,022**	**122,022**	**642,000**

The guarantees provided consist of sureties granted to Leasys Italia S.p.A. as guarantees for the correct fulfilment of the requirements set out in the rental contracts entered into with customers who essentially form part of government bodies.

Commitments (amounts in thousands of EUR)	Balance at 31/12/2023	Balance at 31/12/2022	Change
For issuing final guarantee after contract award	36	2,867	(2,831)
Total commitments	**36**	**2,867**	**(2,831)**

The table shows the provisional guarantee for participating in tender procedures pursuant to Article 93(8) of Legislative Decree No. 50/2019.

PART F – LEASE INFORMATION

SECTION 1 - Lessee

In accordance with paragraphs 51-59 of IFRS 16, the following disclosures relate to leases where the Leasys Group is the lessee.

By analysing the leases falling within the scope of IFRS 16, the Group has identified real estate leases as being the most significant. These mainly include office premises.

There are no sub-lease agreements.

In accordance with the exemptions granted under the standard, the Leasys Group has chosen not to apply IFRS 16 to leases with a total duration of less than or equal to 12 months or to leases with an underlying asset value, when new, that is less than or equal to € 5,000. In this case, these leases payments are recognised as an expense (similarly to what was done in the past).

SECTION 2 - Lessor

The Leasys Group provides financial and operational leases in the markets in which it operates to support the automotive business of the Stellantis Group and its partner companies.

In the rental sector, the Leasys Group's services are aimed at large companies and SMEs, as well as professionals and private individuals.

In the capacity of lessor, the risk associated with the Group's ongoing rights for underlying assets is managed through:

- buyback agreements;
- collateral: security deposits;
- guarantees: bank and insurance guarantees and sureties.

For agreements where Group companies directly bear the risk for the residual value of the lease, where there is no buy-back agreement with the dealer or manufacturer, quarterly monitoring is carried out in order to allocate a residual value provision.

PART G – SECTOR INFORMATION

The data on operations and income by business area are presented in accordance with IFRS 8.

In line with this standard, it is noted that the Group's business is substantially developed on the European territory and that the geographical segments identified and reportable do in fact refer to Italy and International.

Nonetheless, performance reports which make distinctions by international geographical area are not periodically presented to management.

Below is a breakdown of business by geographical area:

Sector information (€/M)	Total 31/12/2023	International 31/12/2023	Italy 31/12/2023
Rental margin/Margin on cars sold	**347**	**116.7**	**230.3**
Net operating costs	-125.4	-78.3	-47.1
Cost of risk	-20.5	-4.9	-15.6
Other income/expenses	-30.1	-21.6	-8.4
Operating result	**170.9**	**11.8**	**159.2**
Tax	-53.9	2.1	-56.1
Net result	**116.9**	**13.9**	**103**

Sector information (€/M)	Total 31/12/2022	International 31/12/2022	Italy 31/12/2022
Rental margin/Margin on cars sold	**313.8**	**114.5**	**199.3**
Net operating costs	-91.2	-41.8	-49.4
Cost of risk	-18.3	-4.4	-13.9
Other income/expenses	0	0	0
Operating result	**204.3**	**68.2**	**136**
Tax	-57.5	-16.8	-40.7
Net result	**146.8**	**51.5**	**95.3**

PART H – OTHER INFORMATION

RECONCILIATION OF SHAREHOLDERS' EQUITY OF LEASYS ITALIA SPA WITH CONSOLIDATED FINANCIAL STATEMENTS

Items (in thousands of EUR)	Shareholders' Equity	including: Result for the year
Shareholders' Equity and Profit for the year of Leasys Italia S.p.A.	**578,800**	**109,395**
Shareholders' equity and Profit for the year of consolidated companies net of minority interests	272,697	4,307
Consolidation adjustments:	-175,892	3,251
Derecognition of carrying value of consolidated investments	-209,100	0
Intra-group dividends	0	0
Other consolidation adjustments	33,208	3,251
Shareholders' Equity and Profit for the year attributable to Leasys S.p.A. Shareholders	**675,605**	**116,953**
Shareholders' equity and Profit for the year attributable to minority interests	0	0
Shareholders' Equity and Profit for the year in the Consolidated Financial Statements	**675,605**	**116,953**

OTHER INFORMATION

It should be noted that, due to the extraordinary transactions occurred during the year, as best represented in the specific section " Significant events and strategic operations ", it was necessary to postpone the date of the ordinary shareholders' meeting for the approval of the financial statements for the year ended December 31, 2023 in the greater term of 180 days provided for by art. 2364, paragraph 2, c.c..

DIRECTION AND COORDINATION ACTIVITIES

On 3 April 2023, the sole shareholder changed its name from LeaseCo S.a.s. to Leasys S.a.s. and, from that date, Leasys Italia S.p.A. is subject to direction and coordination by Leasys S.a.s..

The following is a summary of the key figures of the last approved financial statements of Leasys S.a.s. prepared according to French accounting principles.

For a proper and complete understanding of the equity and financial position of Leasys S.a.s. as of 31 December 2022, as well as the economic result achieved by Leasys S.a.s. in the year ended on the same date, please refer to the financial statements – along with the independent auditors' report – available in the form and manner required by the relevant regulation.

BALANCE SHEET

BILAN AU 31/12/2022

(Comptes individuels en euros)

ACTIF

	Postes	Notes	31/12/2022 Brut	Amort-Dep	Net
ACTIF IMMOBILISE	Capital souscrit non appelé				
	IMMOBILISATIONS INCORPORELLES	2			
	Frais d'établissement				
	Frais de recherche et de développement				
	Concessions, brevets, licences, marques, procédés, logiciels				
	Fonds commercial				
	Autres				
	Immobilisations incorporelles en cours				
	Avances et acomptes				
	IMMOBILISATIONS CORPORELLES	2			
	Immobilisations d'exploitation :				
	Terrains				
	Constructions				
	Installations techniques, matériel et outillage industriels				
	Autres immobilisations				
	Avances et acomptes				
	Immobilisations corporelles en cours				
	Immobilisations louées :				
	Immobilisations				
	Immobilisations en cours				
	IMMOBILISATIONS FINANCIERES		**1 200 000 000,00**		**1 200 000 000,00**
	Participations	2 et 3	1 200 000 000,00		1 200 000 000,00
	Créances rattachées à des participations				
	Titres immobilisés d'activité de portefeuille				
	Autres titres immobilisés				
	Prêts et Créances rattachées				
	Autres				
	Total 1		**1 200 000 000,00**	**0,00**	**1 200 000 000,00**
ACTIF CIRCULANT	**STOCKS**				
	Matières premières et autres approvisionnements				
	Stocks fournitures et imprimés	5			
	AVANCES ET ACOMPTES VERSES				
	Avances et acomptes versés				
	CREANCES	6-7			
	Clients et comptes rattachés				
	Clients impayés et comptes rattachés				
	Clients douteux et comptes rattachés				
	Autres créances				
	Capital souscrit - appelé non-versé				
	VALEURS MOBILIERES DE PLACEMENTS	6-7			
	Actions propres				
	Autres titres				
	Instruments de trésorerie				
	DISPONIBILITES	6-7	**1 001,82**		**1 001,82**
	Disponibilités		1 001,82		1 001,82
	CHARGES CONSTATEES D'AVANCE	6-7			
	Charges constatées d'avance				
	Total 2		**1 001,82**	**0,00**	**1 001,82**
	Charges à répartir sur plusieurs exercices				
	Primes de remboursement des emprunts				
	Ecarts de conversion Actif				
	TOTAL GENERAL		**1 200 001 001,82**	**0,00**	**1 200 001 001,82**

BILAN AU 31/12/2022

(Comptes individuels en euros)

PASSIF

	Postes	Notes	31/12/2022
CAPITAUX PROPRES	Capital	8 et 9	1 200 001 000,00
	Primes d'émission, de fusion, d'apport		
	Ecarts de réévaluation		
	Ecarts d'équivalence		
	Réserves :		
	Réserve légale		
	Réserves spéciales des plus-values à long terme		
	Réserves statutaires ou contractuelles		
	Réserves réglementées		
	Réserves Facultatives		
	Report à nouveau		
	Résultat de l'exercice		0,82
	Subventions d'investissement		
	Provisions règlementées		
	Total 1		**1 200 001 000,82**
Provisions	Provisions pour risques	10	
	Provisions pour charges		
	Total 2		**0,00**
DETTES	Emprunts obligataires convertibles	7 et 11	
	Autres emprunts obligataires		
	Emprunts et dettes auprès des établissements de crédit		
	Emprunts et dettes financières divers		
	Avances et acomptes reçus sur commande en cours		
	Dettes fournisseurs et comptes rattachés		
	Dettes fiscales et sociales		1,00
	Dettes sur immobilisations et comptes rattachés		
	Autres dettes		
	Instruments de trésorerie		
	Produits constatés d'avance		
	Total 3		**1,00**
	Ecarts de conversion Passif		
	TOTAL GENERAL		**1 200 001 001,82**

INCOME STATEMENT

COMPTE DE RESULTAT AU 31/12/2022

(Comptes individuels en euros)

	Notes	31/12/2022
PRODUITS D'EXPLOITATION :		
Ventes de marchandises		
Production vendue (biens et services)	12	
Montant net du Chiffre d'affaires		
dont à l'exportation: .... à renseigner		
Production stockée		
Production immobilisée		
Subvention d'exploitation		
Reprises sur provisions, amortissements et dépréciations d'exploitation, transferts de charges		
Autres produits		
Total I		
CHARGES D'EXPLOITATION :		
Achats de marchandises		
Variation de stocks		
Achats de matières premières et autres approvisionnements		
Variation des stocks		
Autres achats et charges externes*	13	
Impôts, taxes et versements assimilés		
Salaires et traitements		
Charges sociales		
Dotations aux amortissements, aux provisions et aux dépréciations :		
Sur immobilisations : dotations aux amortissements		
Sur immobilisations : dotations aux dépréciations		
Sur actif circulant : Dotations aux dépréciations		
Pour risques et charges d'exploitation : Dotations aux provisions		
Autres charges		
Total II		0,00
RESULTAT D'EXPLOITATION (I - II):		0,00
Quotes parts de résultat sur opérations faites en commun		
Bénéfice ou perte transférée (III)		
Perte ou bénéfice transféré (IV)		
PRODUITS FINANCIERS :	14	
De participation		
D'autres valeurs mobilières et créances de l'actif immobilisé		
Autres intérêts et produits assimilés		2,09
Reprises sur provisions et transferts de charges		
Différences positives de change		
Produits nets sur cessions de valeurs mobilières de placement		
Total V		2,09
CHARGES FINANCIERES :	14	
Dotations aux amortissements et aux dépréciations		
Intérêts et charges assimilées		-0,27
Différences négatives de change		
Charges nettes sur cessions de valeurs mobilières de placement		
Total VI		-0,27
RESULTAT FINANCIER (V - VI):		1,82
RESULTAT COURANT avant impôts (I - II + III - IV + V - VI):	16	1,82
PRODUITS EXCEPTIONNELS :		
Sur opérations de gestion		
Sur opérations en capital		
Reprises sur provisions, dépréciations et transferts de charges		
Total VII		
CHARGES EXCEPTIONNELLES :		
Sur opérations de gestion		
Sur opérations en capital		
Dotations aux amortissements, aux provisions et aux dépréciations		
Total VIII		
RESULTAT EXCEPTIONNEL (VII - VIII):	16	0,00
Participation des salariés aux résultats (IX)		
Impôts sur les bénéfices (X)	16	-1,00
Total des produits (I + III + V + VII)		2,09
Total des charges (II + IV + VI + VIII + IX + X)		-1,27
BENEFICE OU PERTE	16	0,82
* y compris - redevances de crédit-bail mobilier - redevances de crédit-bail immobilier		

PUBLIC INFORMATION COUNTRY BY COUNTRY

Date 31/12/2023

List of Leasys Group companies by location and nature of business, pursuant to Article 89 of Directive 2013/36/EU of the European Parliament and of the Council (CRD IV)

GEOGRAPHICAL LOCATION OF ESTABLISHMENT	COMPANY	NATURE OF THE BUSINESS
AUSTRIA	Leasys Austria GmbH	FINANCIAL
BELGIUM	Leasys Italia S.p.A. (Belgian Branch)	NON-FINANCIAL
DENMARK	ALease&Mobility (Danish Branch)	NON-FINANCIAL
FRANCE	Leasys France S.a.S	NON-FINANCIAL
GERMANY	Leasys Italia S.p.A. (German Branch)	NON-FINANCIAL
ITALY	Leasys Italia S.p.A.	NON-FINANCIAL
	Clickar S.r.l.	NON-FINANCIAL
NETHERLANDS	Leasys Nederland B.V.	NON-FINANCIAL
POLAND	Leasys Polska Sp.Zo.o.	NON-FINANCIAL
UNITED KINGDOM	Leasys UK Ltd	NON-FINANCIAL
SPAIN	Leasys Italia S.p.A. (Spanish Branch)	NON-FINANCIAL
LUXEMBOURG	Leasys Luxembourg S.A.	NON-FINANCIAL
PORTUGAL	Leasys Portugal S.A.	NON-FINANCIAL
	Leasys Mobility Portugal S.A.	NON-FINANCIAL

GEOGRAPHICAL LOCATION OF ESTABLISHMENT	NATURE OF THE BUSINESS	RENTAL MARGIN (Data in thousands of EUR)	NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES	PROFIT OR LOSS BEFORE TAX (Data in thousands of EUR)
AUSTRIA	FINANCIAL	1,093.8	11	-1,988.3
BELGIUM	NON-FINANCIAL	932.8	23	-5,298.7
FRANCE	NON-FINANCIAL	29,998.1	328	-2,917.0
GERMANY	NON-FINANCIAL	19,128.0	96	-4,619.5
ITALY	NON-FINANCIAL	230,286.5	461	167,605.7
LUXEMBOURG	NON-FINANCIAL	3,242.8	62	-1,315.1
NETHERLANDS	NON-FINANCIAL	3,487.8	15	-2,759.2
POLAND	NON-FINANCIAL	4,143.2	26	-766.0
PORTUGAL	NON-FINANCIAL	12,572.3	135	5,845.4
UNITED KINGDOM	NON-FINANCIAL	23,147.6	85	12,434.9
SPAIN	NON-FINANCIAL	17,985.6	71	3,409.8

Turin, 21 March 2024

for the Board of Directors

Chief Executive Officer

Rolando D’Arco

REPORT OF THE BOARD OF STATUTORY AUDITORS

31 DECEMBER 2023

LEASYS Italia S.p.A.

A sole shareholder company

Registered Office at Corso Orbassano 367, Turin (TO)
Share Capital Euro 77,979,400.00 fully paid
Tax Code and Turin
Companies Register no. 08083020019, VAT no. 06714021000, Turin Business
Register (R.E.A.) no. 960205
Company subject to management and coordination pursuant to art. 2497 of the Italian Civil Code by Leasys SAS

REPORT OF THE BOARD OF STATUTORY AUDITORS

on the financial statements at 31 December 2023

(pursuant to art. 2429 of the Italian Civil Code)

To the Sole Shareholder of LEASYS Italia S.p.A.,

In this report, the Board of Statutory Auditors discusses both the work performed in the fulfilment of its duties and the results for the year, commenting on the separate and consolidated financial statements at 31 December 2023 in compliance with art. 2429 of the Italian Civil Code.

The structure of this report is consistent with legal requirements and the "Rules of Conduct for Boards of Statutory Auditors - Principles of Conduct for the Boards of Statutory Auditors of Unlisted Companies", issued by the Italian Accounting Profession.

Firstly, this Board notes that, in written communications dated 9 April 2024 and - most recently - 31 May 2024, the Sole Shareholder expressly waived the deadline for the filing of this report, specified in art. 2429, para. 3, of the Italian Civil Code, thus holding free from any related disputes both the Board of Statutory Auditors and the Independent Auditors.

SIGNIFICANT EVENTS IN 2023

The Board of Statutory Auditors notes that, on 12 July 2023, the Board of Directors of Leasys Italia S.p.A. approved the issue of a non-green bond as part of the Euro Medium-Term Note (EMTN) programme, consequent to which bonds were issued during the year totalling (i) Euro 750 million (in July 2023) maturing in July 2026 and paying a fixed-rate coupon of 4.5 percent; (ii) Euro 600 million (in December 2023) maturing in February 2027 and paying a fixed-rate coupon of 4.65 percent.

By issuing this bond on the "Euronext Dublin" regulated market, your company became a *"Public Interest Entity"* - hereinafter PIE - pursuant to art. 16 of Decree 39/2010; as a consequence, pursuant to art. 19 of Decree 39/2010, the Board of Statutory Auditors also acts as the Internal Control and Audit Committee, with responsibility for supervising the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the legal audit of the accounts and, lastly, the independence of the legal auditor, especially with regard to the types of service, other than audits, provided to the entity subjected to legal audit.

We also note that, consequent to acquiring PIE status, it became necessary to:

- grant a nine-year mandate to PricewaterhouseCoopers S.p.A. - an auditing firm, hereinafter also PwC S.p.A. - and, in this regard, the Board of Statutory Auditors declares that, during the fiscal year, a specific reasoned proposal was issued for the appointment of the statutory audit engagement.;
- prepare the consolidated condensed half-year report, accompanied by the related report issued by PwC S.p.A., which was published on the website of the company on 24 July 2023;
- prepare the consolidated Non-Financial Statement (NFS) at 31 December 2023.

INTRODUCTION

We acknowledge that:

- the separate financial statements of Leasys Italia S.p.A. at 31.12.2023, prepared in accordance with IAS/IFRS and reporting a profit for the year of Euro 109,394,723.00, have been presented for your examination together with the consolidated financial statements of the Leasys Group at 31.12.2023, also prepared in accordance with IAS/IFRS and reporting a profit for the year of Euro 116,952,981.00;

- the draft financial statements were approved by the Board of Directors on 21 March 2024 and made available to us by the legal deadline;

- on 14.06.2024, the firm appointed to perform the legal audit of the accounts, PricewaterhouseCoopers S.p.A., issued its Auditors' Report pursuant to art. 14 of Decree 39/2010 on the separate financial statements at 31 December 2023 of Leasys Italia S.p.A., a Sole Shareholder company, certifying that "*the separate financial statements present a true and fair view of the financial position of the Company at 31 December 2023, and of the results of its operations and the cash flows for the year ended on that date, in conformity with the International Financial Reporting Standards endorsed by the European Union, as well as with the measures issued to implement art. 9 of Decree 38/2005*" and that "*the report on operations and certain specific information contained in the report on corporate governance and the ownership structure are consistent with the separate financial statement of Leasys Italia S.p.A. at 31 December 2023 and have been prepared in compliance with legal requirements*".

Again on 14.06.2024, the firm appointed to perform the legal audit of the accounts also issued its Auditors' Report pursuant to art. 14 of Decree 39/2010 on the consolidated financial statements at 31 December 2023 of the Leasys Group, which does not contain any qualifications and/or emphasis of matter;

- with regard to our supervision of the independence of the firm appointed to perform the legal audit of the accounts, pursuant to art. 19, para. 1.d), of Decree 39/2010, the Board of Statutory Auditors - also in its capacity as the Internal Control and Audit Committee - notes that, in its Auditors' Report on the financial statement dated 14.06.2024 (issued pursuant to art. 17, para. 9.a), of the above Decree), PwC S.p.A. confirmed its independence and stated that it has not provided any non-audit services prohibited under art. 5, para. 1, of European Regulation 537/2014;

- today, PwC S.p.A. issued to the Board of Statutory Auditors its "Supplementary report for the Internal Control and Audit Committee", which describes the results of the legal audit of the accounts and includes the confirmation of independence required by art. 6, para. 2.a), of Regulation (EU) 537 dated 16 April 2014, as well as the information required by art. 11 of that Regulation, without identifying any "weaknesses in the system of internal controls over the financial reporting process, or other fundamental matters pursuant to art. 19 of Decree 39/2010". The Board of Statutory Auditors will inform the administrative body of the Company about the outcome of the legal audit, transmitting for that purpose the supplementary report required by art. 11 of European Regulation 537/2014, accompanied by any observations pursuant to art. 19 of Decree 39/2010 and European Regulation 537/2014.

Lastly, we note that the company acts with full operational autonomy, complying with the general strategic and operational guidelines issued by the Parent Company. The company is subject to management and coordination, pursuant to art. 2497 of the Italian Civil Code, by Leasys SAS, which is a French multi-brand operating leasing company, equally owned by Stellantis N.V. and Crédit Agricole Consumer Finance S.A. (CACF).

SUPERVISORY WORK PERFORMED IN THE CONTEXT OF SUPERVISORY FUNCTIONS

During the year ended 31 December 2023, the Board of Statutory Auditors worked in compliance to arts. 2403 et seq. of the Italian Civil Code, supervising, with powers of inspection and control over compliance with the Law, the Articles of Association, adherence to the principles of proper administration, and in particular, the adequacy of the organizational, administrative, and accounting structure adopted by the company and its proper functioning.

We confirm that the work performed by this Board covered the entire year and that the meetings required by art. 2404 of the Italian Civil Code were held regularly throughout said period, as evidenced in specific meeting minutes that were duly approved.

Pursuant to art. 2405 of the Italian Civil Code, we attended the Shareholder's Meetings and the meetings of the Board of Directors, which were called and held in compliance with the related Laws and the Articles of Association and, based on the available information, we have no matters to report.

With reference to our supervisory work, we also note the following:

- the Directors informed us, with adequate notice and even during the meetings of the Board of Statutory Auditors, about the activities carried out, the performance of the business and the outlook for the future, as well as about the more significant transactions - in terms of their size or characteristics - carried out by the company and its subsidiaries and, based on the information obtained, we have no matters to report;
- relations with the personnel active within the above organisation - directors, employees and advisors - were always founded on reciprocal collaboration and respect for the roles assigned to each;
- we determined that, throughout the entire year, the level of their technical preparation was adequate with respect to the events that arose in the ordinary course of business, demonstrating excellent knowledge of the business-related matters to be addressed.
- the various meetings were held in compliance with the Articles of Association, the legislation and the regulations that govern their functioning and, accordingly, it is possible to give reasonable assurance that the resolutions adopted were compliant with the law and the Articles of Association;
- the Board of Statutory Auditors has acknowledged and supervised the adequacy of the Company's internal control system adopted by the company and, in its capacity as the Internal Control and Audit Committee pursuant to art. 19 of Decree 39/2010, the effectiveness of the internal control and internal audit system. The supervisory work was carried out by examining a) the information received during the periodic meetings held with the managers of the compliance and internal audit functions; b) business documentation and the results of the work carried out by the firm appointed to perform the legal audit of the accounts; c) the information provided by the Supervisory Body established pursuant to Decree 231/2001; in particular:
    - we periodically requested the Compliance Officer and the Supervisory Body, established pursuant to Decree 231/2001, for summaries of their respective activities and the more significant aspects identified by such work, without identifying any significant data or information that should be mentioned in this report;
    - we obtained information from the Supervisory Body, in part by reading the reports issued by that body, without identifying any matters relating to proper implementation of the organisational model that should be mentioned in this report;
    - we periodically exchanged information with the Internal Audit function, receiving information about the work performed and the principal results of the checks

performed, as well as about the corrective actions identified and agreed with management, including information about the timing of implementation and the specific responsibilities for that work;

- we obtained the information requested from PwC S.p.A., the auditing firm appointed to check that the accounting records are kept properly and that the accounting entries reflect properly the transactions carried out, and participated in the reciprocal exchange of information.

Based on the information obtained and the checks carried out, we believe that the actions taken by the Board of Directors of the Company were compliant with the law and the Articles of Association and were not obviously imprudent, risky, in conflict of interest, contrary to resolutions adopted at the Shareholder's Meeting or likely to jeopardise the net assets of the company. In particular, the decision-making process adopted by the Board of Directors appeared to be correctly inspired by the fundamental principle of informed action.

We note that the Board of Statutory Auditors has not received any complaints pursuant to art. 2408 of the Italian Civil Code and that none of the circumstances envisaged in arts. 2406 and 2409 of the Italian Civil Code have arisen.

Supervision of the adequacy of the organisational structure and its functioning

In conformity with Rule of Conduct 3.5 for the Boards of Statutory Auditors of Unlisted Companies, entitled *“Supervision of the adequacy and functioning of the organisational structure”,* we acknowledged and supervised the organisational structure of the Company which, in our opinion, should be considered adequate in relation to its size, the nature, and the manner of pursuing its corporate purpose.

Supervision of the adequacy of the administrative-accounting system and its functioning

We assessed and supervised the adequacy of the administrative and accounting system, as well as its reliability to properly representing management events, through obtaining information from the managers of the functions and examining company documents, and in this regard, we have no observations to report.

The periodic checks carried out during FY 2023 did not identify any matters with regard to the functioning of the internal control system that, overall, in the opinion of the Board of Statutory Auditors, must be deemed valid and reliable.

OPINION ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

The separate financial statements at 31 December 2023 has been examined and we can report as follows.

Firstly, pursuant to art. 2423 of the Italian Civil Code, the Administrative Body of LEASYS Italia S.p.A. is responsible for preparing the separate financial statement, while we are responsible for expressing a professional opinion on the report itself.

Pursuant to art. 13 of Decree 39/2010, the audit of the accounting records and the financial statement was entrusted to PwC S.p.A., the auditing firm with which we maintained periodic contacts in order to exchange significant information and data in order to carry out our respective duties. These contacts did not identify any significant matters that should be mentioned in this report.

Since we were not responsible for performing detailed checks on the contents of the financial statements, we supervised their general structure and general compliance with the Law regarding its formation and structure and, in that regard, we do not have any particular observations to report.

In particular, with regard to the balance sheet and the income statement, we confirm that:

- It has been verified that the financial statements correspond to the facts and information that have come to our knowledge as a result of fulfilling the typical duties of the Board of Statutory Auditors;
- The guidelines specifying the content and structure of the balance sheet, the income statement and the statement of changes in shareholder's equity, as governed by IAS 1 "Presentation of Financial Statements", have been respected;
- The requirements for preparing the cash flow statement specified in IAS 7 have been respected;
- A comparison of the amounts of each item with the results of the previous fiscal year has been carried out;
- Adequate information has been provided to the users of the financial statements regarding the valuation criteria used in the financial statements.

During the year, it was not necessary to give any of the consents required by art. 2426, para. 1, points 5 and 6, of the Italian Civil Code.

As envisaged in IAS 1, the separate financial statements have been prepared on the accruals basis applicable to going concerns, in accordance with the principles of truth and fairness, comparability, timeliness, understandability and materiality, having regard for the prevalence of substance over the form of each transaction or contract.

The Board of Statutory Auditors acknowledges that the explanatory notes have been prepared in compliance with the mandatory requirements specified in art. 2427 of the Italian Civil Code.

The explanatory notes complete in a comprehensive manner the information provided in the balance sheet and the income statement.

We also verified the compliance with the legal provisions regarding the preparation of the Management Report and, in that regard as well, we do not have any particular matters to report. We believe that the information presented in the explanatory notes and the report on operations complies with the relevant requirements and provides a clear description of the situation of the Company, the result of its operations and the outlook for the future.

The same considerations apply to the consolidated financial statements at 31.12.2023 presented for your examination.

The Board of Statutory Auditors acknowledges that, in the explanatory notes, the Directors confirmed that all the operations that involved the subsidiaries and other related parties during FY 2023 “were carried out in the Company’s interest and in the ordinary course of business”. The Directors also confirmed that those operations were generally settled on market conditions, being those that would have been applied between two independent parties.

The report issued by PwC S.p.A. on 14.06.2024 expresses a clean opinion, without any emphasis of matter, on the true and fair presentation of the separate financial statements at 31 December 2023 of LEASYS Italia S.p.A., as well as of the consolidated financial statements of the Leasys Group, prepared in conformity with the International Financial Reporting Standards endorsed by the European Union.

Other information

Lastly, in the opinion of the Board of Statutory Auditors, the reports on operations are consistent with the separate financial statements and the consolidated financial statements at 31.12.2023 and have been prepared in compliance with legal requirements.

Non-Financial Statement

Having become a Public Interest Entity pursuant to art. 16 of Decree 39/2010 and having exceeded the parameters specified in art. 2 of Decree 254/2016, the Leasys Group is required to prepare and publish a Consolidated Non-Financial Statement (hereinafter NFS) from the current financial year onwards.

We acknowledge that the NFS of the Group, comprising Leasys Italia S.p.A. and those subsidiaries consolidated on a line-by-line basis, has been prepared in conformity with the GRI standards, applying the “with reference to” option, and is presented as a separate document attached to the consolidated financial statements.

We also acknowledge receipt on 14.06.2024 of the report prepared by PwC S.p.A., pursuant to art. 3, para. 10, of Decree 254/2016, in which the auditing firm attests to the conformity of the information provided by the administrative body in the NFS with that required by the above Decree.

Based on the information available to us and having regard for the opinion expressed by PwC S.p.A., we have no observations to make with regard to compliance with the provisions of Decree 254/2016.

CONCLUSIONS

In concluding this report, we confirm that our supervisory work was carried out during FY 2023 under normal conditions and that no significant facts were identified that should be mentioned herein.

Given all of the above and considering that the audit work performed by PwC S.p.A. on the separate and consolidated financial statements did not identify any matters, we have no objection to approval of the separate financial statements at 31 December 2023 of LEASYS Italia S.p.A., as prepared by the Administrative Body.

The Board of Statutory Auditors also acknowledges that the allocation of the

profit for the year recommended by the Board of Directors complies with the law and the Articles of Association.

Turin, 14.06.2024

THE BOARD OF STATUTORY AUDITORS

Giorgio CAVALITTO ____________________

Luca AMBROSO ____________________

Ottavio DE MARCO ____________________

AUDITORS' REPORT AS OF 31 DECEMBER 2023

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of Leasys Italia SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Leasys Group (hereinafter, also the "Group"), which comprise the balance sheet as of 31 December 2023, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement for the year then ended, and explanatory notes, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Leasys Italia SpA (the "Company") pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Revenue recognition	
Explanatory notes: *Part A – Accounting policies;* *Part C – Information on the income statament, Margin on leases and Margin from services.* Revenues from lease agreements for the year ended 31 December 2023 amounted to Euro 1,159 million and revenues from services to the same date amounted to Euro 561 million, accounting for 62 per cent and 30 per cent, respectively, of total revenues of the Leasys Group recognised in the period. We decided to focus on these types of revenues not only because of the magnitude of the amounts, but because these revenues are generated from lease agreements which include several performance obligations and require an in-depth analysis to ascertain the correct application of IFRS 15 "Revenue from contracts with customers". Those analyses are required because of the presence of several performance obligations in each agreement (e.g. lease, repair and maintenance services), with the consequent need to recognise separately the individual performance obligations and, consequently, the revenue components.	In the course of our audit we considered internal control relevant to the preparation of the consolidated financial statements to define the audit procedures appropriate to the circumstances. To address this key audit matter we performed the following main activities, also with the support of experts from the PwC network: • We understood, evaluated and verified the operational effectiveness of relevant controls over IT systems and applications; • We understood and evaluated the design of controls relevant to the recognition of revenues from lease agreements and verified the operating effectiveness of those controls; • We verified, on a sample basis, the mathematical accuracy of the calculations produced by the IT applications used for the recognition of revenues from lease agreements; • We analysed, on a sample basis, the performance obligations included in the lease agreements, and verified the correct recognition of each of them; • We carried out, on a sample basis, external confirmation procedures for customers; • We verified the accuracy and completeness of the information reported in the explanatory notes to the consolidated financial statements as of 31 December 2023.

Other Matters

The Company, as required by law, has included in the explanatory notes the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the financial statements of Leasys Group does not extend to those figures.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Leasys Italia SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 11 December 2023, the shareholders of Leasys Italia SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2023 to 31 December 2031.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Leasys Italia SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Leasys Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the consolidated financial statements of the Leasys Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Leasys Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Leasys Italia SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Florence, 14 June 2024

PricewaterhouseCoopers SpA

Signed by

Marco Mancini
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.