MOBILITY PIONEERS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31ST, 2020

LEASYS

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LEASYS S.p.A. with sole shareholder

Registered office Corso G. Agnelli, 200 - 10135 Turin **www.leasys.com**, Secondary Office Viale dell'Arte, 25 - 00144 Rome, Share Capital €77,979,400, Tax Code and Turin Companies Register no. 08083020019, VAT Code 06714021000, Economic and Administrative Registration (REA) Turin no. 960205 Management and coordination under art. 2497 of the Italian Civil Code FCA BANK S.p.A.

Introduction

The Consolidated Financial Statements of the Leasys Group as at and for the year ended 31st December 2020 have been prepared in accordance with the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) (and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission pursuant Regulation (EU) no. 1606 of July 19th 2002 and transposed into the Italian law under Legislative Decree no. 38 of February 28th 2005.

The Consolidated Financial Statements consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes and complemented by a Board of Directors' report on the Group's operating results and financial conditions. Comments are supported by the reclassified income statement, certain financial ratios and alternative performance indicators; the tables with the relevant reconciliations are included in the report on operations.

The Consolidated Financial Statements were prepared with clarity and provide a true and fair view of the financial condition, cash flows and operating results for the financial year. In addition, they are accompanied by the Board of Statutory Auditors' report and the independent auditors' opinion pursuant to Legislative Decree no. 39 of January 27th 2010.

Lastly, information on the latest significant developments are available on Leasys's corporate website **www.leasys.com.**

Key figures

191 €/MLN
Rental margin

5.7%
On average assets

13 €/MLN
Cost of risk

0.4%
On average assets

84 €/MLN
Net operating expenses

2.5%
On average assets

94 €/MLN
Profit before tax

87 €/MLN Net income

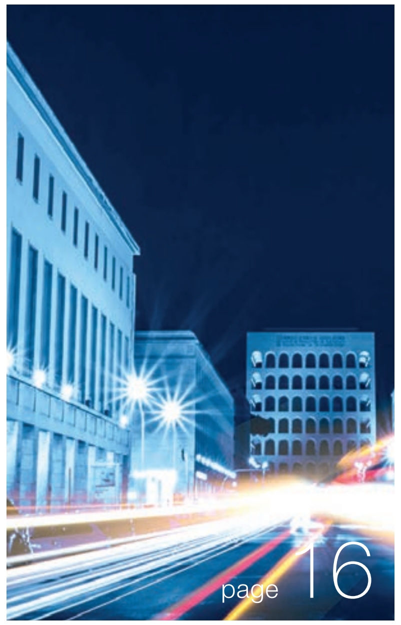
314,160
Managed fleet

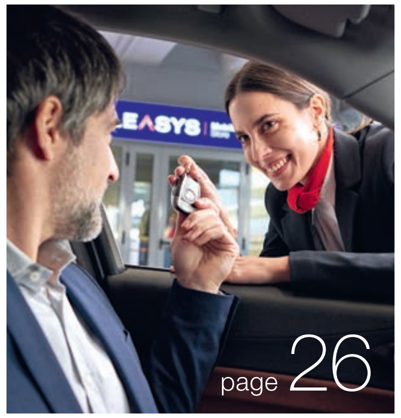
3,3 €/BLN
Value of the fleet at year-end

12
Countries in which we operate

811
Employees

Abstract



Contents

The mobility of the future and the future of mobility

GIACOMO CARELLI
Chief Executive Officer
and General Manager of FCA BANK
Chairman of LEASYS

The year just ended was memorable for Leasys, as we achieved further progress on our growth path as European integrated mobility operators.

Innovation, electric and sustainable mobility, digitalization, customer centrality and the ability to anticipate the trends and needs of Consumers have been key ingredients of our strategy, which will continue to guide us also in the coming years.

During 2020 we continued with electrification of the Leasys Mobility Stores which today are equipped with almost 1,000 charging points, and increased the hybrid and electrical content of the fleet available for short and medium-term rental, now 25% electrified.

As part of our 360-degree mobility strategy, we recently launched LeasysGO!, the first car sharing service developed on a fleet of fully-electric Fiat 500, leveraging an entirely digital platform which, starting from Turin, will be developed in Italy and abroad.

Another key element of our strategy continues to be international growth and enlargement of the mobility offer “from one minute to a lifetime”. In this respect, 2020 has also been a year of great acceleration. In the last twelve months, in fact, Leasys established operations in four new countries (Portugal, Denmark, Austria and Greece) and acquired two important short and medium-term rental companies in France (Groupe Aixia) and Spain (Drivalia). These steps will allow us to strengthen our presence in Europe and, in particular, to expand the offer from short and medium-term rental to subscription, car sharing and long-term rental.

The commercial and operating results are rewarding the strategy followed by Leasys that, in 2020, was assigned a BBB+ long-term credit rating (Negative Outlook) by Fitch Ratings, one of the highest in the rental and mobility sector. This rating reflects the centrality of mobility and Leasys in within its direct shareholder FCA Bank’s own strategies as well as in the strategies of Crédit Agricole and Stellantis.

Thus 2020 was a year full of satisfaction even in the difficult macroeconomic context in which it developed. For 2021 and for the years to come the Group’s strategy will continue to be based on the growth and diversification of activities as well as on the deep understanding and rapid anticipation of consumer needs.

“The year just ended was memorable for Leasys, as we achieved further progress on our growth path as European integrated mobility operators.”

Leasys and its evolution: from Rental company to mobility operator

ALBERTO GRIPPO
Chief Executive Officer LEASYS

Change is a process that must be tackled head on. In the field of mobility, the evolution of consumer needs and technological and regulatory developments have brought new challenges for sector operators and opened up new opportunities. More than in other sectors, therefore, mobility operators are tested on the basis of their ability to renew and innovate, adapting and anticipating market trends.

Twenty years after its establishment as a long-term rental company for the fleets of public institutions and large corporate customers, Leasys has demonstrated ability to lead the change that has taken place in the mobility sector by applying rigor and discipline to the innovation process, displaying the courage that is necessary to modify old behaviours and habits, identifying market opportunities in the radical transformation era of mobility, finding stimuli and motivation in the challenges of modernity. Twenty years after its creation, therefore, we can say that Leasys has come a long way together with its Customers, anticipating change and maintaining its offer relevant, reinventing itself and reaching goals unimaginable at its birth.

Leasys's strength is confirmed by the figures of this Financial Statements. The Group identifies 3 lines of business (Long Term Rental, New Mobility & Rent, Remarketing), has operations in 12 European countries, operates a fleet that doubled in recent years reaching a total of about 315,000 vehicles at the end of the year for a value of €3,3 billion and profit before tax of €94 million, growing constantly through the years. These numbers put Leasys amongst the largest mobility operators in Europe, leader in long-term rental services in Italy and, progressively, in Europe.

Leasys's mobility offer is based on the flexibility and digitalization of its services, also in support of the ongoing transition in the market towards new electric or hybrid powertrains.

In traditional long-term rental, therefore, we have developed flexible rental formulas in terms of duration through products such as "Be Free", and in terms of milage with the pay-per-use product "Leasys Miles". Leasys's innovation, especially for its attention to the needs of private customers, has been rewarded by Consumers with prestigious awards such as "Product of the Year" for Be Free (2019) and Noleggio Chiaro (Smart Renting) (2020) within the category of automotive services.

Starting in 2018 Leasys has entered the short-term rental sector by acquiring businesses in Italy, France and Spain and launching an ambitious product innovation program through the introduction of the first, true, mobility subscription "CarCloud" and, more recently, through the launch of "LeasysGO!", an innovative electric car-sharing platform based on the iconic Fiat 500 electric.

This evolution is based on a journey built on solid basis, a tangible sign that the discipline and courage of innovation are part of our DNA. A journey that has led an Italian long-term rental company to become one of the leading international integrated mobility operators with an offer based on electrification, digital and mobility from one minute to a lifetime.

Leasys' growth has been remarkable but it retains the same enthusiasm of twenty years ago when, just started, it was already looking far ahead.

> Leasys's mobility offer is based on the flexibility and digitalization of its services, also in support of the ongoing transition in the market towards new electric or hybrid powertrains.


LEASYS
Mobility Store


enel x
Mobility Store


clickar
LEASYS GROUP

Board of Directors, Board of Statutory Auditors and External Auditors

BOARD OF DIRECTORS

Chairman
Giacomo Carelli

Chief Executive Officer and General Manager
Alberto Grippo

Directors
Andrea Faina
Richard Bouligny*

BOARD OF STATUTORY AUDITORS

Chairman
Giorgio Cavalitto

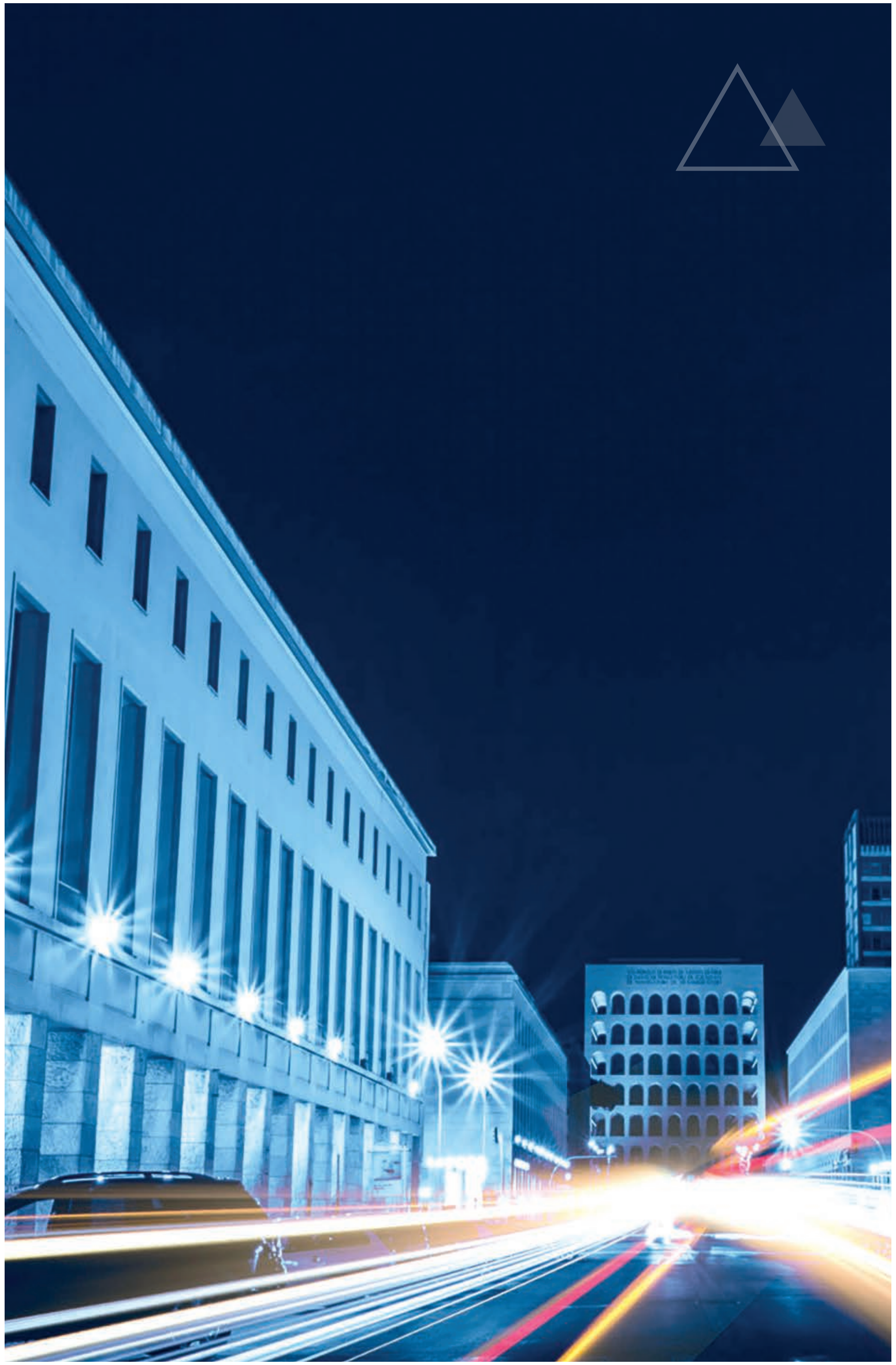
Statutory Auditors
Luca Ambroso
Ottavio De Marco

Alternate Statutory Auditors
Giovanni Miglietta
Riccardo Rota

EXTERNAL AUDITORS

Ernst & Young S.p.A.

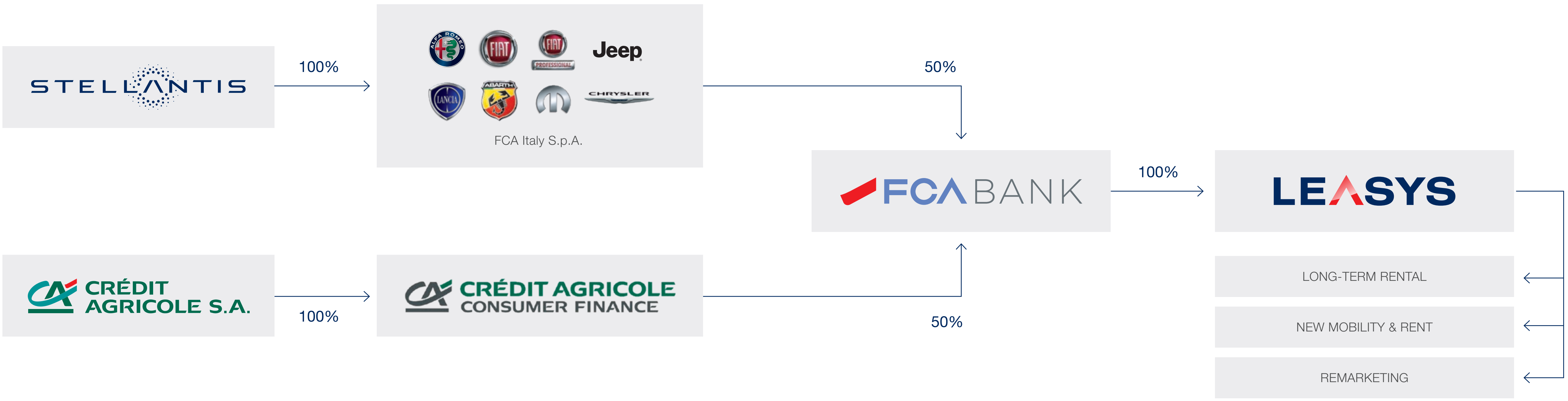
*appointed on 20 July 2020



Shareholding structure

Leasys S.p.A. is wholly owned by FCA Bank S.p.A., a bank engaged mainly in car finance, a joint venture equally held by Stellantis and Crédit Agricole.

Shareholder structure



Group structure

LEASYS

LONG-TERM RENTAL

100%

- Leasys S.p.A. (Belgian Branch)
- Leasys S.p.A. (Danish Branch) [1]
- Leasys S.p.A. (German Branch)
- Leasys S.p.A. (Spanish Branch)
- Leasys France S.A.S. (FR)
- Leasys Nederland B.V. (NL)
- Leasys Polska Sp.Zo.o. (PL)
- Leasys UK Ltd (UK)
- Leasys Portugal S.A. (PT) [3]
- Leasys Hellas SM S.A. (GR) [5]
- FCA Leasing GmbH (AT) [6]

NEW MOBILITY & RENT

100%

- Leasys Rent S.p.A. (IT)
- Leasys Rent France S.A.S. (FR) [2]
- Leasys Rent Espana S.L.U. (ES) [4]

REMARKETING

100%

- Clickar S.r.l. (IT)

Legal entity

Branch

1. On 23 July 2020, Leasys S.p.A. established a Danish branch named “Leasys Denmark, Filial af Leasys S.p.A., Italien”.

2. On 1 October 2020, by way of a TUP (“Transmission Universelle de Patrimoine”), AIXIA LOCATION S.A.S., RENT ALL S.A.S. and AIXIA SYSTEM S.A.S. merged with and into LEASYS RENT FRANCE S.A.S.

3. On 4 November 2020, FCA Bank S.p.A. sold its shares of FCA Dealer Services Portugal S.A. to Leasys S.p.A. On 23 December 2020, FCA Dealer Services Portugal S.A. changed its name to Leasys Portugal S.A.

4. On 5 November 2020 Leasys S.p.A. purchased the entire share capital of DRIVALIA CAR RENTAL S.L.U., a company headquartered in Alicante that engages in short-term rental, subsequently renamed Leasys Rent Espana S.L.U.

5. On 22 December 2020, Leasys acquired from FCA Bank S.p.A. all the shares outstanding of FCA Capital Hellas S.A. On 4 January 2021 FCA Capital Hellas S.A. changed its name to Leasys Hellas S.M. S.A.

6. On 22 December 2020, FCA Bank S.p.A. sold to Leasys all the shares held in FCA Leasing GmbH.

Geographical footprint

REGNO UNITO
Leasys UK Ltd

DANIMARCA
Leasys S.P.A. (Danish Branch)

POLONIA
Leasys Polska Sp.Zo.o.

OLANDA
Leasys Nederland B.V.

GERMANIA
Leasys S.p.A. (German Branch)

BELGIO
Leasys S.p.A. (Belgian Branch)

AUSTRIA
FCA Leasing GmbH

FRANCIA
Leasys France S.A.S.
Leasys Rent France S.A.S.

PORTOGALLO
Leasys Portugal S.A.

SPAGNA
Leasys Rent Espana S.L.U.**
Leasys S.p.A. (Spanish Branch)

ITALIA
Leasys S.p.A.
Leasys Rent S.p.A.
Clickar S.r.l.

GRECIA
Leasys Hellas SM S.A.*

* On 4 January 2021 FCA Capital Hellas S.A. changed its name to Leasys Hellas SM.S.A.
** On 1 March 2021 DRIVALIA CAR RENTAL S.L.U. changed its name to Leasys Rent Espana S.L.U.

Results of operations

Economic performance €/MLN	31/12/2020	31/12/2019
Rental margin/Margin from remarketing	191	177
Net operating expenses	-84	-77
Cost of risk	-13	-10
Profit before tax	94	90
Net income	**87**	**91**
Net assets	**31/12/2020**	**31/12/2019**
Average	3,368	3,002
End of year	3,739	3,445
Ratio (as a % on average assets)	**31/12/2020**	**31/12/2019**
Rental margin	5.7%	5.9%
Net operating expenses	2.5%	2.6%
Cost of risk	0.4%	0.3%

The business lines

The mobility of the Leasys Group meets the different needs of all types of customers from large corporates to SMEs and private individuals. This integrated mobility offer provides comprehensive solutions to Customers increasingly looking for tailor-made services. To this, in 2019 Leasys launched the Leasys Mobility Stores' network: physical locations where Customers can find the full range of mobility services: long-term rental, medium/short-term rental, subscription programs and electric mobility with a charging infrastructure dedicated to them free of charge. At the end of 2020, the Leasys Mobility Store network had around 500 locations.

Leasys operates three business lines: Long Term Rental, New Mobility & Rent and Remarketing.

	LONG TERM RENTAL	NEW MOBILITY & RENT	REMARKETING	TOTAL
Economic performance €/MLN	2020	2020	2020	2020
Rental margin/Margin from remarketing	167.9	22	0.8	190.6
Net operating expenses	-73.8	-9.7	-0.7	-84.3
Cost of risk	-12.6	-0.2	0	-12.9
Other income/expenses	0.3	0	0	0.3
Profit before tax	**81.7**	**12**	**0.1**	**93.8**
Income tax	-3.4	-3.3	0	-6.6
Net income	**78.4**	**8.7**	**0.1**	**87.1**
Net assets				
Yearly average	3.108	197	63	3,368
Year-end	**3.445**	**233**	**61**	**3,739**
Ratios (as a % of average assets)				
Rental margin/Margin on remarketing	5.4%	11.2%	1.3%	5.7%
Net operating expenses	**2.4%**	**4.9%**	**1.2%**	**2.5%**
Cost of risk	0.4%	0.1%	0%	0.4%

	LONG TERM RENTAL	NEW MOBILITY & RENT	REMARKETING	TOTAL
Economic performance €/MLN	2019	2019	2019	2019
Rental margin/Margin from remarketing	157.5	9.4	10	176.8
Net operating expenses	-70.1	-6.3	-0.8	-77.2
Cost of risk	-9.9	0	0	-9.9
Profit before tax	**77.5**	**3.1**	**9.2**	**89.8**
Income tax	1.5	-1	0.2	0.8
Net income	**79**	**2.1**	**9.4**	**90.5**
Net assets				
Yearly average	2.884	67	51	3,002
Year-end	**3.251**	**128**	**66**	**3,445**
Ratios (as a % of average assets)				
Rental margin/Margin on remarketing	5.5%	14%	19.6%	5.9%
Net operating expenses	**-2.4%**	**9.4%**	**1.6%**	**2.6%**
Cost of risk	-0.3%	0%	0%	0,3%

Long Term Rental

Leasys's activities include the provisionof vehicles, on a long-term rental basis, to a broad spectrum of Customers. Private consumers, small and medium enterprises, large corporates and public institutions. The innovative rental solutions offered by Leasys are accompanied by a wide range of mobility services for a fixed monthly fee, an offer designed to cover any cost associated to the vehicle, enabling Customers to control cost while benefitting from the professional support of Leasys' network. A leader in the Italian market, with 22% market share, Leasys makes product innovation one of its competitive advantages. Over the years we have developed flexible rental formulas in terms of duration such as "Be Free" or mileage through the pay-per-use product "Leasys Miles". Leasys' innovation, especially for its attention to the needs of private Customers, has been rewarded by Consumers with prestigious awards such as "Product of the Year" for Be Free (2019) and Noleggio Chiaro or "Smart Renting" (2020) within the category of automotive services.

New Mobility & Rent

This business line includes short and medium-term rental, mobility subscription and car-sharing operations. The geographical scope of these operations expanded in 2020 and includes France, Italy and Spain through wholly-owned subsidiaries and various other countries where Leasys operates Dealer Rent programs. New Mobility & Rent promotes the most advanced, inclusive and digital mobility programs such as CarCloud the first, true, mobility subscription through which customers can choose the vehicle that best suits their needs and replace it as often as they want through any one of the Leasys Mobility Stores. At the end of the year, Leasys launched LeasysGO!, an innovative car-sharing platform based on the iconic Fiat 500 electric representing, once again, a sustainable and shared mobility program, 100% electric, 100% digital.

Remarketing

The Leasys Group operates online sales activities of pre-owned cars under the Clickar brand. Through the Clickar.com portal, Leasys provides both professional and private Customers a wide range of selected pre-owned cars. The Clickar platform is one of Europe's largest digital marketplaces for buying and selling pre-owned vehicles. The quality of the product is guaranteed by the certified origin of the vehicles and their complete maintenance records. Each car for sale is complete with 360° photos and independent experts' appraisal report.

Leasys's innovation, has been rewarded by "Product of the Year" for Be Free (2019) and Noleggio Chiaro "Smart Renting" (2020) within the category of automotive services.

Pietro Nardi

Sales Director

Disownership and internationalization: two key elements in Leasys's business strategy

Leasys's philosophy has always been to provide innovative, efficient, rational, safe, environmentally-sustainable and easy-to-use mobility services. This thanks also to digital solutions and applications that facilitate the management and control of rented vehicles and mobility formulas created by putting the needs of Customers at the centre of the product development strategy.

Owing to its comprehensive offering, Leasys has always been a strategic partner of large companies and public institutions. In recent years, however, Disownership has become a social trend, influencing Consumer choices also in relation to their mobility. After large companies, also small and medium-sized firms, professionals and private customers are gradually abandoning the idea of car "ownership" and embracing the benefits of pure use, shifting the burden and management of vehicles to professional operators.
Here is where Leasys and its services become the ideal solution for every type of customer, including private individuals. We strongly believe in the development of cutting-edge mobility formulas in line with new lifestyles, able to anticipate trends, with flexibility and sustainability constantly in mind.

This is how new products come to life. One of these products is Be Free, elected by consumers Product of the Year in 2019 for its innovative approach, as it allows customers to terminate early their contract without penalties, in case their mobility needs change. Another is Leasys Miles, the pay-per-use mobility service that enables customers, for a very low fixed monthly fee, to pay only for the kilometres actually driven. Lastly, there is Noleggio Chiaro (Smart Renting), the rental product - also elected Product of the Year in 2020 - that gives customers the option to buy the vehicle at the end of their contract for a price set at the beginning of the rental.

The innovative content of these products has won the trust of consumers who, even in this complicated social and economic context, continue to appreciate them and choose them for their mobility requirements. The latest data show a growing market for mobility services across Europe, therefore confirming the existence of a new paradigm whereby consumers place increasing emphasis on the use of the vehicle rather than its ownership.

This is what drove Leasys to undertake in 2017 an ambitious internationalization plan which now sees the Company operating directly in 12 European countries: Austria, Belgium, Denmark, France, Germany, Greece, Italy, the Netherlands, Poland, Portugal, the United Kingdom and Spain. Leasys's ambition is to continue to anticipate the needs of customers in a context of change of habits due to technological and regulatory innovation in the automotive sector.

Leasys:
Mobility Pioneers.

Laura Martini

Marketing & Business Development Director

Sustainable mobility and new mobility products

Sustainable mobility is one of the most debated topics in connection with local, national and international environmental policies aimed at reducing the impact of the mobility of people and goods on the ecosystem. Private individuals as well as companies are increasingly concerned about the environmental sustainability of their choices, also in the field of mobility.

Electric and hybrid cars are the cornerstone of green mobility and rental is the ideal solution to facilitate this transition by relieving consumers of ownership burdens and risks (in this case also of rapid technological obsolescence) without depriving them of the availability of a technologically advanced vehicle. Therefore, Leasys has structured its mobility offering to include also plug-in hybrid and electric vehicles. The Be Free product, in its Hybrid or Electric version, allows customers to terminate their contract after the first 18 months without penalties. Leasys Miles, also available in hybrid or electric versions, comes with a reduced monthly fee that varies as the driven kilometres change, making it particularly suitable for customers who do not use their car on a continuous basis.

Still in the field of sustainable mobility, Leasys also promotes car sharing by making available to its customers such advanced sharing services as U GO - the peer-to-peer car sharing platform through which Leasys's customers can share their rented car - or I-LINK, the customizable platform that enables customers to pick and choose the members the community in which to share their car.

In the field of sustainable mobility, Leasys's goal is to continue to provide efficient solutions that can be used digitally and that, by facilitating the management and control of rented vehicles, save time and resources.

With this in mind, it is not only the rental products that accompany the electrical transformation that drives Leasys's strategy, but also the additional services developed to ensure a truly hassle-free electric or hybrid driving experience. Thus, Leasys provides free of charge, with the rental of a plug-in hybrid or electric vehicle, a 22Kw fast charging cable and the Leasys E-Mobility Card, which guarantees free charging throughout the Leasys Mobility Store network as well as access to the public charging network.

Leasys:
Mobility Pioneers.
Electric as well.

Paolo Manfreddi

Head of Leasys New Mobility & Rent,
CEO Leasys Rent S.p.A.

New Mobility & Rent

With the acquisition of short and medium-term rental businesses in Italy, France and Spain, Leasys has expanded its offering to this sector. This is the first step towards the implementation of a new mobility project characterized by future-oriented, “on demand” solutions with maximum flexibility and a fully sustainable product configuration, thanks also to a 100% digital process. Short and medium-term rental solutions, therefore, but also mobility subscription and car sharing solutions. Since a separate section of this Report has been dedicated to LeasysGO!’s electric car-sharing, it is worthwhile focusing here on the other forms of “new mobility” launched by Leasys.

The first example is the Flexrent medium-term mobility program, which provides the possibility to rent a vehicle for periods of up to 90 days, non-consecutive as well.

Also in the context of the new forms of sustainable “on demand” mobility, with CarCloud, Leasys makes available the first true subscription mobility program. Through it, customers choose the basket (or “Cloud”) of cars to subscribe to and, by paying a monthly fee, have a vehicle constantly available, with the possibility to change it at any time and at no cost. CarCloud’s wide offering aims to satisfy a broad and diverse customer base: from the small city cars of the “City Hybrid”CarCloud to the hybrid off-road vehicles of the “Jeep 4xe Plug-in Hybrid” CarCloud, to the highly customized and exclusive CarCloud “Collection”, which gives customers the choice between two models of the great and prestigious Maserati brand: Levante, the first SUV by the House of the Trident, and the Ghibli sports sedan. And CarCloud would not be complete without an all-electric offering. Thus, in addition to hybrid vehicle offerings, our mobility subscription includes also the electric Fiat 500. One more reason to be part of the technological revolution, one more reason to support CarCloud’s electrical transformation.

The new frontiers of mobility are also pushed with My Dream Garage. This is an innovative, 360-degree mobility service where customers who purchase or rent an electric New Fiat 500 can configure their own virtual garage (manageable entirely by APP) and place in it different car models - from the 500 family (500, 500C, 500X and 500L) to the Italian Alfa Romeo Giulia and Stelvio sports cars, to the adrenaline-pumping Abarth 595, to the SUVs, to the prestigious Maserati Levante and Jeep Wrangler, Compass and Renegade - that can be rented on a subscription basis.

Leasys’s goal is to have 50% of the fleet dedicated to this new mobility landscape made of hybrid or electric vehicles by 2021.

Leasys:
Mobility Pioneers.
On-demand
and digital as well.

Maurizio Beleffi

Network Development Manager,
Leasys New Mobility & Rent

The electrification of the Leasys Mobility Stores

Electrification indicates a combination of operations with which a system is fitted to become electrically operated. Beyond this vocabulary definition, however, for Leasys the word electrification means much more. There is the constant desire to innovate and break the mould, to create new experiential paths for customers by anticipating their needs; there is the relentless search for new business models; there is the ambition to be the first rental operator capable of providing its customers also a charging service on its own private network, so that their driving experience can be as complete, integrated and easy-to-use as possible.

According to research, world manufacturers are preparing to launch over 400 new BEV models over the next 4 years, while potential customers still wonder about topics such as autonomy, charging and driving experience. The courage of innovation in the automotive industry is still met by customers' hesitancy and fear to embrace change. Electrification for Leasys therefore also means reaching out to these customers through innovative mobility solutions supported by its own electric infrastructure that will include, by 2022, 3,500 charging points in Europe, installed in a network of 1,500 Leasys Mobility Stores.

Innovation often means tackling and overcoming obstacles linked to the fact that there are roads to be built and new ways to be found and, in this sense, the path to electrification is no exception. Day-to-day work includes dealing with the challenges of a complex regulatory framework and uneven power distribution. Also in these cases, rigor and method are the grounds on which the process rests, and these grounds are fundamental elements of the Leasys nature.

The electrification of the Leasys Mobility Stores is, therefore, an important part of Leasys's electric strategy which, thanks to the construction of a dedicated infrastructure, will guide the development of rental products and services able to meet new needs.

Leasys: Mobility Pioneers.
Sustainable as well.

Paolo Manfreddi

Head of Leasys New Mobility & Rent,
CEO Leasys Rent S.p.A.

LeasysGo! 100% electric, 100% digital car sharing

Electric mobility is a central theme in Leasys's development strategy and for its growth as an integrated mobility operator. At the end of 2020, another step in this direction was taken with the launch of LeasysGO!, the first car sharing service based entirely on the iconic Fully-Electric Fiat 500.

This historic milestone makes us particularly proud. Leasys has extensive experience in the industry both as an operational partner of car sharing platforms and as an operator of sharing programs for corporate fleets (I-Share) and between individuals (U Go and I-Link), without forgetting the revolutionary CarCloud mobility subscription program that has garnered over 10,000 subscribers in the first year after its launch. We acquired skills over the years and innovated, and then made LeasysGO! available to the public on 15 January 2021. But this is not the only source of pride. There are also a fleet composed entirely of electric vehicles, reflecting our commitment to contribute to truly sustainable mobility; a program based exclusively on the iconic electric Fiat 500; an entirely digital platform based on the most advanced available technologies; and, last but not least, Turin as the first active city on the platform.

The new formula combines all the benefits of electric driving with those of new forms of mobility. LeasysGO! in fact is designed as an ideal solution to drive in cities' restricted traffic areas, because the electric New Fiat 500 is zero-emission. The service is completely manageable from a smartphone via the dedicated APP. Renting an electric New Fiat 500 is very simple: all a customer needs to do is buy the annual registration voucher on Amazon, convert it on the LeasysGO! digital platform and book the car. All this by paying a very competitive monthly fee, which includes 2 hours of driving per month. Vehicle recharging is totally free and managed by the LeasysGO! team.

After Turin, LeasysGO! will open in Milan and Rome and then cross the national borders to reach Valencia and Lyon.

Leasys:
Mobility Pioneers.
Shared as well.

Matteo Merlo

Remarketing Director

The new frontiers of pre-owned cars

Leasys has for years been one of the largest international sellers of used cars. With 35,000 sales made in 2020 alone through the Clickar brand, the Group's remarketing activities have in product quality and process transparency two of their greatest strengths.

The quality of the product is guaranteed by the certified origin of the vehicles, and their complete maintenance records. Each car for sale is complete with 360-degree photos and independent experts' appraisal reports.

The transparency of the process is guaranteed by channelling the sales through the online auction platform clickar.com, through which all interested buyers can review the appraisals of each vehicle, together with the complete photo kit, before making an online bid. Throughout the process, each buyer is kept informed about each vehicle's auction performance until it is sold.

During the year the clickar.com platform became operational in 6 European countries (Spain, Belgium, France, the United Kingdom, Germany and Italy) with an expansion program that will continue, during 2021, to include the entire geographical footprint of the Group. Other innovations have been the development of new features increasingly aimed at meeting the needs of a growing retail customer base.

Year 2020 was also a turning point for the "retail" market, with the introduction of a system dedicated to private individuals through which the value of the cars is established by the public on the basis of the bids received, representing an absolute innovation for the online domestic used car market. This program is also characterized by a "selected and guaranteed product" offering as well as by the professional and transparent service that has made Clickar one of the most appreciated brands in the business.

All customers and in particular private individuals have access to the Clickar Points network, where they can view the car before completing their purchase.

In 2021 the development program of the clickar.com platform will continue with the integration of new advanced digital features such as the online credit approval by FCA Bank, the digital signature of contracts, the "click&pay" functionality for the finalization of purchases and the used car appraisal for those customers who are interested in renting and want to sell their car. These are just some of the enhancements that will soon enrich an already complete platform.

Leasys:
Mobility Pioneers.
Quality pre-owned as well.

Andrea Pertica

Customer Care Director

The customer at the centre of Leasys activities

In a company such as Leasys, attention to Customers is of the essence, as we can express our quality only through an excellent level of service. The rented vehicle does not differentiate us from our competitors; the services we provide and their quality can and must instead constitute a competitive advantage to create a bond with customers and to gain their loyalty over time.

From the first day of the rental through our delivery network and until the contract expires, when the vehicle is returned to an independent valuer, the Customer is cared for and assisted for standard maintenance or unexpected repairs in the garages, body repair and tyre shops that are part of the Leasys service network.

Customer service is not improvised. It is the result of analyses and studies, of the continuous review of processes to improve their effectiveness, also by listening to suggestions from our customers. Service quality and customer experience also benefit from investments in "contact" tools, such as the Leasys UMove APP or the My Leasys portal, that add digital contact channels to the phone Contact Centre available 24/7.

Our Customer Care service has developed in over twenty years in the sector through an organizational culture based on professionals dedicated to listening and assisting, organized in teams specialized in providing assistance to the different types of customers who rely on Leasys for their mobility or that of their companies.

The centrality of the Customer permeates every department and inspires every business process, from product concept, in which the customer's journey is thoroughly tested before launch, to the continuous on-site inspections of our suppliers and partners, in order to ensure compliance with the high quality standards our customers expect.

The constant analysis of the key indicators of each operational process also gives us immediate feedback on the quality of our work and suggests opportunities for the improvement of our services. Only in this way can we foster positive experiences that engender Customer loyalty.

Daily work made of listening and ongoing improvement, therefore, rewarded by the good results of customer satisfaction surveys and the success of our products.

Leasys:
Mobility Pioneers.
In Customer Service as well.

Marco Barbieri

Business Process & Data Governance Director

Digitalization of processes as a competitive advantage

Digitalizing means adapting all business processes to the needs of the digital age, where speed and operational efficiency play crucial roles. Change therefore happens through the introduction of technologies capable of making business processes smoother, more efficient and faster, enabling us to stand out in a highly competitive market in which services tend to be standardized. In this context the difference perceived by customers - and therefore by the market - is linked above all to the access tools and the usability of the services.

Leasys, true to its vocation as *"Mobility Pioneer"*, in 2020 continued to work on innovative solutions in the field of rental and mobility solutions, focusing on projects to automate business processes and digitalize the products and services offered. These initiatives, in relation to the particular period we are experiencing, take on added value, as they underline Leasys's ability to anticipate the need to change by providing customers with services increasingly in keeping with their requirements and always at hand, indeed one 'click' away.

Being a mobility pioneer means exactly that: being able to translate customers' wishes and providing increasingly fast and personalized service. In 2020, with a view to optimizing its activities with a long-term vision of cost reduction, Leasys decided to invest in the process automation project (RPA - Robotic Process Automation), whereby a sequence of activities with low added value and particularly time consuming are assigned to an AI-powered device. A total of 40 operational processes have been identified and transformed, allowing a more efficient allocation of resources within the various departments and cost savings and eliminating a large number of highly manual tasks. Leasys has invested not only in the optimization of internal processes but also in the services provided through digital tools, which are designed precisely for the various types of customers to whom they are dedicated.

In November, the launch of the Leasys UMove APP was announced, displaying, through a digital showcase, all the mobility products and solutions provided by Leasys within a single and modern tool. Through the new APP it is possible to manage every phase of the rental and the services connected to a contract, such as sending a roadside rescue request from a smartphone, filling in an accident report, contacting the company or monitoring the car in real time through the infomobility and telediagnosis services.
To improve the fleet manager's customer experience, instead, the new portal "MyLeasys", a web platform designed specifically for the management of company fleets, was released. Through this portal, all the information about the fleet can be accessed at any time, thus enabling the management of all administrative aspects and extraction of reports on the main KPIs of the fleet.

In 2021 the challenge is to continue to enrich our customer offering with digital content for an experience of growing satisfaction.

Leasys:
Mobility Pioneers.
Digital as well.

Patrizio Scifo

Human Resources Director

Resilience, leadership and innovative business projects

The year just ended was unique and unimaginable, given that it was characterized by the Covid-19 pandemic that, for at least ten months, required discipline, discontinuity and balance in the management of the Company. In this context, the project activities to support business areas continued with resilience, always looking for innovative solutions to support the integrated mobility offered by Leasys. The remotization of all employees was speeded up to the utmost so that they could work from home and, in all working spaces, the safety standards provided for by the official protocols were implemented.

Despite the difficulties of the health context, the Leasys team has shown character and desire to look to the future. Thanks to this attitude, it was possible to launch new products and open new markets by continuing with the implementation of the strategy to support the electric transition and developing green mobility projects such as LeasysGO!'s electric car sharing.

Resilience, leadership and innovative business projects will also accompany us in 2021.

Resilience was evident in our speed of reaction. We swiftly adapted to new communication media, activity, and target monitoring. A never before explored versatility proved to be a winning experiment.

Also in these circumstances, Leasys continued to invest in career paths dedicated to the managerial development of its people. An example is the Rental Development Path, launched in 2017, a cross-functional and international path dedicated to the Company's young talents to foster their managerial growth in an international, dynamic and multicultural environment.

Rental Development Path participants, supported by a mentor chosen from senior management, are involved in training sessions aimed at creating technical skills specific to the rental business and soft skills. This in addition to rotation plans, with assignments lasting 24/36 months and the opportunity for exposure to top management.

Flexibility and, more generally, work habits developed during this unique year will have to be re-enacted and adapted in order to ensure stability and effectiveness over time.

Leasys:
Mobility Pioneers.
In Human Resources
as well.

Report on operations

DECEMBER 31ST, 2020

LEASYS

Macroeconomic scenario and the automotive market

AUTOMOTIVE MARKET IN EUROPE

11,9 million
new car registrations in 2020

-24.3%
compared to 2019

LEASYS

€3,3 billion
feet in 2020

+€0,3 billion
compared to 2019

In 2020 the global economy had to deal with the Covid-19 pandemic wave.

After signs of recovery in the summer, the fourth quarter showed a slowdown of economic activities, especially in the developed countries, with global trade falling by about 9%.

The most recent indicators point to a weaker pace of economic activities in the euro area, especially in the latter part of the year, with growing infections and tighter measures against the pandemic. The December projections of the Eurosystem estimated a 7.3% GDP decrease in 2020. Regarding monetary policy, at the meeting of 10 December 2020, the Governing Council of the European Central Bank took an even more expansionary approach, so as to create favourable borrowing conditions.

With respect to the automotive market, in 2020 new car registrations (European Union + UK + EFTA) fell by 24.3%, to 11.9 million. The five most important European markets (Germany, United Kingdom, France, Italy, and Spain) showed a negative performance compared to the previous year, with decreases ranging from -19.1% in Germany to -32.3% in Spain.

Despite the economic contraction, Leasys has shown a good adaptability, continuing to expand the fleet (€3,3 billion at the end of 2020 compared to €3 billion in December 2019), and financial strength, which allowed it to achieve a notable performance (net profit of €87 million, slightly down from €91 million in 2019).

Outlook for 2021

Notwithstanding the prolonged pandemic, the medium-long-term outlook remains favourable, thanks to the start of vaccination campaigns that justify optimism already for 2021, with expectations of gradual stabilization, although the time needed for a return to an economic situation of normality and therefore recovery is still uncertain.

Also during 2021 the Leasys Group will continue its multi-brand business by collaborating with industrial partners in support of the launch of the new products planned in 2021 and the consolidation of those recently introduced to the market.

Against this economic backdrop, the Board of Directors thinks that Leasys' solid financial and organizational structure makes the Group ready to react to a possible continuation of the current unfavourable market situation in which it operates, on one side, and prepared to seize the opportunities that may arise, promoting the rental and mobility solutions most suited to the different needs of its customers, on the other.

Other information

PRINCIPAL RISKS AND UNCERTAINTIES

The specific risks that can give rise to obligations for the Company are evaluated when the relevant provisions are made and are reported in the notes to the financial statements, together with significant contingent liabilities. In this section, reference is made to risk and uncertainty factors related essentially to the economic, regulatory and market context which can produce effects for the Company's performance.

The Company's financial condition, operating performance and cash flows are affected first of all by the various factors that make up the macroeconomic picture in which it operates, including increases and decreases in gross domestic product, consumer and business confidence levels, trends in interest, exchange and unemployment rates.

The Group's activity is mainly linked to the performance of the automotive sector, which is historically cyclical. Bearing in mind that it is hard to predict the breadth and length of the different economic cycles, every macroeconomic event (such as a significant drop in the main end markets, the solvency of counterparties, the volatility of financial markets and interest rates) can impact the group's prospects and its financial and operating results.

Similarly, the Group's results may be influenced by the development of the second-hand automotive market as the risk on the residual values of the vehicles being rented is generally borne by the rental operator, save for specific agreements with third parties, and arises from the difference between the market value and the book value of the vehicle at the end of the rental.

The year just ended should be put in sharp relief due to the extraordinary circumstances determined by Covid-19, with the continuing uncertainty on its impact on the general economy and the company's results in relation to possible developments as a result of the pandemic.

The Leasys Group complies with the laws and regulations in force in the countries in which it operates. Most of our legal proceedings involve disputes relating to non-payment by customers during our normal business activity.

Our management and monitoring of the above risks, together with the related policies on allowances for bad debts, enable us to minimize their possible impacts and to recognize in a timely manner their possible effects on our accounts.

BREXIT

On 30 December 2020, following complex negotiations, agreement was reached on the future relations between the United Kingdom and the European Union. The EU will ratify the Trade and Cooperation Agreement (TCA) only after approval has been obtained by the European Parliament. The Council of the European Union authorized its application provisionally as of 1 January 2021.

The TCA rests on three pillars:

- the creation of a free trade area with the United Kingdom;
- agreement on the security of citizens;
- agreement on governance.

With respect to the business of Leasys, which operates in the UK through a subsidiary, there is no significant economic impact.

DIRECTION AND COORDINATION ACTIVITIES

Even though it is operationally autonomous, Leasys S.p.A. follows the strategic and operational guidelines of the Parent Company, FCA Bank S.p.A., which exercises direction and coordination activities pursuant to article 2497 of the Italian civil code.

The direction and coordination activity produces positive effects on the Company's operations and results, as it allows it to achieve economies of scale, using skills and specialized capabilities of rising qualitative levels and focusing its resources on the management of the core business.

In particular, such strategic and operational guidelines translate into the publication of a Code of Conduct adopted by the Group as a whole and the issuance of financial, human resource and communication management policies. Moreover, Group coordination involves the provision of certain services, mainly for sound credit management, by leveraging skills existing within the Parent Company, FCA Bank.

DIVIDENDS AND RESERVES DISTRIBUTED

Following the resolution adopted by the Shareholders at the General Meeting of 23 October 2020, Leasys SpA distributed reserves for a total amount of €150 million.

Significant events and strategic transactions

Covid-19

The Covid-19 pandemic has greatly undermined the world economy. Between February and March 2020, the epidemic spread from China, progressively, to Europe and the United States. All the countries affected by the pandemic adopted containment measures based on social distancing, the lockdown of many businesses and the restriction of people's movement.

Europe was hit in the second half of February, first in Italy and then in the rest of the Continent. The significant uncertainty of future prospects had strong repercussions on financial markets, with tensions rippling through short-term interest rates, even though the money market is awash in liquidity. Governments stepped in to address the potential closing of businesses and the increase in unemployment, adopting immediate support measures, with a substantial impact on their budget, which included the postponement of tax payments, the provision of bank credit guarantees, subsidies to households and the expansion of welfare programs. The European Central bank went along by expanding its asset purchase programs and by loosening the conditions to access long-term refinancing. These last measures were introduced to prevent a pro-cyclical restriction of bank lending.

The measures introduced enabled GDP to recover in the third quarter of the year but, based on the information available, the fourth quarter is expected to fall, owing to the second wave of the pandemic and the ensuing restrictive measures implemented by national governments. However, in 2021 GDP is still expected to grow, though it is not known when economic activities will return to pre-crisis levels, despite the start of the vaccination campaigns. At the meeting of 10 December 2020, the Governing Council of the European Central Bank extended and expanded further the monetary stimulus, considering that the effects of the pandemic will last longer than estimated in the early part of the year.

With the first Covid-19 pandemic wave Leasys had to cope primarily with the defence and protection of the health of its employees and collaborators, as well as of the entire community, quickly entering the remote work mode.

Leasys and its business partners have always been reachable and active digitally, thus always making it possible to continue to receive quotations and sign contracts. Together with FCA Bank, action was taken to deploy a fleet of 300 Fiat and Jeep vehicles and 5 Fiat Ducato-based biocontainment ambulances to the Italian Red Cross, as well as to provide 130 cars to associations registered with ANPAS (National Association of Public Assistance). Thanks to the extensive network of Leasys Mobility Stores in Italy, volunteers have been able to rely on valid support in their daily activity of distributing food and medicines to the sick, the elderly and people in need of assistance. The Company saw the adoption of these measures as a moral duty but also as a form of social responsibility in its role as a major sector player.

Lastly, the activities also concerned the sanitization of vehicles provided in short- and medium-term rentals, following the guidance of the Ministry on the use of sanitizing and disinfectant products to guarantee, in each rental, the necessary safety conditions.

STELLANTIS

On 31 October 2019, the Supervisory Board of Peugeot S.A. and the Board of Directors of Fiat Chrysler Automobiles N.V. unanimously agreed to work towards a full combination of their respective businesses by way of a 50/50 merger.

The merger was completed as scheduled in the first quarter of 2021. In fact, on 4 January 2021, at their respective general meetings, the shareholders of both FCA and PSA approved the merger that will result in the creation of a new entity, Stellantis N.V.. The merger took effect on 16 January 2021. Stellantis's governance was disclosed on 19 January 2021 with the appointment of the Top Executive Team.

REORGANIZATION OF THE LEASYS GROUP

Leasys Denmark, Filial af Leasys S.p.A.

On 23 July 2020, Leasys S.p.A. established a branch in Glostrup (Denmark), named “Leasys Denmark, Filial af Leasys S.P.A., Italien”.

Leasys - Drivalia acquisition

On 5 November 2020 Leasys S.p.A. purchased the 430 shares representing the entire share capital of DRIVALIA CAR RENTAL S.L.U., a limited liability company headquartered in Carretera Murcia - Alicante that engages in short-term rental.

As of the same date, Leasys S.p.A. is the sole shareholder of Drivalia Car Rental S.L.U.

Leasys - Sale of “Clickar” business unit

As of 1 November 2020, following its purchase of the Clickar business unit from Leasys S.p.A., Clickar S.r.l. will be operational in the two offices of Turin, corso Orbassano 367, and Rome, viale dell’Arte 25.

Leasys Rent France SAS - Aixia Group

On the effective date of 1 October 2020, by way of a TUP (“Transmission Universelle de Patrimoine”), Aixia Location S.A.S., Rent All S.A.S. and Aixia System S.A.S. merged with and into Leasys Rent France S.A.S. (formerly AIXIA DEVELOPPEMENT S.A.S.), thereby ceasing to exist.

FCA Bank - FCA Dealer Services Portugal

On 4 November 2020, FCA Bank S.p.A. sold its shares of FCA Dealer Services Portugal S.A., representing the entire share capital, to its Leasys S.p.A. subsidiary, which accordingly became the sole shareholder of the Portuguese company. On 23 December 2020, FCA Dealer Services Portugal S.A. changed its name to Leasys Portugal S.A.

FCA Capital Hellas S.A.

On 22 December 2020, Leasys S.p.A. acquired from FCA Bank S.p.A. the 80,000 (eighty thousand) shares held in FCA Capital Hellas S.A., representing the company’s entire share capital, thus becoming its sole shareholder.
On 4 January 2021 FCA Capital Hellas S.A. changed its name to Leasys Hellas S.M. S.A.

Leasys Rent - Purchase of business unit

Effective 1 December 2020, following the purchase of the “Bluetorino S.r.l.” electric car sharing business in Turin, Leasys Rent S.p.A. will be operational in Turin, corso Orbassano 367.

FCA Bank - FCA Leasing GmbH

On 22 December 2020 Leasys S.p.A. purchased from its parent company, FCA Bank S.p.A., all the shares outstanding of FCA Leasing GmbH. As such, as of the same date Leasys S.p.A. is the sole shareholder of FCA Leasing GmbH.


THE
FREEDOM
OF MOBILITY
ARTE 25

Commercial policy

LEASYS FLEET / 2020

314,000 vehicles

+13%
compared to 2019

In 2020 Leasys firmed up its collaboration with its business partners. Even in a context of economic contraction, Leasys's commercial activity made it possible to strengthen its leadership of the Italian market and to increase the fleet to 314,000 vehicles (+13% compared to 279,000 vehicles at the end of 2019).

This result rewards Leasys's commitment to developing an integrated and innovative mobility offering that might meet the growing flexibility needs of corporate as well as private consumers.

In this context, the promotion of flexible rental products in terms of duration, such as “Be Free”, and in terms of mileage, with the pay-per-use product “Leasys Miles”, are increasingly welcome by the public and complete the offering of short - and medium-term rental products and CarCloud mobility subscription.

Human resource management

LEASYS GROUP / 2020

811 employees

+167
compared to 2019

Leasys is a company that provides mobility services and puts people at the centre, be them employees or customers.

Its primary objective is to attract, retain and motivate highly qualified staff, but also to reward those who carry on, believe and support company values with remuneration structures related to the creation of value in the long term.

At 31 December 2020, the Leasys Group had 811 employees, an increase of 167 compared to 31 December 2019.

This increase is mainly due to the continuation of the internationalization project, in particular to the acquisition of Aixia in France, which was renamed Leasys Rent France, and Drivalia in Spain, which was renamed Leasys Rent Espana.

Quantitative data are calculated on the actual number of employees as of 31 December 2020.

Financial policy

The Treasury function manages the liquidity and financial risks based on the guidelines set out by the central Treasury of the FCA Bank Group, in accordance with the risk management policies set by the Board of Directors.

The Group's funding strategy is designed to:

- maintain a stable and diversified funding source structure;
- manage liquidity;
- minimize the exposure to interest rate, currency and counterparty risks, within the scope of low and pre-set limits, and otherwise in keeping with regulatory provisions, where applicable.

In 2020, the Treasury department raised the cash necessary to fund the Group's activity, at competitive terms and conditions so as to improve the net rental margin.

Rating

On 10 December, 2020, Fitch Ratings assigned Leasys S.p.A. a long-term rating of BBB+ (Negative Outlook). This rating, which is aligned with that of FCA Bank and is among the highest in the rental and mobility sector, reflects Fitch's expectations regarding support by Crédit Agricole (A+/Negative) - at the top of the chain of control - and Leasys's role as the only competence centre for long-term car rental for the Crédit Agricole Group. Leasys's Negative Outlook on long-term rating mirrors that of Crédit Agricole, as in the case of FCA Bank.

Financial structure and funding sources

The table below shows the financial structure and funding sources as of 31 December 2020:

Description	As a % of total funding sources	As a % of total liabilities and equity
Crédit Agricole Group	65%	51,6%
Financial institutions	26%	20,7%
Factoring	9%	7,2%
Non-financial liabilities		20,5%
Total	**100%**	**100%**

During 2020, in addition to the uses or renewals under the "Committed Facility" made available by the Crédit Agricole Group, lines of credit obtained by, or renewed with, external credit and financial institutions totalled €600 million.

Financial risk management

Interest-rate risk management policies, which are intended to protect net interest margin from the impact of changes in interest rates, provide for the maturities (interest reset dates) of liabilities to match the maturities of the asset portfolio. It is worthy of note that the group's risk management policies permit the use of interest rate derivatives solely for hedging purposes.
Maturity matching is achieved also through more liquid derivative instruments, such as interest rate swaps and forward rate agreements (attention is called to the fact that the Group's risk management policies only allow the use of plain vanilla instruments, not exotic ones).

The strategy pursued during the year involved constant and full hedging of the risk in question, thereby offsetting the effect of interest rate volatility.

In terms of exchange rate risk, the Group's policy does not contemplate the creation of foreign currency positions. As such, non-euro portfolios are usually funded in the matching currencies. Where this is not possible, risk is hedged through foreign exchange swaps (it is worthy of note that Group risk management policies allow the use of foreign exchange transactions solely for hedging purposes).

Residual value risk management

Residual value is the value of the vehicle when the related lease contract expires. Regarding long-term rental, the risk on the residual values of the vehicles being rented is generally borne by the rental operator, save for specific agreements with third parties, and arises from the difference between the market value and the book value of the vehicle at the end of the rental.

Trends in the used vehicle market may entail a risk for rental operators, given that they own the vehicles in the medium/long term.

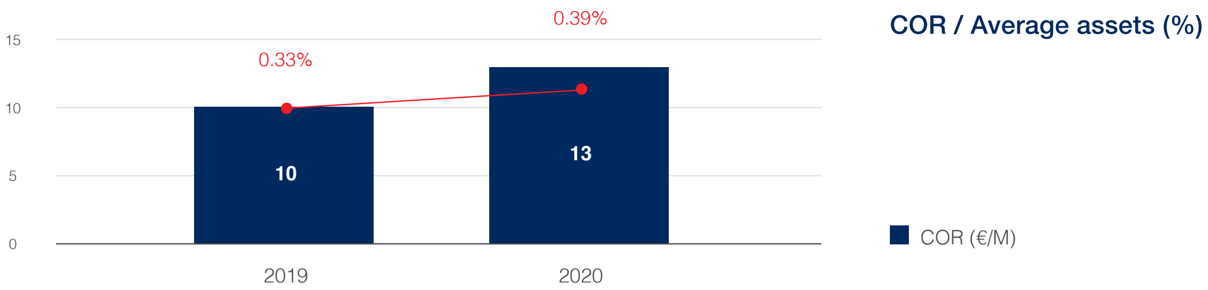
Leasys and its subsidiaries have long defined and adopted at Group level guidelines aimed at the definition and continuous monitoring of residual values. The calculation model of the Residual values provision is updated quarterly to make realistic alignments. Today there are no particular critical issues related to the residual value risk of the fleet.

Credit risk management

Leasys's cost of risk performance is a function of such factors as:

- conservative credit policies: from the acceptance phase based on ratings, scores and decision engines;
- monitoring of credit performance, with prompt detection of performance deterioration situations through early warning indicators;
- effective credit collection actions.

This makes it possible to maintain a low level of bad debts and customers/contracts showing a risk increase. Also for 2020, the cost of risk was good (0.4% of the average value of the fleet), despite the Covid-19 emergency and the consequent lockdown period.



Actions were taken during the year to contain the cost of risk and improve portfolio quality by:

- facilitating customers in compliance with deadlines by offering the possibility to pay the rental fee directly online and in complete safety with the use of the "ClicPay" service;
- issuing a new scorecard rental (in Italy) for a better evaluation of private individuals, self-employed professionals and sole proprietorships;
- accessing, in compliance with the regulations of each country in which the Company operates, credit information systems that allow a correct evaluation of the reliability and punctuality in payments of the customer who requires a rental car;
- adhering, in compliance with applicable regulations, to systems for the prevention of the risk of fraud and identity theft.

Internal control and risk management

The Company has an internal control system (ICS) in place to detect, measure and continuously verify the risks related to its business and which provides for the involvement of the Governance Bodies, the functions and control committees, the Supervisory Board, the Audit Firm, Senior Management and all the staff.

The internal control system reflects the combination of rules, functions, structures, resources, processes and procedures aimed at ensuring the achievement of the following objectives:

- verification of the implementation of the Company's strategies and policies;
- risk containment within the limits indicated in the Risk Strategy framework;
- safeguarding the value of assets and protection against losses;
- effectiveness and efficiency of business processes;
- reliability and security of business information and IT procedures;
- prevention of the risk that the Company is involved, even unintentionally, in illegal activities, with particular reference to those related to money laundering, usury and terrorist financing;
- compliance of operations with the law, as well as with internal policies, regulations and procedures.

The internal control system

In order to ensure sound and prudent management, the Company combines the profitability of the business with informed risk-taking and an operational conduct guided by fairness.

The Group's overall internal control system is centrally operated by the Internal Audit, Risk & Permanent Control, Compliance functions. These functions - independent of each other from an organizational point of view - are in a constant interaction with the corresponding functions of the Parent Company, FCA Bank S.p.A. In particular, "Compliance" and "Risk & Permanent Control" report to the CEO, the Internal Audit function reports directly to the Board of Directors. From an operational point of view, there are three types of control:

- first-level controls, to ensure the correct performance of daily operations and individual transactions, carried out by operational structures or incorporated into IT procedures;
- second-level controls, which are designed to contribute to the definition of risk measurement methodologies and to check the consistency of transactions with risk objectives. They are performed by non-operational units, specifically "Risk & Permanent Control" and "Compliance";
- third-level controls, carried out by the Internal Audit function, in order to identify abnormal trends, breaches of procedures and regulations, as well as to evaluate the functioning of the overall system of internal controls.

The control functions

INTERNAL AUDIT

Internal Audit is responsible for third-level controls, verifying, on the basis of an annual plan submitted for approval to the Board of Directors, the adequacy of the ICS and providing the Board and Management with a professional and impartial assessment of the effectiveness of internal controls. The Internal Audit Manager is tasked with preparing the audit plan on the basis of a periodic risk assessment and coordinating the audit missions. She reports on the results and progress of the audit plan periodically to the Board of Directors, the Internal Control Committee and the Board of Statutory Auditors.

The Internal Audit process involves the annual mapping of risks, at the level of the individual Company, using a common methodology issued by the Parent Company. For subsidiaries that do not have a local Internal Audit function, risk mapping is carried out centrally. The monitoring of the results of Internal Audit activities of individual companies includes a reporting system related to:

- progress of the audit plan and explanation of any deviations;
- implementation status of the recommendations issued.

The Board of Directors is periodically informed about the results of the audits, the action plans undertaken, the progress of the plan and the level of implementation of the recommendations issued by the individual companies.

RISK AND PERMANENT CONTROL

The mission of the function is the management of the risk control and prevention system. The Risk & Permanent Control structure consists of people dedicated to permanent controls who are not involved in business activities. The second level controls effected by Risk & Permanent Control cover all risks considered peculiar in the day-to-day Company operations and whose map is highlighted within the Risk Strategy.

The Company updates its Risk Strategy on an annual basis, pinpointing the level of risk that it is willing to bear in order to pursue its strategic objectives.

The update is subject to the approval of the Board of Directors, which then monitors it on an ongoing basis. The process of defining the Risk Strategy as a framework for the determination of risk appetite, which sets ex ante the risk/return objectives that the Company intends to achieve, also fosters a wider dissemination of the risk culture within it.

The Risk & Permanent Control (R&PC) function coordinates with the contact points at the parent company, FCA Bank S.p.A., and the contact points at the foreign Legal Entities and Branches.

The results of the second-level controls performed by Risk and Permanent Control are presented quarterly to the Board of Directors and analysed by the Internal Control Committee.

COMPLIANCE

The objective of the Compliance Function is to supervise compliance and anti-money laundering risks as well as the management of relations with Supervision Authorities.

The Compliance Function reports directly to the CEO of the Company.

The Risk & Permanent Control structure consists of people dedicated to permanent controls who are not involved in business activities.

The Function, in order to evaluate the adequacy of internal procedures with respect to the objective of preventing the violation of laws, regulations and self-regulation provisions:

- identifies, in collaboration with the departments concerned and in particular with Legal Affairs, the rules applicable to the Company and evaluates their impact on activities, processes and procedures;
- proposes procedural and organizational changes to ensure adequate oversight of the risks of non-compliance with the rules;
- prepares reports to the Company's governance bodies and other control functions;
- verifies the effectiveness of the suggested procedural and organizational adjustments for the prevention of the risk of non-compliance;
- coordinates the activities of the Supervisory Board, ensuring the upgrade of the Compliance Program under Legislative Decree 231/01;
- participates in the identification of training needs and in the training of staff in order to advance a corporate culture based on the principles of honesty, fairness and compliance with the rules.

The Function is involved in the ex ante assessment of compliance with applicable regulations of all innovative projects, including operations in new products or services.

With regard to anti-money laundering and counter-terrorism oversight, the function checks that Company procedures are consistent with the objective of preventing and combating the violation of external rules (laws and regulations) and self-regulation in the field of money laundering and terrorist financing.

The results of the second-level controls by Compliance are presented quarterly to the Board of Directors and the Internal Control Committee.

Bodies involved in the oversight of the internal control system

To strengthen further the ICS, the Company has set up, in addition to the Control Functions, the following committees.

INTERNAL CONTROL COMMITTEE

The mission of the Internal Control Committee "ICC" is to monitor the results of the reviews carried out by the control functions, in order to:

- examine the findings of the audit activity;
- inform about the progress of the action plans;
- present the Audit Plan and its progress;
- analyse any issues arising from the evaluation of the internal control system.

In addition, the Committee incorporates the functions of the Anti-Fraud Committee to monitor fraud events, the effectiveness of fraud prevention arrangements and the adequacy of fraud detection systems.

The ICC meets quarterly. The presence of the CEO guarantees the high level of attention paid to the internal control system, allowing him, in his capacity as person in charge of the implementation of the necessary operational and adjustment actions in the event of deficiencies or anomalies, to have a complete and integrated overview of the results of the control activities effected.

SUPERVISORY BOARD

The Supervisory Board of Leasys S.p.A. has been established to oversee the proper application of the Compliance program and the Code of Conduct, so as to prevent cases of administrative liability under Legislative Decree 231/01.

The Supervisory Board:

- meets at least quarterly 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 real ability of the Compliance program to prevent the commission of offences, making use, as a rule, of the Compliance, Internal Audit, and Risk & Permanent Control Functions and obtaining support from other internal functions that, from time to time, are necessary to that effect.

The Company's Supervisory Board is composed of the Compliance Officer and the Head of Internal Audit of the Parent Company, FCA Bank, and an external professional, with experience in legal and penal matters, called to participate as Chair.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors consists of three standing and two alternate members, appointed for a period of three financial years.

The Board of Statutory Auditors is assigned the tasks referred to in the first paragraph of art. 2403 of the Italian Civil Code.

The current Board of Statutory Auditors was appointed on 25 March 2019 and its term of office will expire on the date of the General Meeting of Shareholders convened to approve the Financial Statements as at and for the year ended 31 December 2021.

Turin, 23 February 2021

On behalf of the Board of Directors
Chief Executive Officer
Alberto Grippo

Consolidated financial statements

DECEMBER 31ST, 2020

LEASYS

Consolidated Statement of Financial Position
Assets

Assets	Total 31/12/20	Total 31/12/19
Vehicles	3,322,453,767	3,038,615,571
Other property, plant and equipment	8,092,493	2,813,128
Rights of use	39,633,444	38,510,408
Goodwill	103,593,519	79,839,084
Other intangible assets	24,652,963	21,719,334
Investments	17,541	151
Deferred tax assets	126,653,645	80,426,611
Total non-current assets	**3,625,097,372**	**3,261,924,287**
Inventories	26,147,598	31,107,525
Trade receivables	832,265,136	617,825,328
Other receivables and current assets	379,777,760	379,062,137
Cash and cash equivalents	132,164,222	161,345,508
Derivative financial instruments	-	1,761,691
Tax receivables	4,431,921	2,960,136
Total current assets	**1,374,786,637**	**1,194,062,325**
Total assets	**4,999,884,009**	**4,455,986,612**

Consolidated Statement of Financial Position
Liabilities and Equity

Liabilities and equity	Total 31/12/20	Total 31/12/19
Equity		
Share capital	77,979,400	77,979,400
Retained earnings	104,218,906	163,694,936
Other reserves	(18,786,101)	(15,000,764)
Net profit	87,122,423	90,523,970
Total equity	**250,534,628**	**317,197,542**
Liabilities		
Non-current borrowings	2,076,917,826	544,078,820
Non-current lease liabilities	35,198,940	34,080,418
Derivative financial instruments	12,562,871	11,926,661
Post-employment benefits	7,336,734	7,329,639
Provisions	17,932,701	19,669,999
Deferred tax liabilities	73,086,867	29,810,699
Total non-current liabilities	**2,223,035,939**	**646,896,236**
Current borrowings	1,854,558,406	2,871,444,599
Current lease liabilities	5,882,103	4,592,888
Trade payables	560,712,865	544,979,245
Derivative financial instruments	276,099	145,260
Other current liabilities	99,913,155	65,446,151
Tax payables	4,970,814	5,284,691
Total current liabilities	**2,526,313,442**	**3,491,892,834**
Total equity and liabilities	**4,999,884,009**	**4,455,986,612**

Consolidated Income Statement

Description	Year ended 31/12/20	Year ended 31/12/19
Leasing contract revenues	702,696,090	629,356,894
Leasing contract costs-depreciation	(524,247,165)	(483,991,291)
Lease contract costs - financing	(27,131,773)	(25,658,875)
Leasing contract margin	**151,317,152**	**119,706,728**
Revenues from services	412,721,971	384,627,994
Cost of services	(378,304,550)	(337,149,790)
Service margin	**34,417,421**	**47,478,204**
Proceeds of car sales	60,911,014	58,826,376
Cost of cars sold	(56,013,534)	(49,177,787)
Margin on car sales	**4,897,480**	**9,648,589**
Gross operating Income	**190,632,053**	**176,833,521**
Personnel expenses	(51,507,539)	(49,014,351)
Other operating expenses	(19,550,644)	(18,146,562)
Amortization, depreciation and provisions	(13,191,432)	(9,993,053)
Total operating expenses	**(84,249,615)**	**(77,153,966)**
Credit impairment and provisioning	(12,887,151)	(9,930,843)
Non-recurring income (expenses)	257,606	10,641
Operating income	**93,752,893**	**89,759,353**
Profit before tax	**93,752,893**	**89,759,353**
Income tax	(6,630,470)	764,617
Net profit	**87,122,423**	**90,523,970**

Consolidated Statement of Comprehensive Income

Description	Year ended 31/12/20	Year ended 31/12/19
Profit for the year	**87,122,423**	**90,523,970**
Other comprehensive income after tax that will not be recycled to the income statement	**383,454**	**(1,580,000)**
Defined benefit plans	383,454	(1,580,000)
Other comprehensive income after tax that will be reclassified to the income statement	**(4,168,792)**	**(2,001,187)**
Exchange rate differences	(2,515,906)	1,314,000
Cash flow hedges	(1,652,886)	(3,315,187)
Total other comprehensive income after tax	**(3,785,338)**	**(3,581,187)**
Comprehensive income	83,337,085	86,942,783
Consolidated comprehensive income attributable to non-controlling interests	0	0
Consolidated comprehensive income attributable to the shareholders of the Parent Company	**83,337,085**	**86,942,783**

Consolidated Statement of Changes in Equity at 31st December 2020

	Balance at 31/12/2019	Change in opening balance	Balance at 01/01/2020	Allocation or previous year's profit: Reserves	Allocation or previous year's profit: Dividends and other distributions	Changes during the year: Changes in reserves	Changes during the year: Equity-based transactions	Equity-based transactions: Issue of new shares	Equity-based transactions: Share buybacks	Equity-based transactions: Interim dividends	Equity-based transactions: Bonus dividends	Equity-based transactions: Changes in equity instruments	Equity-based transactions: Own share derivatives	Comprehensive income 2020	Equity 31/12/2020	"Equity attributable to the shareholders of the Parent Company 31/12/2020"	"Equity attributable to non-controlling interests 31/12/2020"
Share capital:	**77,979,400**	**-**	**77,979,400**			-	-								77,979,400	77,979,400	-
a) ordinary shares	77,979,400		77,979,400			-									77,979,400	77,979,400	
b) other shares	-		-												-	-	-
Share premium reserve	-		-												-	-	
Reserves:	**163,694,936**	**-**	**163,694,936**	**90,523,970**	**(150,000,000)**	-	-								104,218,906	104,218,906	-
a) earnings	163,694,936		163,694,936	90,523,970	(150,000,000)	-									104,218,906	104,218,906	
b) other															-	-	
Valuation reserve	(15,000,764)		(15,000,764)			-								(3,785,337)	(18,786,102)	(18,786,102)	
Equity instruments	-		-												-	-	
Interim dividends	-		-												-	-	
Treasury shares	-		-												-	-	
Profit (loss) for the year	90,523,970		90,523,970	(90,523,970)										87,122,423	87,122,423	87,122,423	-
Equity	**317,197,542**	**-**	**317,197,542**	**-**	**(150,000,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**83,337,086**	**250,534,628**	**250,534,628**	
Equity attributable to the shareholders of the Parent Company	**317,197,542**		**317,197,542**		**(150,000,000)**									**83,337,086**	**250,534,628**	**250,534,628**	

Consolidated Statement of Changes in Equity at 31st December 2019

	Balance at 31/12/2018	Change in opening balance	Balance at 01/01/2019	Allocation or previous year's profit: Reserves	Allocation or previous year's profit: Dividends and other distributions	Changes during the year: Changes in reserves	Changes during the year: Equity-based transactions	Equity-based transactions: Issue of new shares	Equity-based transactions: Share buybacks	Equity-based transactions: Interim dividends	Equity-based transactions: Bonus dividends	Equity-based transactions: Changes in equity instruments	Equity-based transactions: Stock options	Issue of new shares	Equity 31/12/2019	"Equity attributable to the shareholders of the Parent Company 31/12/2019"	"Equity attributable to non-controlling interests 31/12/2019"
Share capital:	**77,979,400**		**77,979,400**												77,979,400	77,979,400	-
a) ordinary shares	77,979,400		77,979,400												77,979,400	77,979,400	
b) other shares	-														-	-	-
Share premium reserve															-	-	
Reserves:	**93,086,126**	-	**93,086,126**	**70,608,811**	-	-									163,694,936	163,694,936	-
a) earnings	93,086,126		93,086,126	70,608,811											163,694,936	163,694,936	
b) other			-												-	-	
Valuation reserve	(11,419,577)		(11,419,577)											(3,581,187)	(15,000,764)	(15,000,764)	
Equity instruments															-	-	
Interim dividends															-	-	
Treasury shares															-	-	
Profit (loss) for the year	70,608,811		70,608,811	(70,608,811)										90,523,970	90,523,970	90,523,970	-
Equity	**230,254,759**	**-**	**230,254,759**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**86,942,783**	**317,197,542**	**317,197,542**	
Equity attributable to the shareholders of the Parent Company	**230,254,759**		**230,254,759**		-									**86,942,783**	**317,197,542**	**317,197,542**	

Consolidated Statement of Cash Flows (indirect method)

Description (€/000)	Year ended 31/12/20	Year ended 31/12/19
Net profit	**87,122**	**90,524**
Adjustments to reconcile net profit with cash flows generated by (used for) operating activities	**552,880**	**503,151**
Amortization, depreciation and rights of se for leased assets	537,439	493,922
Impairment/(reversal) of trade and other receivables	12,887	9,993
Net change in deferred tax assets (liabilities)	(2,038)	-
Losses (gains) on disposal of non-current assets (including investments)	-	-
Provisions	-	-
Income tax	4,592	(765)
Change in working capital:	**(215,187)**	**(59,611)**
Inventories	4,960	(31,108)
Trade receivables	(227,327)	(164,039)
Trade payables	15,734	174,406
Provisions	(1,737)	(27,913)
Other assets and liabilities	(6,816)	(10,957)
Cash flows generated by (used for) operating activities (a)	**424,815**	**534,064**
Cash flows from (for) investing activities	**-**	**-**
Investments:	**(900,612)**	**(1,196,875)**
Intangibles, property, plant and equipment and rights of use for leased assets	(854,368)	(1,164,936)
Consolidated companies and businesses, net of cash and cash equivalents acquired	-	-
Equity interests	(17)	(0)
Financial receivables and other financial assets	(46,227)	(31,939)
Divestments:	**-**	**-**
Intangibles, property, plant and equipment and rights of use for leased assets	-	-
Consolidated companies and businesses, net of cash and cash equivalents acquired	-	-
Equity interests	-	-
Financial receivables and other financial assets	-	-
Cash flows generated by (used for) investing activities (b)	**(900,612)**	**(1,196,875)**
Cash flows from (for) financing activities	**-**	**-**
Changes in current financial liabilities and others	(981,395)	1,440,585
Changes in non-current financial liabilities	1,577,241	(669,117)
Dividends paid	(150,000)	-
Collections for capital contributions/reimbursements (including subsidiaries)	-	-
Changes in hedging and non-hedging derivative assets and liabilities	769	6,050
Cash flows generated by (used for) financing activities (c)	**446,615**	**777,518**
Cash flows generated by (used for) discontinued operations/disposal groups (d)	**-**	**-**
Total cash inflows (outflows) (e = a+b+c+d)	**(29,181)**	**114,706**
Cash and cash equivalents - opening balance (f)	**161,346**	**46,640**
Exchange rate differences on cash and cash equivalents (g)	-	-
Cash and cash equivalents - closing balance (h = e+f+g)	**132,165**	**161,346**

Notes to the consolidated financial statements

DECEMBER 31ST, 2020

LEASYS

PART A - ACCOUNTING POLICIES

A.1 General information

SECTION 1

Statement of compliance with International Financial Reporting Standards

The Consolidated Financial Statements as at and for the year-ended 31 December 2020 2020 have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) endorsed by the EU Commission with Regulation no. 1606 19 July and transposed into the Italian legal system with Legislative Decree no. 38 of 28 February 2005, as supplemented by the related interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC) issued by the International Accounting Standard Board (IASB) and applicable at year-end.

SECTION 2

Basis of preparation

The Consolidated Financial Statements consist of the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Notes as well as a Directors' Report on Group operations.

The general criterion adopted to prepare the financial statements is historical cost, except for items that are recognized at fair value under IAS/IFRS, as indicated in the accounting policies for the single items.

All amounts are in thousands of Euros, save as otherwise indicated.

The Financial Statements and the Notes show the amounts for the year just ended as well as the comparative figures at 31 December 2019.

The Consolidated Financial Statements of the Leasys Group were prepared in accordance with the general principles laid down by IAS 1. In particular:

- **Consolidated Statement of financial position and Income statement.**

Among the different options permitted by IAS 1, the Company adopted the current/non-current distinction for the statement of financial position and classified costs by nature in the income statement.

Current / non-current classification

The Company's assets and liabilities are classified as current and non-current.

Current assets are assets that are:

- expected to be realized, or are held for sale or consumption, in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period;
- cash or cash equivalents, unless it is exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are non-current.

Current liabilities are those:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- that are due to be settled within twelve months after the reporting period;
- for which the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Settlement by the issue of equity instruments does not impact classification. The Company classifies al other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current.

Consolidated statement of comprehensive income.
The statement of comprehensive income reflects, in addition to net profit for the year, other items of income and expenses divided between those that can be recycled and those that cannot be recycled to income statement.

Consolidated Statement of Changes in Equity.
The Consolidated Statement of Changes in Equity shows the composition and changes in equity for the year under review and the comparable period.

Consolidated Statement of Cash Flows.
The Consolidated Statement of Cash Flows is prepared with the indirect method.

Going concern, accrual basis of accounting and consistency of presentation of Financial Statements.
The Group is expected to remain viable in the foreseeable future. Accordingly, the Financial Statements for the year ended 31 December 2020 were prepared on the assumption that the company is a going concern, in accordance with the accrual basis of accounting and in a manner consistent with the financial statements for the previous year.

There were no departures from the application of IAS/IFRS.

Fair value measurement
The Group measures financial instruments, such as derivatives, and non-financial assets, such as investment property, at their fair value at year-end.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a- regular transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place:

- 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 principal market or the most advantageous market mut be accessible to the Group.

The fair value of an asset or a liability is measured by adopting the assumptions that market participants would use when pricing the asset or liability, including that they act to maximize their economic interest.

The fair value measurement of a non-financial asset is based on the ability of an operator to generate economic benefits based on the highest and best use of the asset or by selling the asset to other operators that would maximize their benefits based on the highest and best use of the asset.

The Group uses measurement techniques fit for the circumstances and for which there are enough data to measure fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities reported at fair value are categorized into a three-level hierarchy, as follows:

- Level 1 - inputs are unadjusted quoted prices in active markets for items identical to the asset or liability being measured;
- Level 2 - inputs other than the quoted prices included in Level 1 that are directly or indirectly observable for that asset or liability;
- Level 3 - measurements techniques where inputs are not observable for the asset or liability.

Fair value measurement is classified entirely in the same level as the hierarchy level in which the lowest hierarchy input used for the measurement is classified.

The categorization of a fair value measurement is based upon the lowest level of input that is significant to the fair value measurement.

For assets and liabilities reported at fair value on a recurring basis, the Group determines whether transfers between hierarchy levels occurred, reviewing categorization (based on the lowest level of input used that is significant to the fair value measurement) at every year-end.

The Group's Finance department sets the criteria and procedures both for recurring fair value measurements, such as investment property and equity instruments in unlisted companies, and for non-recurring fair value measurements, such as discontinued operations held for sale. The Group's Finance department includes the heads of the property sector, M&A, risk management, the CFOs and the head of every productive unit.

External experts are relied upon to value significant assets, such as property and equity instruments in unlisted companies, and significant liabilities, such as potential fees. Their involvement is decided every year after a discussion and with the consent of the Board of Statutory Auditors. Selection criteria include market knowledge, reputation, independence and adherence to professional standards. Typically, experts are changed every three years. The Finance department decides, after a discussion with external experts, which valuation techniques and inputs should be utilized in each case.

At each year-end, the Group's Finance department analyses changes in the values of assets and liabilities for which revaluation or redetermination is required, based on the Group's accounting policies.

For these analyses, the main inputs applied in the most recent valuation are verified, linking the information used in the valuation to contracts and other relevant documents.

The Group's Finance department makes a comparison between any change in the *fair value* of each asset and liability and relevant external sources, in order to determine whether the change is reasonable. The results of the valuations are presented periodically to the Board of Statutory Auditors and the Group's auditors. This presentation includes a discussion of the main assumptions used in the valuations.

For the purposes of the fair value disclosure, the Group determines the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

Risks and uncertainties related to the use of estimates.

In accordance with IFRSs, management is required to make assessments, estimates and assumptions which affect the application of IFRSs and the amounts of reported assets, liabilities, costs and revenues and the disclosure of contingent assets and liabilities. The estimates and the relevant assumptions are based on past experience and other factors considered reasonable under the circumstances and are adopted to determine the carrying amount of assets and liabilities.

In particular, estimates were made to support the carrying amounts of certain significant items of the Consolidated Financial Statements as of 31 December 2020, in accordance with IAS/IFRSs and the above-mentioned guidelines. Such estimates concerned largely the future recoverability of the reported carrying amounts in accordance with the applicable rules and based on a going concern assumption.

Estimates and assumptions are revised regularly and updated from time to time. In case performance fails to meet expectations, carrying amounts might differ from original estimates and should, accordingly, be changed. In these cases, changes are recognized through profit or loss in the period in which they occur or in subsequent years.

The main areas where management is required to make subjective assessments include:

- recoverability of receivables and, in general, financial assets and the determination of any impairment;
- determination of the fair value of financial instruments to be used for financial reporting purposes; in particular, the use of valuation models to determine the fair value of financial instruments not traded in active markets;
- quantification of post-employment benefits and provisions for risks and charges;
- recoverability of deferred tax assets and goodwill

SECTION 3

Scope of consolidation

The Consolidated Financial Statements as at and for the year ended 31 December 2020 include the Parent Company, Leasys S.p.A., and its direct and indirect Italian and foreign investees, as required by IFRS 10.

They reflect also the entities in relation to which the Parent Company has exposure or rights to variable returns and the ability to affect those returns through power over them.

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

- the purpose and design of the investee, to identify the objectives of the entity, the activities that affect its returns and how suc activities are governed;
- the power over the investee and whether the group has contractual arrangements, which attribute it the ability to govern the relevant activities; to this end, attention is paid only to substantive rights, which provide practical governance capabilities;
- the exposure to the investee to determine whether the group has arrangements with the investee whose variable returns depend on the performance of the investee. If the relevant activities are governed through voting rights, control may be evidenced by considering potential or majority of the voting rights or the existence of any shareholder agreement or voting trust, to appoint the majority of the members of the board of directors or otherwise the power to govern the financial and operating policies of the entity.

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

INVESTMENTS IN CONTROLLED ENTITIES

NAME	REGISTERED OFFICE	OPERATIONAL HEADQUARTER (*)	TIPE OF RELATIONSHIP (**)	PARENT COMPANY (***)	SHAREHOLDINGS %
Leasys S.p.A.	Turin - Italy	Rome - Italy	1	FCA Bank S.p.A.	100
Leasys S.p.A. Sucursal en Espana	Turin - Italy	Madrid - Spain	1		100
Leasys S.p.A. Branch Germany	Turin - Italy	Frankfurt - Germany	1		100
Leasys S.p.A. Branch Belgium	Turin - Italy	Brussels - Belgium	1		100
Leasys S.p.A. (Danish branch)	Copenhagen - Denmark		1		100
Clickar S.r.l.	Turin - Italy	Rome - Italy	1		100
Drivalia Car Rental S.L.U.	Alicante - Spain		1		100
Leasys France S.A.S.	Trappes - France		1		100
Leasys Rent France S.A.S.	Limonest - France		1		100
Leasys UK Ltd	Slough - United Kingdom		1		100
Leasys Rent S.p.A.	Bolzano - Italy	Fiumicino - Italy	1		100
Leasys Portugal S.A.	Lisbon - Portugal		1		100
Leasys Polska Sp.Zo.o.	Warsaw - Poland		1		100
Leasys Nederland B.V.	Lijnden - Netherlands		1		100
FCA LEASING Gmbh	Vienna - Austria		1		100
Leasys Hellas S.A.	Athens - Greece		1		100

(*) If different from registered office
(**) Type of relationship:
1 = majority of voting rights in ordinary shareholder meeting
2 = dominant influence in ordinary shareholder meeting
(***) If different from Leasys S.p.A.

Consolidation method

In preparing the Consolidated Financial Statements, the financial statements of the Parent Company and its subsidiaries, prepared according to IAS/IFRSs, are consolidated on a line-by-line basis by aggregating together like items of assets, liabilities, equity, income and expenses.

The carrying amount of the parent company's investments in each subsidiary and the corresponding portions of the equity of each such subsidiary are eliminated. Any difference arising during this process after the allocation to the assets and liabilities of the subsidiary is recognized as goodwill on first time consolidation and, subsequently, among other reserves.

Receivables, payables, costs and revenues arising from intercompany transactions are eliminated.

The financial statements of the Parent Company and those of the subsidiaries used for the Consolidated Financial Statements are all as of the same date. For foreign subsidiaries, which prepare their accounts in currencies other than the euro, assets and liabilities are translated at the exchange rate prevailing on the balance sheet date, while revenues and costs are translated at the average exchange rate for the period.

The conversion of the financial statements of foreign companies involve the recognition of exchange differences arising from the conversion of costs and revenues at the average exchange rate and the conversion of assets and liabilities at the reporting date.

Exchange differences arising in relation to the equity of consolidated subsidiaries are recognized as reserves in the statement of financial position and reversed to the income statement when loss of control occurs.

The exchange rates used to translate the financial statements at 31 December 2020 are as follows:

	As at 31/12/2020	Average for year ended 31/12/2020	As at 31/12/2019	Average for year ended 31/12/2019
Polish zloty (PLN)	4,560	4,443	4,257	4,300
Danish krone (DKK)	7,441	7,454	7,472	7,466
Swiss franc (CHF)	1,080	1,071	1,085	1,112
Sterling pound (GBP)	0,899	0,890	0,851	0,878
Norwegian krone (NOK)	10,470	10,723	9,864	9,851
Moroccan dhiram (MAD)	10,894	10,831	10,740	10,764
Swedish krona (SEK)	10,034	10,485	10,447	10,589

Other information

To prepare the Consolidated Financial Statements use was made of the following:

- draft Financial Statements at 31 December 2020 of the Parent Company, Leasys S.p.A.;
- accounts as of 31 December 2020, approved by the competent bodies and functions, of the other fully consolidated companies, as adjusted to take into account the consolidation process and, where necessary, to comply with Group accounting policies.

SECTION 4

Subsequent events

After the reporting date there were no events that would have prompted the Company to make adjustments to the Consolidated financial statements as at and for the year ended 31 December 2020.

SECTION 5

Other aspects

Both the Consolidated and the Separate Financial Statements as at and for the year ended 31 December 2020 were audited by EY S.p.A. pursuant to Legislative Decree no. 39 of 27 January 2010.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ENDORSED BY THE EUROPEAN UNION APPLICABLE AS OF 1 JANUARY 2020

As required by IAS 8, the table below shows the new international financial reporting standards, or the amendments of standards already applicable, which took effect as of 1 January 2020.

EC ENDORSEMENT REGULATION	DATE OF PUBLICATION	DATE OF APPLICATION	TITLE
2075/2019	6 December 2019	1 January 2020	Amendments to References to the Conceptual Framework in IFRS Standards. The IASB issued on 29 March 2018 a revised version of its Conceptual Framework for Financial Reporting that underpins IFRSs. This instrument helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, providing useful information for investors and others. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction; and it helps stakeholders more broadly to understand the Standards better. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. These changes did not have any impact on the Leasys Group's consolidated financial statements.
2104/2019	10 December 2019	1 January 2020	Amendments to IAS 1 and IAS 8. The IASB clarified in IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" the definition of "material" and aligned such definition with that used in the Conceptual Framework and in the IFRS. Information is material if omitting or misstating it could reasonably affect the decisions that the primary users of financial statements make on the basis of those financial statements. These changes did not have, and are not expected to have in the future, any impact on the on the Leasys Group's consolidated financial statements.
34/2020	16 January 2020	1 January 2020	Amendments to IFRS 9, IAS 39 e IFRS 7: interest rate benchmark reform. The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that modifies IFRS 9 and IAS 39 hedge accounting policies. A hedging relationship is affected if the reform generates uncertainties on the timing and/or on the extent of the cash flows based on the reference parameters of the hedged item or the hedging instrument. These changes did not have any impact on the Leasys Group's consolidated financial statements.

EC ENDORSEMENT REGULATION	DATE OF PUBLICATION	DATE OF APPLICATION	TITLE
551/2020	22 April 2020	1 January 2020	Amendments to IFRS 3. The IASB, in the updated version of IFRS 3 - Business Combinations, changed the definition of company. The new definition shows that the purpose of the company is to provide products and services to customers, while the previous definition focused on the purpose of producing outcome in the form of dividends, lower costs or other benefits economic for investors or others. Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. These changes did not have any impact on the Leasys Group's consolidated financial statements.
1434/2020	12 October 2020	1 January 2020	Amendments to IFRS 16. On May 28th, 2020, the International Accounting Standard Board (the "Board") published an amendment to IFRS 16 Leases, to make it easier for lessors to account for Covid-19 related rent concessions, such as temporary rent reductions or rent holidays. The amendment exempts lessees from having to consider whether rent concessions as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. These changes did not have any impact on the Leasys Group's consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AS AT 31 DECEMBER 2020

EC ENDORSEMENT REGULATION	DATE OF PUBLICATION	DATE OF APPLICATION	TITLE
2097/2020	16 December 2020	1 January 2021	Amendments to IFRS 4 Insurance Contracts deferral of IFRS19. On June 25th, 2020 the IASB jointly issued the amendments to IFRS 17 "Insurance Contracts", an amendment to the previous Standard on IFRS 4 Insurance Contracts, so that interested parties can still apply IFRS 9 (Financial instruments) together with IFRS 17. The changes come into effect from 1 January 2021, but early application is permitted.

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

STANDARD/ AMENDMENT	DATE OF PUBLICATION IASB	DATE OF FIRST APPLICATION	DESCRIPTION OF STANDARD/AMENDMENT
IFRS 17 Insurance Contracts; including Amendments to IFRS 17	18 May 2017 25 June 2020	1 January 2023	IFRS 17 Insurance Contracts; including Amendments to IFRS 17. On May 18th, 2017, the IASB issued IFRS 17 Insurance Contracts which applies to annual reporting periods beginning on or after January 1st, 2021. The new standard, which deals with accounting for insurance contracts (previously known as IFRS 4), intends to improve the understanding of investors, among others, of insurers' risk exposure, operating performance and financial position. The IASB published a final version after a long consultation phase. IFRS 17 is a complex standard which will include certain key differences from the current accounting treatment regarding the measurement of liabilities and the recognition of profits. IFRS 17 applies to all insurance contracts. The accounting model of reference, the General Model, is based on the present value of expected cash flows, the identification of which cannot be negative and represents the present value of unearned profit, to be released to profit or loss in each period with the passage of time. On June 25th, 2020, the IASB issued amendments to IFRS 17 Insurance Contracts aimed at helping companies implement the Standard and making it easier for them to explain their financial performance. The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from stakeholders, are designed to: • reduce costs by simplifying some requirements in the Standard; • make financial performance easier to explain; • ease transition by deferring the effective date of the Standard to 2023 and reducing the costs when applying IFRS 17 for the first time.

STANDARD/ AMENDMENT	DATE OF PUBLICATION IASB	DATE OF FIRST APPLICATION	DESCRIPTION OF STANDARD/AMENDMENT
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date	23 January 2020 15 July 2020	1 January 2022	Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date. On 23 January 2020 the IASB issued the amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa. In response to Covid-19, the IASB proposed to defer the effective date of the amendments, initially scheduled for 1 January 2022 to 1 January 2023. Early application of the amendments is permitted.

STANDARD/ AMENDMENT	DATE OF PUBLICATION IASB	DATE OF FIRST APPLICATION	DESCRIPTION OF STANDARD/AMENDMENT
Amendments to: • IFRS 3 Business Combinations; • IAS 16 Property, Plant and Equipment; • IAS 37 Provisions, Contingent Liabilities and Contingent Assets; • Annual Improvements 2018-2020.	14 May 2020	1 January 2022	Amendments to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020. On May 14th, 2020, the IASB issued several small amendments to IFRS Standards. • Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; • Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss; • Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making; • Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. All amendments are effective 1 January 2022, but early adoption is permitted.

STANDARD/ AMENDMENT	DATE OF PUBLICATION IASB	DATE OF FIRST APPLICATION	DESCRIPTION OF STANDARD/AMENDMENT
Amendments to: • IFRS 9 Financial Instruments; • IAS 39 Financial Instruments: Recognition and Measurement; • IFRS 7 Financial Instruments: Disclosures; • IFRS 4 Insurance Contracts; and • IFRS 16 Leases.	27 August 2020	1 January 2021	Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases. The IASB published, in light of the reform of interest rate benchmarks such as IBOR, the paper Interest Rate Benchmark Reform-Phase 2 which contains amendments to the following standards: • IFRS 9 Financial Instruments; • IAS 39 Financial Instruments: Recognition and Measurement; • IFRS 7 Financial Instruments: Disclosures; • IFRS 4 Insurance Contracts; and • IFRS 16 Leases. The amendments aim to help companies to provide investors useful information on the effect of the reform on companies' financial statements. The amendments add to the modifications of 2019 and focus on the impact on financial statements determined by the replacement of the old interest rate benchmark with an alternative interest rate benchmark. The amendments in this final phase relate to: • changes to contractual cash flows-a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark; • hedge accounting-a company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; • disclosures-a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. All amendments are effective 1 January 2022, but early adoption is permitted.

SECTION 6

Summary of main accounting standards

a) 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 on the acquisition date, and the amount of the non-controlling interest in the acquiree. For each business combination, the Group defines whether to measure the non-controlling interest in the acquiree at fair value or in proportion to the share of the non-controlling interest in the acquiree's identifiable net assets. Acquisition costs are expensed out as incurred and classified as administrative expenses.

The Group determines that it has acquired a business when the integrated set of activities and assets includes at least one production factor and a substantive process that together contribute significantly to the ability to generate outputs. The acquired process is considered substantive if it is crucial to the ability to continue producing outputs and the inputs acquired include an organized workforce that has the necessary skills, knowledge or experience to perform such a process or contributes significantly to the ability to continue generating outputs and is considered unique or scarce or cannot be replaced without significant cost, efforts or delay in the ability to continue producing outputs.

When the Group acquires a business, it classifies or designates the acquired financial assets and the liabilities assumed in accordance with the contractual terms, economic conditions and other pertinent conditions as they exist on the acquisition date. This includes an assessment of whether an embedded derivative should be separated from the host contract.

Any contingent consideration to be paid is measured by the acquirer at fair value on the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. The change in the fair value of the contingent consideration classified as an asset or a liability, as a financial instrument within the scope of IFRS 9 - Financial Instruments, is recognized through profit or loss in accordance with IFRS 9. Contingent consideration that does not fall within the scope of IFRS 9 is measured at fair value on the balance sheet date and changes in its fair value are recognized through profit or loss.

Goodwill is initially recognized as the difference between the consideration transferred and the carrying amount of non-controlling interest over the identifiable net assets acquired and the liabilities assumed by the Group. If the fair value of the acquired net assets exceeds the total amount paid, the Group will check whether it has correctly identified all acquired assets and the liabilities assumed and review the procedures used to determine the amounts to be accounted for on the acquisition date. If the new assessment still reveals a fair value of the net assets acquired above the consideration transferred, the difference (gain) is recognized through profit or loss.

After the initial recognition, goodwill is recognized at cost less accumulated impairment charges. Goodwill resulting from a business combination is tested for impairment through its allocation, on the acquisition date, to each cash generating unit of the Group that is expected to benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

If goodwill has been allocated to a cash generating unit and the entity divests part of the assets of that unit, the goodwill associated with the divested business is included in the carrying amount of the business when the gain or loss on disposal is calculated. The goodwill associated with the divested business is determined on the basis of the relative values of the divested business and the part of the cash generating unit retained.

b) Investments in subsidiaries

Investments in equity instruments are recognized on the settlement date. Investments are initially recognized at cost, including costs or income directly attributable to the transaction. Control is deemed to exist where the Parent Company, directly or indirectly, owns more than half of the voting rights of the investee or where, even with a lower share of voting rights, the Parent Company has the power to appoint the majority of the directors of the investee or to determine its financial and operating policies in order to obtain benefits from its activities. Investments are valued at cost, less any impairment losses.

If there is evidence that the value of an investment may be impaired, the recoverable amount of the investment is estimated, taking into account the present value of future cash flows that the investment may generate, including its final disposal amount. If the recoverable amount is lower than the book value, the difference is recognized through profit or loss.

If the reasons for the impairment no longer apply as a result of an event that occurred after the recognition of the loss of value, the impairment is reversed through profit or loss.

Participations are derecognized when the contractual rights to the cash flows deriving from the assets expire or when the investment is sold, substantially transferring all the risks and benefits associated with it.

c) Investments in associates and joint ventures

An associate is a company over which the Group has significant influence. Significant influence means the power to participate in the financial and operating policy decisions of the investee but no control or joint control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in associates and joint ventures are recognized with the equity method.

By the equity method, an investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is increased or decreased to reflect the investor's share of the profits and losses of the investee after the of acquisition date. Goodwill related to the associate or joint venture is included in the carrying amount of the investment and is not subject to a separate impairment test.

The income statement for the year reflects the Group's share of the profit of the associate or joint venture. Any change in the other items of the comprehensive income statement relating to these investees is presented as part of the Group's comprehensive income statement. In addition, in the event that an associate or joint venture recognizes a change in value through equity, the Group recognizes the relevant share of such change, where applicable, in the statement of changes in equity. Unrealized gains and losses arising from transactions between the Group and the associate or joint ventures are eliminated in proportion to the shareholding in the associate or joint venture.

The Group's aggregate share of the operating profit of associates and joint ventures is recognized through profit or loss for the year after the operating result and represents the result after taxes and after the amounts attributable to the other shareholders of the associate or joint venture.

The financial statements of associates and joint venture are prepared on the same reporting date as the Group's. Where necessary, the financial statements are adjusted to align them with the Group's accounting standards.

Following the application of the equity method, the Group considers whether it is necessary to recognize an impairment loss for its investment in associates or joint ventures. The Group considers at each balance sheet date whether there is objective evidence of impairment for its investments in associates or joint ventures. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of associate or joint venture and the carrying amount, recognizing this difference through profit or loss for the year under "Share of the result of associates and joint ventures".

When the Group loses significant influence over an associate or joint control over a joint venture, it measures and recognizes the remaining portion of the investment at fair value. The difference between the carrying amount of the investment on the date of loss of significant influence or joint control and the fair value of the remaining portion of the investment and the consideration received is recognized through profit or loss.


LEASYS

A.2 Part relating to the main financial statement items

SUMMARY OF THE MAIN IAS/IFRS APPLIED

1. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at historical cost, less accumulated depreciation and impairment. This cost includes the costs of replacing part of equipment and plant when incurred, if the recognition criteria are met. Where the periodic replacement of significant parts of property, plant and equipment is required, the Company depreciates them separately on the basis of the specific useful life. Similarly, during major revisions, the cost is included in the carrying amount of the property, plant or equipment as in the case of replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the income statement as incurred.

The present value of the cost of dismantling and removing the asset at the end of its use is included in the cost of the asset, if the recognition criteria for provisions are 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 property, plant and equipment and any significant component initially recognized is derecognized at the time of disposal (i.e. on the date on which the buyer gains control) or when no future economic benefit is expected from its use or disposal.

The resulting gain/(loss) when the asset is derecognized (calculated as the difference between the carrying amount of the asset and the consideration received) is recognized in the income statement when the item is derecognized.

Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and, where appropriate, adjusted prospectively.

2. LEASE ASSETS (as lessee)

Pursuant to IFRS 16, the Company:

- recognizes in the statement of financial position the right-of-use assets and liabilities, initially measured at the present value of future lease payments, with the right-of-use asset adjusted for any prepaid/accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- recognizes depreciation of right-of-use assets interest on lease liabilities in the income statement;
- separates the total amount of cash paid into principal (presented as part of the financing activity) and interest (presented as part of the financing activity) in the statement of cash flows.

The standard applies to all types of contracts containing a lease, i.e. contracts that give the lessee the right to control the use of an identified asset for a certain period of time (period of use) in exchange for consideration. IFRS 16 does not require a company to recognize assets and liabilities for rentals and leases in the event that the contract has a short duration or whose underlying is of low value. Conventionally defined thresholds are 12 months or less with reference to the contractual duration and 5 thousand euros with reference to the value of the underlying asset when it is new.

Lease liabilities

The lease liability is presented separately within the statement of financial position Lease payments included in the measurement of lease liabilities comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, measured by using and index or use from the lease inception;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option that the lessee is reasonably certain to exercise; and

- payments for terminating the lease unless it is reasonably certain that early termination will not occur.

The lease liability is presented separately within the statement of financial position.

Right-of-use assets

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before commencement date of the lease, and any initial direct costs. Subsequently, they are measured at cost less accumulated depreciation and impairment losses.
When the Company is obliged to bear the costs of dismantling and removing a leased asset, restoring the site where it is located or restoring the underlying asset to the conditions required by the terms and conditions of the lease, provisions are made in accordance with IAS 37. The costs are included in the relevant right-of-use asset. The right of use is depreciated in the shorter period of the lease term and the useful life of the asset. If a lease transfers title to the asset or the cost of the right-of-use asset reflects the Company's intention to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the asset. Depreciation begins on the commencement date of the lease.
Right-of-use assets are shown in a separate line of the statement of financial position.
Variable payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use assets. The related payments are recognized as a cost in the year in which the event or the condition triggering those payments occurs and are included in "other costs" in the income statement.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption in relation to property, plant and equipment (i.e. leases that have a duration of 12 months or less from the commencement date and do not contain a purchase option). The Company has also applied the small ticket lease exemption in relation to leases contracts of low-value office equipment. Payments for short-term leases and low-value asset leases are expensed over the lease term.

According to IFRS 16, rights-to-use assets are tested for impairment according to IAS 36 - Impairment of assets.

The Company has adopted the following approach:

- applied a single discount rate for a portfolio of leases with reasonably similar characteristics;
- adjusted the right-to-use asset on the effective date of IFRS 16 for the amount of the provisions for leases recognized according to IAS 37 in the statement of financial position immediately before the initial application date, as an alternative to the impairment test;
- chose not to recognize right-of-use assets and liabilities for leases whose term ends within12 months of initial date of application;
- excluded initial direct cost from measurement of right of use assets on the initial date of application;
- used hindsight in determining lease term when the contract contains options to extend or terminate the lease.

Goodwill impairment test

According to IAS 36 - *Impairment of Assets* - goodwill must be tested for impairment annually to verify their recoverable amount. At each reporting date, therefore, the Group carries out the test by estimating the recoverable amount of goodwill and comparing it with the carrying amount to check whether the asset is impaired.

Criteria to estimate Value in use

Value in use was determined by estimating the present value of expected future cash flows. The forecast period was five years. The cash flow of the last year of the forecast period was projected in perpetuity (through the use of perpetual annuity formula, with an appropriate growth rate "g" for the purposes of the so-called "Terminal Value". The "g" rate was determined by taking the medium-term inflation rate in the euro area as a growth factor and constant over time).
Cash 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 must therefore also include financial assets/liabilities.
In view of this, it can be considered with good approximation that the cash flows coincide with the profitability expressed and it has therefore been assumed that the Free Cash Flow (FCF) corresponds to the Net Result.

Determination of the discount rate

In determining Value in use, cash flows have been discounted to present value at a rate that reflects current market valuations, the time value of money and the specific risks of the business.
The discount rate used, has been estimated from the "equity side" perspective, i.e. considering only the cost of equity capital (Ke), consistent with the methods of determining cash flows that, as already highlighted, include cash flows deriving from financial assets and liabilities.
The cost of capital was then determined using the Capital Asset Pricing Model (CAPM). On the basis of 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 sector and the geographical riskiness represented by the so-called "country risk").

3. INTANGIBLE ASSETS

Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at their fair value on the acquisition date. After initial recognition, intangible assets are measured at cost less accumulated amortization and any impairment. Intangible assets produced internally, with the exception of development costs, are not capitalized and the relevant costs are recognized in the income statement for the year in which they were incurred.

The useful life of intangible assets is considered as either definite or indefinite.

Intangible assets with a definite useful life are amortized over their useful life and are tested whenever there are indications of a possible impairment. The amortization period and the amortization method of a definite useful-life intangible asset are reconsidered at least at each year-end. Changes in the expected useful life or in the way in which future economic benefits related to the business will materialize are recognized through the change in the amortization period or method, as appropriate, and are considered changes in accounting estimates. Amortization expenses of definite useful-life intangible assets are shown in the income statement for the year in the cost category consistent with the function of the intangible asset.

An intangible asset is eliminated at the time of disposal (i.e., on the date on which the buyer gains control of it) or when no future economic benefits are expected from its use or disposal. Any profit or loss resulting from the elimination of the asset (calculated as the difference between the net consideration of the disposal and the book value of the asset) is included in the income statement.

Intangible assets with an indefinite useful life are not amortized, but are tested every year for impairment, both at the individual level and at the level of the cash generating unit. The assessment of indefinite useful life is reviewed annually to determine whether such attribution continues to be sustainable, otherwise, the change from indefinite useful life to definite useful life applies on a prospective basis.

An intangible asset is derecognized at the time of disposal (i.e., on the date on which the buyer gains control of it) or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from the derecognition of the asset (calculated as the difference between the net consideration of the disposal and the carrying amount of the asset) is included in the income statement.

4. FINANCIAL INSTRUMENTS

A financial instrument is any contract giving rise to a financial asset for an entity and a financial liability or an equity instrument for another entity.

Financial assets - initial recognition and measurement

At initial recognition, financial assets are classified, as appropriate, according to the subsequent methods of measurement, that is at amortized cost, at fair value through other comprehensive income (OCI) and at fair value through profit or loss.

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of financial assets and the business model that the Company uses for their management.

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

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it must generate cash flows that depend solely on principal and interest on the amount of principal to be repaid (i.e. 'Solely Payments of Principal and Interest [SPPI]'). This measurement is referred to as an SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (SPPI) are classified and measured at fair value through profit or loss.

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 business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

Financial assets classified and measured at amortized cost are held as part of a business model whose objective is the possession of financial assets aimed at collecting contractual cash flows, while financial assets that are classified and measured at fair value through OCI are held within the framework of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets.

The purchase or sale of a financial asset that requires its delivery within a period generally established by market regulations or conventions (so-called standardized sale or regular way trade) is recorded on the trading date, i.e. the date on which the Company has undertaken to buy or sell the asset.

Financial assets - subsequent measurement

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

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through other comprehensive income without reversal of cumulative gain or losses upon derecognition (equity instruments);
- financial assets at fair value through profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest criterion and are tested for impairment. Gains and losses are recognized through profit or loss when the asset is derecognized, modified or remeasured.

Financial assets at fair value

For financial assets recognized at fair value through OCI, interest income, changes due to exchange rate differences and impairment losses, and reversals, are recognized through profit or loss and are calculated in the same way as financial assets at amortized cost. The remaining changes in fair value are recognized through OCI. At derecognition, the cumulative change in fair value recognized in OCI is reclassified through profit or loss.

Investments in equity instruments

At initial recognition, the Company may irrevocably choose to classify its equity investments as equity instruments recognized at the fair value through OCI when they meet the definition of equity instruments under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined for each individual instrument.

The gains and losses on these financial assets are never reclassified to profit or loss. Dividends are recognized as other revenues in the income statement when the right to payment has been resolved, except when the Company benefits from such income as a recovery of part of the cost of the financial asset, in which case such income is recognized through OCI. Equity instruments recognized at fair value through OCI are not subject to impairment tests.

Financial assets at fair value through profit or loss

Financial assets at fair value with changes recognized in the income statement are shown on the statement of financial position at fair value with the net changes in fair value reported 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 derecognized in the first place (removed from the Company's statement of financial position) when:

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

In cases where the Company has transferred the rights to receive cash flows from an asset or has signed an agreement under which it retains contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay cash flows to one or more recipients (pass-through), it evaluates whether and to what extent it has retained the risks and rewards of ownership. If it has neither transferred nor retained substantially all risks and rewards or has not lost control over it, the asset continues to be reported on the Company's statement of financial position to the extent of its continuing involvement in the asset. In this case, the Company also recognized an associated liability. The transferred assets and the associated liability are measured so as to reflect the rights and obligations still attributable to the Company.

When the entity's continuing involvement is a guarantee on the transferred asset, the involvement is measured on the basis of the lower between the amount of the asset and the maximum amount of consideration received that the entity may have to repay.

Financial assets - impairment

The Company recognizes an Expected Credit Loss ("ECL") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows arising from the sale of collateral or other credit enhancement that are integral to the contractual terms.

Expected losses are recognized in two stages. With regard to credit exposures for which there has been no significant increase in credit risk since initial recognition, credit losses resulting from the estimation of default events that are possible within the next 12 months (12-month ECL) are recognized. For credit exposures for which there has been a significant increase in credit risk since initial recognition, the expected losses relating to the remaining duration of the exposure are fully noted, regardless of when the default event is expected to occur ('Lifetime ECL").

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

Financial liabilities - initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, among mortgages and loans, or among derivatives designated as hedging instruments.

All financial liabilities are initially recognized at fair value, plus - in the case of mortgages, loans and payables - the transaction costs directly attributable to them.

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

Financial liabilities - subsequent measurement

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

- financial liabilities at fair value through profit or loss;
- financial liabilities at amortized cost (loans and debts).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for trading liabilities and financial liabilities initially recognized at fair value through profit or loss.

Held-for-trading liabilities are all those assumed with the intention of extinguishing them or transferring them in the short term. This category also includes derivative financial instruments underwritten by the Company that are not designated as hedging instruments in a hedging relationship.

Gains or losses on liabilities held for trading are recognized through profit or loss.

Financial liabilities are designated at fair value through profit or loss from the date of initial recognition, only if the IFRS 9 criteria are met. At initial recognition, the Company did not designate financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost

After initial recognition, loans are measured on the basis of amortized cost using the effective interest rate method. Gains and losses are accounted for in the income statement when the liability is extinguished, as well as through the amortization process.

Amortized cost is calculated by recognizing any discount or premium on the acquisition and the fees or costs that are integral to the effective interest rate. Amortization at the effective interest rate is included in the financial expenses of the income statement.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation underlying the liability is extinguished, cancelled or discharged. Where an existing financial liability is replaced by another of the same lender, on substantially different terms, or if the conditions of an existing liability are substantially modified, that exchange or modification is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any differences between the carrying amounts recognized through profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to hedge exchange rate, interest rate and price risks.

Transactions that, in compliance with the Company's risk management policies, meet the requirements of hedge accounting treatment are qualified as hedges and, in particular, Cash Flow Hedges.

Derivative financial instruments qualify for hedge accounting treatment when, at the start of the hedging, there is a formal designation and documentation of the hedging relationship, hedging is assumed to be highly effective, such effectiveness can be reliably assessed and hedging is highly effective for all years for which it is designated.

Where derivative financial instruments qualify for hedge accounting, the following applies:

Cash Flow Hedge: If a derivative financial instrument is designated as a hedge against the variability of future cash flows of a financial asset or liability or of a highly likely expected transaction and which could affect the income statement, the effective portion of gains or losses on the derivative financial instrument is recognized directly through equity in the “Cash flow hedge reserve”. The cumulative gain or loss is recognized through profit or loss in the same accounting period as the hedged expected cash flows affect the income statement, thereby offsetting each other, in whole or in part. The gain or loss associated with a hedge (or part of the hedge) that has become ineffective recognized through profit or loss. If a hedging instrument or a hedging relationship is closed, but the transaction being hedged has not been carried out, the cumulative gain or loss recognized in Equity is reclassified to profit or loss as soon the hedged expected cash flows affect the Income Statement. If the hedged transaction is no longer considered likely, the cumulative unrealized gains or losses reported in Equity are immediately reclassified to the Income Statement.

Derivative financial instruments with positive fair value are classified as assets (Derivative financial instruments) while those with negative fair value are reported as liabilities (Derivative financial instruments).

If hedge accounting cannot be applied, gains or losses resulting from the measurement of the derivative instrument are recognized immediately through profit or loss.

INVENTORIES

Inventories are valued at the lowest of cost and expected net realizable value.

The costs incurred in bringing goods to the current place and conditions are recognized as follows:

- raw materials: purchase cost calculated using the FIFO method;
- finished and semi-finished products: direct cost of materials and labour plus a share of general production costs, defined on the basis of normal production capacity, excluding financial costs.

The expected net realizable value consists of the normal estimated selling price in the normal course of operations, after deducting the estimated completion costs and estimated selling costs.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and demand and short-term deposits, highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of cash and subject to a non-significant risk of changes in value.

PROVISIONS

Provisions consist of liabilities arising when a legal or constructive obligation exists as a result of a past event; it is probable that it will be necessary to spend resources generating economic benefits to settle the obligation; a reliable estimation of the amount of the obligations can be produced. When the Company considers that a provision will be reimbursed in whole or in part - for example in the case of risks covered by insurance policies - the payment is recognized separately as an assets if, and only if, it is practically certain. In this case, the cost of any provision is recognized through profit or loss, net of the insurance payment received.

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

POST-EMPLOYMENT BENEFITS

Defined benefit plans

Defined benefit plans are retirement plans determined on the basis of employee pay and years of service. The Company's obligation to contribute to employee benefit plans and the related social security cost linked to current employment contracts are determined using an actuarial valuation under IAS 19 revised defined as the "Unit Credit Projection" method. The cumulative net amount of all actuarial gains and losses is recognized in Equity (in a Valuation Reserve) and in other comprehensive income. The amount recognized as a liability in defined benefit plans is the present value of the relevant obligation, taking into account the costs to be recognized in future years for employees' service in previous years.

The rate used to discount to present value of the obligation related to post-employment benefits varies according to the country/currency of denomination of the liability and is determined on the basis of market returns, at the balance sheet date, of bonds of primary companies with an average duration consistent with that of the liability.

Defined contribution plans

Contributions paid into a defined contribution plan are recognized as a cost in the income statement for the period in which employees provide their service. Until 31 December 2006, Italian employees were entitled to post-employment severance payments known as "TFR", which qualified as a defined benefit plan. By Law no. 296 of 27 December 2006 and subsequent decrees ("Pension Reform") issued in early 2007, the rules and post-employment severance payment were amended. Starting from the contributions accrued as of 1 January 2007 and not yet paid as of the balance sheet date, with reference to entities with more than 50 employees, post-employment benefits in Italy are recognized as defined contribution plans. Contributions accrued up to 31 December 2006 are still recognized as a defined benefit plan and accounted for according to actuarial assumptions.

REVENUES

Revenues from customer contracts are recognized when they are received and it is therefore certain that future benefits will be received and these benefits can be quantified reliably. They are recognized to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for such goods or services.

Sale of goods

Revenues from the sale of goods are recognized when title to the goods passes to the customer, generally at the time of delivery, depending on the terms applied. The Company considers whether the contract includes other promises to be fulfilled. When determining the transaction price for the sale of the goods, the Company considers the effects of variable consideration, non-cash consideration and consideration payable to the customer (if any).

Services rendered

Repair and maintenance services: revenues from routine and non-routine maintenance services are recognized in the income statement on the basis of the historical analysis of maintenance curves appropriate to the current composition of the fleet.

Maintenance curves are updated periodically in order to better identify the cost profile best attributable to each vehicle class.

For lease contracts still active, expected losses are immediately recognized as cost when the total cost of the contract is likely to exceed the total revenues from the contract. On the other hand, revenues from such services are recognized only at the end of the contract.

Revenues from brand subsidies: a brand subsidy is an extra-discount attributed to Leasys by car manufacturers upon achieving a set minimum volume of purchase of vehicles of the manufacturer's brands. Criteria and methods of recognition of the extra-discount are governed by a supply agreement signed between Leasys and the respective car manufacturer.

The brand subsidy is recognized by Leasys as deferred income.

The amount is then released to the income statement over a period equal to the duration of the rental contract related to the individual vehicle.

COSTS

Costs are recognized as incurred. Costs directly attributable to financial instruments measured at amortized cost and determinable in advance, regardless of when they are incurred, are included in the calculation of amortized cost using the effective interest method and are recognized in the income statement.

Impairment losses are recognized in the income statement in the year in which they are identified.

TAXES

Current taxes

Current tax receivables and payables for the year are shown for the amount expected to be recovered from or paid to the tax authorities. The tax rates and regulations used to calculate the amount are those issued, or substantially in force, on the balance sheet date in the countries where the Company operates and generates its taxable income.

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

Deferred taxes

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

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

- deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, does not affect either the result of operations or the tax result;
- the reversal of temporary taxable differences related to investments in subsidiaries, associates and joint ventures can be controlled, and it is not likely to occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, for unused credit and tax losses carried forward, to the extent that sufficient future taxable income is likely to be available to absorb the deductible temporary differences and the unused credit and tax losses carried forward, except for the cases where:

- the deferred tax assets is linked to deductible temporary differences from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, does not affect either the result of operations or the tax result;
- if the deductible temporary difference is related to investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that sufficient future taxable income is likely to be available to absorb such deductible temporary difference.

The carrying amount of deferred tax assets is reassessed at each reporting date and reduced to the extent that it is no longer likely that sufficient taxable income will be available in the future to allow all or part of such credit to be used. Deferred tax assets not recognized are reassessed at each reporting date and recognized to the extent that taxable income is likely to be sufficient to recover such deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rates expected to be applied in the financial year in which those assets are realized or such liabilities are extinguished, taking into account the tax rates in force and those already issued, or substantially in force, on the reporting date.

Deferred taxes relating to items recognized through other comprehensive income or equity are also recognized through other comprehensive income or equity, in keeping with the element to which they relate.

The Company offsets deferred tax assets and deferred tax liabilities if and only if there is a legal right to offset current tax receivables and current tax liabilities and deferred tax assets and deferred tax liabilities refer to income taxes due to the same tax authority by the same taxpayer or by different taxable persons who intend to settle current tax assets and liabilities on a net basis or realize the asset and settle the liability at the same time, with reference to any future period in which deferred tax assets and liabilities are expected to be paid or recovered.

Indirect taxes

Costs, revenues, assets and liabilities are recognized 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 this case it is recognized as part of the purchase cost of the asset or part of the cost recorded 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 Tax Authority is recognized as a receivable or as a payable.

RISKS AND UNCERTAINTIES RELATED TO THE USE OF ESTIMATES

In accordance with IFRSs, the preparation of the Company's financial statements requires directors to make discretionary assessments, estimates and assumptions that affect the application of accounting standards and the amounts of assets, liabilities, costs and revenues recognized in the financial statements, as well as disclosures relating to contingent assets and liabilities. The preparation of these estimates involves the use of the available information and the adoption of subjective assessments, also based on historical experience, used for the formulation of reasonable assumptions for the recognition of transactions. By their nature, the estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that in subsequent financial years the amounts entered in the financial statements may vary as a result of the change in the subjective assessments used.

In particular, estimation processes have been adopted to support the amount recognized of some of the most important items of the Financial Statements at 31 December 2020, as required by the above-mentioned accounting standards and regulations. These processes are based to a large extent on estimates of the future recoverability of the amounts entered in the financial statements according to the rules dictated by the applicable regulations and on the assumption that the Company is a going concern.

Estimates and assumptions are reviewed regularly and updated periodically. In the event of different developments in the elements considered, the amounts used may differ from the original estimates and require to be consistently modified. In those cases the changes are recognized in the income statement of the period in which they occur or in subsequent periods.

Below are the main assumptions that, at the reporting date, required the use of subjective assessments by the Company Management:

- Provisions for expected losses on trade receivables and financial assets:

    • for trade receivables and assets arising from contracts under IFRS 15, as well as for lease receivables, IFRS 9 has provided for some simplifications, in order to prevent entities from being forced to monitor changes in credit risk, as provided for in the general model;
    • for trade receivables, IFRS 9, paragraph 5.5.15, provides that the loss allowance be determined with reference to the entire life of the receivable (so-called *lifetime expected credit losses*). This avoids having to monitor credit risk from the moment of initial recognition;
    • in accordance with the standard, the FCA Bank Group, for the calculation of the provisions for rent receivables, opted for the adoption of the simplified approach. To determine lifetime expected credit loss, IFRS 9 proposes the use of a matrix showing the different loss rates. The matrix could provide for the grouping of receivables according to their characteristics (for example: geographical area, product, customer, etc.). For each category, receivables could be divided on the basis of their seniority (receivables overdue for less than 30 days, receivables overdue for more than 30 days, but less than 90 etc.), and for each seniority class apply a loss rate.

- Determination of the *fair value* of the financial instruments to be used for financial reporting purposes; in particular the use of measurement models for the recognition of the fair value of financial instruments;
- assessment of the recoverability of goodwill and other intangible assets;
- quantification of provisions and provisions for risks and charges;
- estimates and assumptions on the recoverability of deferred tax assets.

Deferred tax assets are recognized to the extent that it is likely that there will be a taxable income in the future that allows losses to be used. A significant estimation activity is required by the Company management to determine the amount of tax assets that can be recognized based on the level of future taxable income, the timing of its materialization and the applicable tax planning strategies.

The Group considers that the conditions are in place for the recognition of tax assets under the business and financial plans approved by management and the relevant future taxable income generated.

Determination of the recoverable amount of Property, plant and equipment

With regard to long-term rental, the risk on the residual values of the vehicles leased is generally borne the rental company, save for specific agreements with third parties, and arises from the difference between the market value and the book value of the vehicle at the end of the rental. Second-hand market trends can pose risks for those who own and operate vehicles in the medium to long term.

Leasys and its subsidiaries have long defined and adopted at Group level guidelines aimed at the definition and continuous monitoring of residual values. The calculation model of the Provisions for Residual Values is updated quarterly to allow the most appropriate assessment of the relevant coverage. Today there are no particular critical issues related to the risk on the residual values of the active fleet.

PART B - NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A description of the main items of the Statement of Financial Position is provided below.

All amounts are in thousands of Euros.

SECTION 1 - PROPERTY, PLANT AND EQUIPMENT

1.1 VEHICLES: Breakdown

This item amounts to €3,322,454 thousand, increased by €283,838 thousand compared to the previous year due to the expansion of the managed fleet. Details of its composition are provided below.

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Own vehicles	**2.866**	**2.607**	**259**
Gross value	3.608	3.924	(316)
(Accumulated depreciation)	(741)	(1.317)	575
Rental fleet	**2.952.845**	**2.610.228**	**342.617**
Gross value	3.946.482	3.416.750	529.732
(Accumulated depreciation)	(993.637)	(806.522)	(187.115)
Vehicles in stock	**54.910**	**41.632**	**13.278**
Gross value	93.898	66.315	27.582
(Accumulated depreciation)	(38.988)	(24.683)	(14.305)
Vehicles to be rented	**311.832**	**308.315**	**3.517**
Gross value	311.832	308.315	3.517
(Accumulated depreciation)	-	-	-
Property, plant and equipment under construction and advances	**-**	**75.833**	**(75.833)**
Gross value	-	75.833	(75.833)
(Accumulated depreciation)	-	-	-
Total	**3.322.454**	**3.038.616**	**283.838**
Gross value	**4.355.820**	**3.871.137**	**484.683**
Accumulated depreciation	**(1.033.366)**	**(832.522)**	**(200.844)**

The above item includes:

- own vehicles, mainly company cars and vehicles assigned to company personnel for €2,866 thousand (net of accumulated depreciation);
- rental fleet is composed by Passenger cars and commercial vehicles for a total of €2,952,845 thousand (net of accumulated depreciation);
- vehicles in stock for €54,910 thousand and vehicles to be rented for €311,832 thousand, for a total of 21,611 units. These assets identify vehicles in process of contractual activation and delivery, that are not subject to depreciation until delivery and consequent activation.

1.2 VEHICLES: Yearly changes

The table below shows the changes in this item for 2020.

Description (€/000)	Own vehicles	Rented vehicles	Vehicles in stock	Vehicles to be rented	Total
Opening balance	**2,607**	**2,610,228**	**41,632**	**384,148**	**3,038,616**
Purchases	997	796,118	1,279	278,040	1,076,434
Disposals	(188)	(208,245)	(23,031)	(19,668)	(251,132)
Impairments	-	106	-	-	106
Impairment reversals	-	(2,211)	-	-	(2,211)
Depreciation	(861)	(440,856)	-	-	(441,717)
Exchange rate differences	-	(15,257)	1,118	(1,782)	(15,921)
Other changes	311	212,963	33,912	(328,906)	(81,720)
Closing balance	**2,866**	**2,952,845**	**54,910**	**311,832**	**3,322,454**

1.3 OTHER PROPERTY, PLANT AND EQUIPMENT: Breakdown

This item amounts to €8,092 thousand, increased by €5,279 thousand euros compared to the previous year. Details of its composition are provided below.

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Land and buildings	**460**	**101**	**359**
Gross value	1,761	198	1,563
(Accumulated depreciation)	(1,302)	(98)	(1,204)
Plants and machinery	**5,644**	**2,483**	**3,160**
Gross value	9,335	5,253	4,082
(Accumulated depreciation)	(3,692)	(2,770)	(921)
Industrial and commercial equipment	**347**	**204**	**144**
Gross value	557	401	157
(Accumulated depreciation)	(210)	(197)	(13)
Other property, plant and equipment	**1,642**	**26**	**1,616**
Gross value	2,234	55	2,179
(Accumulated depreciation)	(592)	(29)	(563)
Property, plant and equipment under construction and advances	**-**	**-**	**-**
Gross value	-	-	-
(Accumulated depreciation)	-	-	-
Total	**8,092**	**2,813**	**5,279**
Gross value	**13,888**	**5,907**	**7,981**
Accumulated depreciation	**(5,795)**	**(3,094)**	**(2,701)**

1.4 OTHER PROPERTY, PLANT AND EQUIPMENT: Yearly changes

The table below shows the changes in this item for 2020.

Description (€/000)	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other property, plant and equipment	Total
Opening balance	**101**	**2,483**	**204**	**26**	**2,813**
Purchases	12	4,573	-	6	4,592
Disposals	-	-	(125)	(48)	(172)
Impairments	-	-	-	-	-
Impairment reversals	-	-	-	-	-
Depreciation	(69)	(307)	17	(407)	(766)
Exchange rate differences	-	(9)	-	(0)	(10)
Other changes	416	(1,096)	251	2,065	1,636
Closing balance	**460**	**5,644**	**347**	**1,642**	**8,092**

SECTION 2 - INTANGIBLE ASSETS

2.1 RIGHT-OF-USE ASSETS: Breakdown

The Group, as required by IFRS, in particular IFRS 16, avails itself of the exemption from the standard for lease contracts of 12 months or less or for low-value assets. Therefore, lease contracts of more than 12 months are recognized in this item, unless the underlying asset is of low value.

This item amounts to €39,633 thousand, increased by €1,123 thousand compared to the previous year. Details of its composition are provided below.

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Buildings	**39,550**	**38,423**	**1,127**
Gross value	53,415	42,838	10,578
(Accumulated amortization)	(13,865)	(4,414)	(9,451)
Plants and machinery	**83**	**87**	**(4)**
Gross value	131	118	13
(Accumulated amortization)	(48)	(31)	(17)
Total	**39,633**	**38,510**	**1,123**
Gross value	**53,546**	**42,956**	**10,591**
Accumulated amortization	**(13,913)**	**(4,445)**	**(9,468)**

The most important item above refers to leases falling within the scope of IFRS 16, which the Group has entered into with respect to properties that are used for the operating activities of the Companies, such as offices. These contracts generally last more than 12 months.

The Group also has certain leases for machinery with a duration of 12 months or less and office equipment whose value is low. The Group has chosen, as reported above, for these contracts to apply the exemptions provided for by IFRS 16 with regard to short-term or low-value leases.

2.2 RIGHT-OF-USE ASSETS: Yearly changes

The table below shows changes in this item for 2020.

Description (€/000)	Buildings	Plants and machinery	Total
Opening balance	**38,423**	**87**	**38,510**
Purchases	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Impairment reversals	-	1	1
Depreciation	(6,866)	(18)	(6,884)
Exchange rate differences	-	-	-
Other changes	7,993	13	8,006
Closing balance	**39,550**	**83**	**39,633**

2.3 GOODWILL

At 31 December 2020, goodwill amounted to €103,593 thousand.
This item includes:

- €78,480 thousand in goodwill generated in 2001 when Leasys S.p.A. was established;
- €13,652 thousand in goodwill arising on first consolidation of AIXIA (later called Leasys Rent France S.A.S.); on 15 May 2020, Leasys acquired 100% of Aixia Developpement S.A.S., a company operating in short-term rental on the French market, for €18 million. On 1 October 2020, the merger, via Transmission Universelle de Patrimoine (TUP), of Aixia Location S.A.S., Rent All S.A.S. and Aixia System S.A.S. with and into Leasys Rent France S.A.S. (formerly AIXIA DEVELOPPEMENT S.A.S.) took effect. As of that date, the three companies referred to above ceased to exist.
- €7,332 thousand in goodwill arising on first consolidation of Drivalia Car Rental S.L.U. (later called Leasys Rent Espana S.L.U.). On November 5, 2020, Leasys S.p.A. acquired the 430 shares constituting 100% of the share capital of DRIVALIA CAR RENTAL S.L.U., a limited liability company based in Spain, operating in the short-term rental business, for €13.9 million.

- €2,732 thousand related to goodwill generated by the sale of Leasys Portugal S.A. from FCA Bank to Leasys S.p.A.. On 4 November 2020, Leasys S.p.A. acquired the shares held by its parent company, FCA Bank S.p.A., in "FCA Dealer Services Portugal S.A.", representing the entire share capital, thus becoming the company's sole shareholder, for €36.6 million.
- €1,397 thousand related to goodwill generated by the acquisition of Leasys Rent S.p.A. by Leasys S.p.A.

Goodwill impairment test

According to IAS 36 - *Impairment of Assets* - goodwill must be tested for impairment annually to verify its recoverable amount. At each reporting date, therefore, the Group carries out the test by estimating the recoverable amount of goodwill and comparing it with the carrying amount to check whether the asset is impaired.

Criteria to estimate Value in use

Value in use was determined by estimating the present value of expected future cash flows. The forecast period was five years. The cash flow of the last year of the forecast period was projected in perpetuity (through the use of perpetual annuity formula, with an appropriate growth rate "g" for the purposes of the so-called "Terminal Value". The "g" rate was determined by taking the medium-term inflation rate in the euro area as a growth factor and constant over time). Cash 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 must therefore also include financial assets/liabilities.
In view of this, it can be considered with good approximation that the cash flows coincide with the profitability expressed and it has therefore been assumed that the Free Cash Flow (FCF) corresponds to the Net Result.

Determination of the discount rate

In determining Value in use, cash flows have been discounted to present value at a rate that reflects current market valuations, the time value of money and the specific risks of the business.
The discount rate used, has been estimated from the "equity side" perspective, i.e. considering only the cost of equity capital (Ke), consistent with the methods of determining cash flows that, as already highlighted, include cash flows deriving from financial assets and liabilities.

The cost of capital was then determined using the Capital Asset Pricing Model (CAPM). On the basis of 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 sector and the geographical riskiness represented by the so-called "country risk").

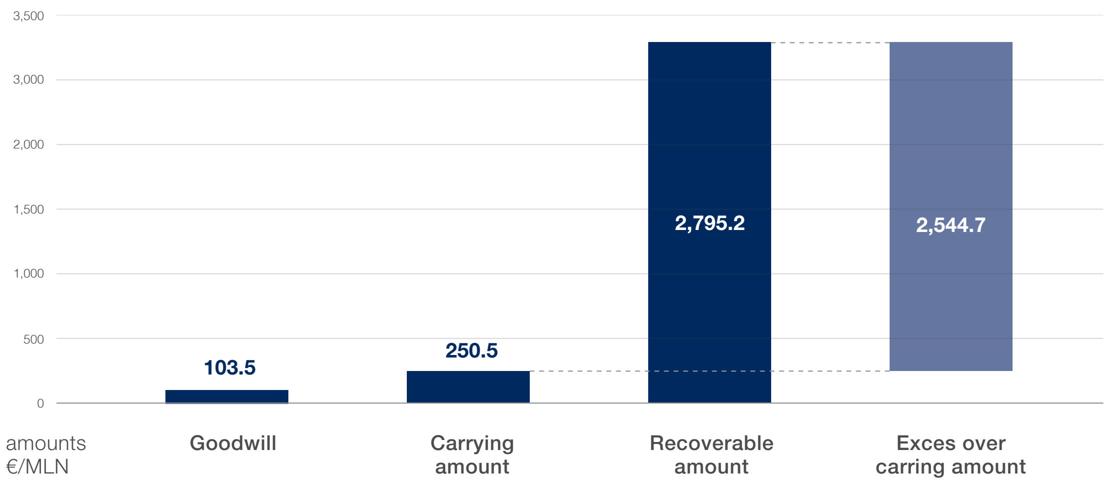
Impairment test result

Goodwill is tested for impairment at least once a year, or more frequently, when circumstances suggest that the carrying amount may be overstated due to impairment.

At the reporting date, he test did not reveal conditions or results indicative of impairment.

- the discount rate of 7.01% was calculated as the cost of capital, considering a risk-free rate of -0.57%, a business risk premium of 6% and a beta of 1.27;
- the growth rate is estimated at 1.3%.

The recoverable and carrying amounts are as follows.



Sensitivity analyses were also run simulating a change in the significant parameters of the impairment test, including a decrease in net profit of 40%, to take into account possible deteriorations in economic conditions. At the end of such analyses, the recoverable amount was found to be higher than the carrying amount.

2.4 OTHER INTANGIBLE ASSETS: Breakdown

This item amounts to €24,653 thousand, an increase of €2,934 thousand compared to the previous year. Below, details of this item are provided:

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Patents and intellectual property rights	**17,991**	**39**	**17,952**
Gross value	51,895	40	51,855
(Accumulated amortization)	(33,903)	(1)	(33,902)
Concessions, licenses, trademarks and similar rights	**478**	**158**	**320**
Gross value	14,840	1,382	13,458
(Accumulated amortization)	(14,362)	(1,224)	(13,138)
Other intangible assets	**3,506**	**21,523**	**(18,017)**
Gross value	26,329	84,605	(58,276)
(Accumulated amortization)	(22,823)	(63,082)	40,259
Assets under construction and advances	**2,678**	**-**	**2,678**
Gross value	2,678	-	2,678
Total	**24,653**	**21,719**	**2,934**
Gross value	**95,742**	**86,027**	**9,715**
Accumulated amortization	**(71,089)**	**(64,307)**	**(6,781)**

Regarding intangible assets, attention should be paid to the following:

- patents and intellectual property rights, amounting to €17,991 thousand, refer to costs incurred for the implementation of IT systems as a result of the internationalization process, in order to adapt their functionality to Company needs;
- other intangible assets, amounting to €3,506 thousand, refer mainly to the capitalization of leasehold improvement costs;
- assets under construction, amounting to €2,678 thousand, are related to the capitalization of costs for projects expected to go live in 2021.

2.5 OTHER INTANGIBLE ASSETS: Yearly changes

The table below shows the changes in this item for 2020.

Description (€/000)	Patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
Opening balance, net	**39**	**158**	**21,523**	**-**	**21,719**
Purchases	3,679	129	2,072	4,130	10,010
Disposals	(530)	(22)	-	(418)	(970)
Impairments	-	-	-	-	-
Impairment reversals	-	-	-	-	-
Amortization	(5,023)	(95)	(1,229)	-	(6,348)
Exchange rate differences	-	(9)	-	-	(9)
Other changes	19,827	318	(18,860)	(1,034)	251
Closing balance, net	**17,991**	**478**	**3,506**	**2,678**	**24,653**

SEZIONE 3 - DEFERRED TAX ASSETS AND LIABILITIES

3.1 DEFERRED TAX ASSETS AND LIABILITIES: Breakdown

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Deferred tax assets	**126,654**	**80,427**	**46,227**
through profit or loss	122,621	77,634	44,987
through equity	4,033	2,793	1,240
Deferred tax liabilities	**73,087**	**29,811**	**43,276**
through profit or loss	73,060	29,756	43,304
through equity	27	55	(28)

Deferred tax assets, equal to €126,654 thousand as shown below, increased by €80,427 thousand compared to the previous year.

Deferred tax liabilities, equal to €73,087 thousand as shown below, increased by €29,811 thousand compared to the previous year.

3.2 DEFERRED TAX ASSETS AND LIABILITIES: Yearly changes

Description (€/000)	Change in deferred tax assets			Change in deferred tax liabilities			
	Through profit or loss	Through equity	Total		Through profit or loss	Through equity	Total
1. Opening balance	**77,634**	**2,793**	**80,427**	29,756	**55**	**29,811**	**29,811**
2. Increases	**57,982**	**1,240**	**59,222**	43,331	**-**	**43,331**	**43,331**
2.1 Deferred tax assets/liabilities recognized for the year	55,294	3,398	58,692	42,923	-	42,923	42,923
a) relating to previous years	(509)	-	(509)	-	-	-	-
b) due to changes in accounting standards	-	-	-	-	-	-	-
c) other	55,803	3,398	59,201	42,923	-	42,923	42,923
2.2 New taxes or increase in tax rates	564	47	612	-	-	-	-
2.3 Other increases	2,124	(2,205)	(82)	408	-	408	408
3. Decreases	**(12,995)**	**-**	**(12,995)**	(27)	**(28)**	**(55)**	**(55)**
3.1 Deferred tax assets/liabilities derecognized during the year	(10,181)	-	(10,181)	-	-	-	-
a) reversals	(9,546)	-	(9,546)				-
b) derecognition as no longer considered recoverable	-	-	-	-	-	-	-
c) due to changes in accounting standards	-	-	-	-	-	-	-
d) other	(635)	-	(635)	-	-	-	-
3.2 Decrease in tax rates	-	-	-	-	-	-	-
3.3 Other decreases	(2,814)	-	(2,814)	(27)	(28)	(55)	(55)
4. Closing balance	**122,621**	**4,033**	**126,654**	**73,060**	**27**	**73,087**	**73,087**

SECTION 4 - CURRENT ASSETSI

4.1 INVENTORIES: Breakdown

This item, amounts to €26,148 thousand and refers to vehicles that have completed the contractual rental period and are now held for sale. It decreased by €4,960 thousand compared to the previous year.

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Assets held on consignment	-	-	-
Vehicles held for sale	26,148	31,108	(4,960)
Total	**26,148**	**31,108**	**(4,960)**

4.2 RECEIVABLES - Due from customers: Breakdown

This item amounts to €832,265 thousand, increased by €214,440 thousand compared to the previous year. Details of this item are provided below:

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Receivables arising from vehicle rentals	605,674	540,544	65,130
Provisions for expected credit losses	(35,653)	(33,816)	(1,838)
Receivables arising from finance leases	212,986	113,603	99,383
Provisions for expected credit losses	(4,576)	(3,572)	(1,003)
Other receivables	53,834	1,066	52,768
Net receivables from customers	**832,265**	**617,825**	**214,440**

4.3 PROVISIONS FOR EXPECTED CREDIT LOSSES: Yearly changes

The table below shows the changes in this item for 2020.

Description (€/000)	31/12/20	31/12/19
Opening balance	**(37,388)**	**(32,282)**
Increases	**(15,573)**	**(15,481)**
Provisions for the year	(14,230)	(12,357)
Losses on disposals	-	-
Other changes	(1,344)	(3,124)
- Calculated exchange rate differences (+)	-	-
- Exchange rate differences input (+)	-	-
- Business combinations (+)	-	-
- Change in scope of consolidation (+)	-	-
- Change in consolidation method and % (+)	-	-
- Other changes (+)	(1,344)	(3,124)
Decreases	**12,732**	**10,375**
Reversal	-	553
of impairment	-	553
of amount collected	-	-
Gain on disposals (-)	2,555	3,177
Write-offs	9,747	6,642
Other changes	431	3
- Calculated exchange rate differences (-)	431	-
- Exchange rate differences input (-)	-	-
- Change in scope of consolidation (-)	-	-
- Change in consolidation method and % (-)	-	-
- Other changes (-)	-	3
Closing balance	**40.229**	**37.388**

Trade payables are non-interest bearing and generally are due between 30 and 90 days.

4.4 OTHER RECEIVABLES AND CURRENT ASSETS: Breakdown

This item amounts to €379,777 thousand, increased by €715 thousand compared to the previous year. Details of this item are provided below.

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Receivables from employees	262	148	114
Receivables from social security institutions	58	10	48
Receivables from insurance companies	-	-	-
Security deposits	3,096	1,797	1,298
Other receivables	376,361	377,106	(745)
Total	**379,778**	**379,062**	**716**

4.5 CASH AND CASH EQUIVALENTS: Breakdown

Cash and cash equivalents decreased by €29,181 thousand compared to 31 December 2019. This is mainly due to the decrease in deposits of the Company's bank accounts, as described in the folowing table.

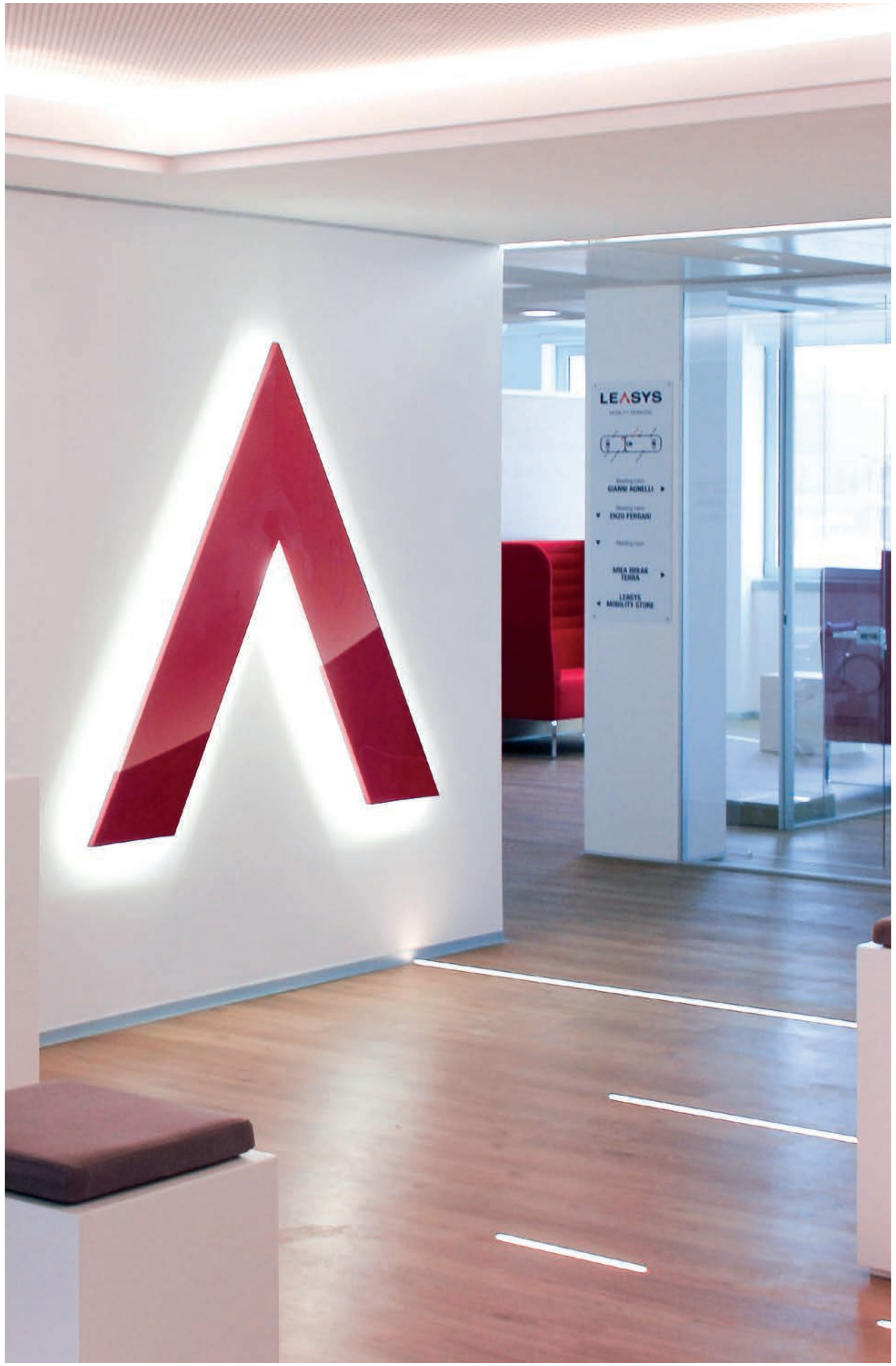
Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Bank deposits	132,150	161,334	(29,184)
Cash and cash equivalents	14	12	2
Total	**132,164**	**161,346**	**(29,181)**

4.7 TAX RECEIVABLES

This item amounts to €4,432 thousand, increased by €1,472 thousand compared to 31 December 2019 mainly due to IRAP.

The table below shows details of this item:

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Indirect tax receivables	-	-	-
Direct tax receivables	4,432	2,960	1,472
Total tax receivables	**4,432**	**2,960**	**1,472**



SEZIONE 5 - LIABILITIES

5.1 NON-CURRENT AND CURRENT FINANCIAL LIABILITIES: Breakdown

This item amounts to €3,972,557 thousand, increased by €518,361 thousand compared to last year.

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Non-current financial liabilities due to loan agreements and other	-	-	-
long-term borrowings	2,076,918	544,079	1,532,839
Bank borrowings (due beyond 12 months)	1,888,319	339,832	1,548,487
Other borrowings	188,599	204,247	(15,648)
Bonds issued	-	-	-
Medium/long-term finance leases	35,199	34,080	1,119
Total non-current financial liabilities	**2,112,117**	**578,159**	**1,533,958**
Current financial liabilities due to loan agreements and other	-	-	-
short-term borrowings	1,860,441	2,876,037	(1,015,597)
Bank overdrafts	41,714	568	41,146
Bank borrowings (portion due within 12 months)	1,408,953	2,690,080	(1,281,127)
Other borrowings	403,892	180,797	223,095
Short-term finance leases	5,882	4,593	1,289
Total current financial liabilities	**1,860,441**	**2,876,037**	**(1,015,597)**
Total financial liabilities	**3,972,557**	**3,454,197**	**518,361**

5.2 LEASE LIABILITIES: Breakdown

Lease liabilities of €41,081 thousand, arise solely from the application of IFRS 16, and mainly related to rental contracts for dwellings in use to employees and office premises.

The table below shows the details of lease liabilities, shown in the table above, with the relevant duration:

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Current lease liabilities - minimum future payments <1 year	5,882	4,593	1,289
Lease liabilities - minimum future payments between 1 and 5 years	20,698	12,613	8,085
Lease liabilities - minimum future payments beyond 5 years	14,501	21,467	(6,966)
Total minimum payments	**41,081**	**38,673**	**2,408**
Lease liabilities - payables arising from future financial charges	-	-	-
Present value	**41,081**	**38,673**	**2,408**

SECTION 6 - PROVISIONS

This item amounts to €17,933 thousand, decreased by €1,737 thousand compared to the previous year.

6.1 PROVISIONS: Breakdown

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Provisions for taxes and tax risks	-	-	-
Provisions for legal disputes	496	291	205
Provisions for future risks and charges associated with operating leases	8,887	7,999	888
Other provisions for risks and charges	8,550	11,380	(2,830)
Total provisions	**17,933**	**19,670**	**(1,737)**

The item "Provisions for legal disputes" reflects the risks associated with cases which are certain or likely to be lost. In the year under review, new provisions of €265 thousand and utilization of €60 thousand were made. Most of the cases for which the risk of losing has been deemed certain or probable, are related to disputes for which the Company has been sued as the owner of vehicles involved in car accidents. Another minor typology concerns cases in which the Company is involved due to defects and defaults of the vehicles sold.

The item "Provisions for future risks and charges associated with operating leases" mainly includes provisions for the termination of agency relationships.

The item Other provisions for risks and charges includes mainly provisions for self-insurance and personnel risks.

6.2 PROVISIONS: Yearly changes

The table below shows the changes in this item for 2020.

Description (€)	Provisions for taxes and tax risks	Provisions for legal disputes	Provisions for future risks and charges associated with operating leases	Oher provisions for risks and charges	Total
A. Net opening balance	**-**	**291**	**6,751**	**12,628**	**19,670**
B. Increases	**-**	**265**	**2,632**	**1,864**	**4,762**
Provisions for the year	-	265	1,142	1,864	3,271
Changes due to ageing	-	-	-	-	-
Changes due to the variation of the discount rate	-	-	-	-	-
Business combinations (mergers)	-	-	-	-	-
Other changes	-	-	1,491	-	1,491
Exchange rate differences input (+)	-	-	-	-	-
Automatic exchange rate differences (+)	-	-	-	-	-
Change in scope of consolidation (+)	-	-	-	-	-
Change in consolidation method and % (+)	-	-	-	-	-
Other changes (+)	-	-	1,491	-	1,491
C. Decreases	**-**	**60**	**497**	**5,942**	**6,499**
Profit for the year	-	60	186	5,683	5,930
releases	-	60	70	3,281	3,411
utilizations	-	-	116	2,403	2,519
Changes due in the variation of the discount rate	-	-	-	-	-
Other changes	-	-	310	258	569
Exchange rate differences input (-)	-	-	-	-	-
Automatic exchange rate differences (-)	-	-	-	-	-
Change in scope of consolidation (-)	-	-	-	-	-
Change in consolidation method and % (-)	-	-	-	-	-
D. Net closing balance	**-**	**496**	**8,887**	**8,550**	**17,933**

6.3 POST-EMPLOYMENT BENEFITS

a) POST-EMPLOYMENT BENEFITS: Breakdown

This item amounts to €7,337 thousand, increased by €7 thousand compared to the previous year.

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Defined-benefit plans	5,783	6,134	(351)
Defined-contribution plans	-	-	-
Other long-term benefits	1,554	1,195	358
Total defined-benefit plans	**7,337**	**7,330**	**7**

The liability relating to post-employment benefits represents the present value of the obligation with defined benefits, as adjusted by actuarial gains and losses and costs related to employee service not previously recorded. The provisions for the defined-benefit pension plans and the annual cost recognized in the income statement are determined by external actuaries using the Projected Unit Credit Method.

b) POST-EMPLOYMENT BENEFITS: Yearly changes

The table below shows the changes in this item for 2020.

Description (€)	Defined-benefit plans	Other long-term benefits	Total post-employment benefits
Gross opening balance	6,134	1,195	7,330
Changes in opening balance		271	271
A. Opening balance, net	**6,134**	**1,466**	**7,600**
B. Increases	**167**	**156**	**324**
B.1 Provisions for the year	136	156	293
B.2 Other changes	31	-	31
C. Decreases	**(518)**	**(69)**	**(587)**
C.1 Payments made	(98)	(49)	(147)
C.2 Other changes	(420)	(21)	(440)
D. Closing balance, net	**5,783**	**1,554**	**7,337**

c) POST-EMPLOYMENT BENEFITS: Changes in the actuarial liability

Description (€)	Defined-benefit plans	Other long-term benefits	Total post-employment benefits
Actuarial liability - Opening balance	**6,134**	**1,466**	**7,600**
Service cost	**-**	**87**	**87**
Interest cost	(2)	(1)	(3)
Decreases	-	-	-
Other costs	(126)	-	(126)
Contributions paid by employer	(59)	-	(59)
Actuarial losses/(gains) due to changes in demographic assumptions	(17)	47	30
Actuarial losses/(gains) due to changes in financial assumptions	70	10	79
'Actuarial losses/(gains) other	-	-	-
Payments	(50)	40	(11)
Other movements	(98)	(49)	(147)
Actuarial liability - Closing balance	(68)	(46)	(114)
Actuarial liability - Closing balance	**5,783**	**1,554**	**7,337**

With reference to supplementary defined-benefit pension plans, the calculation of actuarial amounts required by the application of IAS 19 “Employee Benefits” is carried out by an independent actuary, using the “Project Unit Credit Method”, as highlighted in detail in Part A - Accounting Policies.

6.4 TRADE PAYABLES: Breakdown

Trade payables of €560,713 thousand decreased by €15,734 thousand compared to the previous year.

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Trade payables	394,525	397,111	(2,586)
Deferred income for operating lease	99,183	100,202	(1,019)
Other accrued expenses and deferred income	6,470	9,784	(3,314)
Other	60,535	37,882	22,653
Total trade payables	**560,713**	**544,979**	**15,734**

The terms and conditions of the liability listed above provide that:

- trade payables are non-interest bearing and are normally settled after 60 days;
- other payables are non-interest bearing and are settled on average after six months.

6.5 DERIVATIVE ASSETS

Description (€/000)	31/12/20				31/12/19			
	Current notional value	Current fair value	Non-current notional value	Non-current fair value	Current notional value	Current fair value	Non-current notional value	Non-current fair value
Derivative assets	-	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	408,799	1,762
Interest rate risk	-	-	-	-	-	-	408,799	1,762
Exchange rate risk	-	-	-	-	-	-	-	-
Total derivative assets	-	-	-	-	-	-	**408,799**	**1,762**
Derivative liabilities	-	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-	-
Hedging derivatives	82,800	276	2,152,845	12,563	157,367	145	1,566,392	11,927
Interest rate risk	82,800	276	2,152,845	12,563	157,367	145	1,566,392	11,927
Exchange rate risk	-	-	-	-	-	-	-	-
Total derivative liabilities	**82,800**	**276**	**2,152,845**	**12,563**	**157,367**	**145**	**1,566,392**	**11,927**

This item includes derivative financial instruments to hedge interest rate risk with a notional value of €2,235,645 thousand and a fair value of €12,839 thousand at 31 December 2020. The notional value of a derivative contract is the contractual amount conventionally defined.

Fair value differs from the balance of the "Cash flow hedge reserve" as this item is accounted for net of the related accruals.

Interest differentials are recognized through profit or loss in financial income/ expenses according to the accrual basis of accounting.

These derivative financial instruments have been entered into for hedging purposes and are intended to transform the cost profile of part of the Company's borrowings from variable to fixed in order to match such profile with the term and cash flows of rental contracts.

The fair value of these instruments, entirely made up of interest rate swaps, was determined by discounting to present value the future cash flows generated by them, as estimated on the basis of the appropriate yield curves at 31 December 2020.

6.6 OTHER CURRENT LIABILITIES: Breakdown

Other current liabilities, amounting to €99,913 thousand, rose by €34,467 thousand compared to the previous year, are mainly due to the increase of €14,064 thousand of the deferred income resulting from Brand subsidies.

Description (€/000)	Total 31/12/20	Total 31/12/19	Change
Payables to insurance companies	8,534	1,854	6,680
Payables to customers for security deposits	14	71	(57)
Payables to employees and social security institutions	4,407	3,604	804
Other payables	86,957	59,917	27,040
Total other payables	**99,913**	**65,446**	**34,467**

6.7 TAX PAYABLES: Breakdown

The item amounts to €4,971 thousand, decreased by €314 thousand compared to 31 December 2019 mainly due to IRAP.

Description (€/000)	Total 31/12/2020	Total 31/12/2019	Change
Direct tax payables	4,971	5,249	(278)
Other taxes	-	36	(36)
Total tax payables	**4,971**	**5,285**	**(314)**

SECTION 7 - NET BORROWINGS

Net borrowings amounted to €3,840,393 thousand, increased by €547,542 thousand compared to the previous year.

The table below provides details of his item:

Description (€/000)	Total 31/12/20	Total 31/12/19
A. Cash	(14)	(12)
B. Bank deposits	(132,150)	(161,334)
C. Securities	-	-
D. Cash and cash equivalents (A+B+C)	**(132,164)**	**(161,346)**
E. Current financial receivables	-	-
F. Current bank borrowings	1,408,953	2,690,080
G. Current portion of long-term borrowings	5,882	4,593
H. Other current borrowings	445,606	181,365
I. Current borrowings (F+G+H)	**1,860,441**	**2,876,037**
J. Net current borrowings (I-E-D)	**1,728,276**	**2,714,692**
K. Non-current borrowings	2,076,918	544,079
L. Bonds issued	-	-
M. Other non-current payables	35,199	34,080
N. Non-current borrowings (K+L+M)	**2,112,117**	**578,159**
O. Net borrowings (J+N)	**3,840,393**	**3,292,851**

PART C - NOTES TO THE CONSOLIDATED INCOME STATEMENT

Description of the main Income Statement items is provided below.

All amounts are in thousands of Euros.

SECTION 1 - OPERATING GROSS MARGIN

1.1 LEASING CONTRACT MARGIN: Breakdown

Description (€/000)	Total Year ended 31/12/2020	Total Year ended 31/12/2019	Change
Revenues from leasing contracts	**702,696**	**629,357**	**73,339**
Operating lease revenues	702,696	629,357	73,339
Leasing contracts - financial income (expense)	**(27,132)**	**(25,659)**	**(1,473)**
Financial expenses	(35,233)	(32,498)	(2,735)
Interest on bonds	-	-	-
Charges on derivatives designated as hedges	(5,980)	(5,288)	(692)
Interest on bank borrowings	(16,815)	(15,257)	(1,557)
Interest on other borrowings	(3,288)	(3,446)	157
Other financial charges	(9,150)	(8,507)	(643)
Financial income	8,101	6,839	1,262
Dividend income	-	-	-
Interest from customers	4,349	5,219	(870)
Interest from other loans	18	111	(93)
Income from derivatives designated as hedges	32	100	(68)
Other financial income	3,702	1,409	2,293
Costs related to leasing contracts - depreciation	**(524,247)**	**(483,991)**	**(40,256)**
Operating lease depreciation	(488,885)	(428,047)	(60,838)
Other charges on buybacks	(35,362)	(55,945)	20,582
Leasing contract margin	**151,317**	**119,707**	**31,610**

Revenue recognition takes place according to what has already been described in the "Revenues" section within the accounting standards of this Report. Revenues are recorded in equal instalments over the life of the rental contract. Any revenues not generated from such contracts are recognized as incurred.

The change in leasing margin of €31,610 thousand compared to last year is due to the combined effect of the increase in rental fees for €73,339 thousand, the increase in depreciation of rented vehicles for €40,255 thousand, and the increase in financial expenses for €1,472 thousand.

1.2 SERVICE MARGIN: Breakdown

Description (€/000)	Total Year ended 31/12/2020	Total Year ended 31/12/2019	Change
Revenues from services	**412,722**	**384,628**	**28,094**
Revenues from operating leases	322,766	282,060	40,706
Proceeds from insurance claims	614	1,159	(546)
Other revenues from operating leases	85,288	83,911	1,377
Other revenues from services	4,053	17,498	(13,444)
Service costs	**(378,305)**	**(337,150)**	**(41,155)**
Costs for vehicle services	(334,575)	(302,773)	(31,802)
Costs for commercial services	(43,587)	(33,807)	(9,779)
Costs for other services	(143)	(570)	426
Service margin	**34,417**	**47,478**	**(13,061)**

This item is consisted mainly by revenues and ancillary costs, related to maintenance services, provided to the customer in conjunction with the rental of the car.

1.3 MARGIN ON CAR SALES: Breakdown

Description (€/000)	Total Year ended 31/12/2020	Total Year ended 31/12/2019	Change
Revenues from vehicle sales	**60,911**	**58,826**	**2,085**
Gains on disposal of leased assets	34,621	24,499	10,122
Release from provisions for residual values	1,482	11,045	(9,564)
Other revenues	24,808	23,282	1,526
Vehicle selling costs	**(56,014)**	**(49,178)**	**(6,836)**
Losses on disposal of leased assets	(50,276)	(42,349)	(7,927)
Provisions for residual values	(1,290)	(1,508)	217
Logistic costs	(4,447)	(5,321)	874
Margin on car sales	**4,897**	**9,649**	**(4,751)**

The decrease in the margin on car sales compared to the last year of €4,751 thousand is mainly due to a lower release of provisions for residual values for €9,564 thousand and a decrease in logistics costs of €874 thousand.

SECTION 2 - OPERATING COSTS

2.1 PERSONNEL EXPENSES: Breakdown

Description (€/000)	Total Year ended 31/12/2020	Total Year ended 31/12/2019	Change
Wages and salaries	(25,332)	(24,071)	(1,261)
Social security contributions	(6,457)	(6,504)	47
Defined-benefit plans	(257)	(182)	(75)
Defined-contribution plans	(1,803)	(1,745)	(58)
Other long-term plans	(153)	(170)	17
Other costs	(17,504)	(16,341)	(1,163)
Total personnel expenses	**(51,508)**	**(49,014)**	**(2,493)**

Personnel expenses rose by €2,493 thousand, compared to the previous year, as a result of the increase in the Group's headcount from 617 to 811 due to new corporate acquisitions and the opening of offices in the European market.

The item "Wages and salaries" shows salaries and incentives (employees and managers) for €25,332 thousand.

The item "Social security contributions" shows contributions for employee in the amount of €6,457 thousand.

The item "Defined-contribution plans" shows the payments made by the Company into supplementary pension funds.

The item "Other costs" reflects mainly expenses incurred for external staff and costs for incentives to Sales staff.

2.2 OTHER OPERATING COSTS: Breakdown

Description (€/000)	Total Year ended 31/12/2020	Total Year ended 31/12/2019	Change
Provisions for risks and charges, net	**(543)**	**(395)**	**(149)**
Other operating costs	**(19,007)**	**(17,752)**	**(1,256)**
IT services	(5,991)	(6,217)	225
Technical, legal, administrative and professional services	(10,327)	(7,834)	(2,493)
Direct and indirect tax expenses and provisions	(1,122)	(664)	(459)
Other costs	(1,566)	(3,037)	1,471
Total other operating costs	**(19,551)**	**(18,147)**	**(1,404)**

The increase in other operating costs of €1,404 thousand is mainly due to the rise in technical, legal, administrative and professional services determined by higher contact centre costs.

2.3 AMORTIZATION, DEPRECIATION AND IMPAIRMENTS: Breakdown

Description (€/000)	Total Year ended 31/12/2020	Total Year ended 31/12/2019	Change
Amortization of right-of-use assets	(6,602)	(4,445)	(2,158)
Other depreciation	(648)	(524)	(124)
Amortization	(5,941)	(5,024)	(917)
Total amortization, depreciation and impairments	**(13,191)**	**(9,993)**	**(3,198)**

This item amounts to €13,191 thousand, with an increase of €3,198 thousand on the comparable year-earlier amount.

SECTION 3 - CREDIT IMPAIRMENT AND PROVISIONING

3.1 CREDIT IMPAIRMENT AND PROVISIONING: Breakdown

Description (€/000)	Total Year ended 31/12/2020	Total Year ended 31/12/2019	Change
Provisions for losses on current and non-current financial assets	(927)	-	(927)
Impairment of current and non-current financial assets	(141)	(1,028)	888
Impairment reversal on current and non-current financial assets	-	-	-
Provisions for expected credit losses	(14,548)	(13,722)	(826)
Impairment of receivables	(117)	(71)	(46)
Impairment reversal on receivables	2,845	4,890	(2,045)
Credit impairment and provisioning	**(12,887)**	**(9,931)**	**(2,956)**

This item amounts to €12,887 thousand, an increase of €2,956 thousand compared to 31 December 2019.

The item "Allowance for bad debts" includes the provisions made for expected losses according to the simplified IFRS 9 approach, as already defined in this Report, for €14,548 thousand and includes credit collection costs.

SECTION 4 - INCOME TAX

4.1 INCOME TAX: Breakdown

Description (€/000)	Total Year ended 31/12/2020	Total Year ended 31/12/2019	Change
Income tax for the current year	(9,077)	(5,664)	(3,413)
Income tax for previous years	409	(56)	464
Total current income tax	**(8,668)**	**(5,720)**	**(2,949)**
Change in deferred tax assets	45,232	14,348	30,884
Change in deferred tax liabilities	(43,194)	(7,863)	(35,330)
Total income tax on continuing operations	**2,038**	**6,485**	**(4,446)**
Total income tax	**(6,630)**	**765**	**(7,395)**

Income tax for the year amounts to €6,630 thousand, with an increase of €7,395 thousand compared to the previous year.

4.2 Reconciliation between the tax charge at the statutory rate and the effective tax charge

The table below shows the reconciliation between the tax charge reported in the financial statements and the tax charge calculated at the statutory tax rate applicable in Italy:

Description (€/000)	Total 31/12/20
Pre-tax profit from continuing operations	**93,753**
Income tax at the statutory tax rate on continuing operations	22,501
Effects of totally or partly non-deductible expenses - increases	2,832
Effects of totally or partly non-deductible expenses - decreases	(17,656)
Effect of deferred taxes not recognized in the year	1,167
Difference between the tax rate of branches and the statutory tax rate	(117)
Consolidation effect	(503)
Effective income tax reported on continuing operations, except IRAP (a)	**8,223**
IRAP - statutory rate	4,219
Effect of charges that do not contribute to taxable income	1,766
Effect of income that does not contribute to taxable income	(92)
Difference between the tax rate of branches and the statutory tax rate	61
Consolidation effect	(333)
IRAP - Effective tax charge (b)	**5,622**
Adjustment of taxes for previous years (c)	**(7,214)**
Total effective tax charge (a+b+c)	**6,630**

PART D - RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS: ITEMS OF STATEMENT OF FINANCIAL POSITION

Description (€/000)	BALANCE at 31/12/2020			
	SHAREHOLDERS	KEY MANAGERS	OTHER RELATED PARTIES	TOTAL
Current assets	**280,987**	**-**	**77,761**	**358,748**
Cash and cash equivalents	-	-	4,630	4,630
Other receivables and current assets	-	-	60,258	60,258
Receivables - from customers	280,987	-	12,873	293,860
Total assets	**280,987**	**-**	**77,761**	**358,748**
Current and non-current financial liabilities	**1,294,904**	**-**	**1,255,480**	**2,550,384**
Current and non-current borrowings	1,294,904	-	1,255,480	2,550,384
Derivative liabilities	**-**	**-**	**251**	**251**
Trade payables	**92,162**	**-**	**54,877**	**147,039**
Total liabilities	1,387,066	-	1,310,608	2,697,674

RELATED PARTY TRANSACTIONS: ITEMS OF INCOME STATEMENT

Description (€/000)	FOR YEAR ENDED 31/12/2020			
	SHAREHOLDERS	KEY MANAGERS	OTHER RELATED PARTIES	TOTAL
Gross operating margin	**22,132**		**75,239**	**97,372**
Operating costs	**(330)**	**-**	**(3,149)**	**(3,479)**

All transactions were carried out in the interest of the Company in the course of ordinary operations and at arm's length, that is at terms applicable between two independent parties.

OTHER INFORMATION

COMPENSATION TO EXTERNAL AUDITORS

Fees for audit services paid to EY S.p.A. amount to €204 thousand.

GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

The following tables give details of the guarantees provided and the commitments made by the Parent Company, Leasys S.p.A., indicative of the most significant component of the Group's total exposure:

Guarantees (€/000)	Balance at 31/12/2020	Balance at 31/12/2019	Change
Guarantees received			**-**
Bank guarantees	**4,856**	**4,610**	**246**
Insurance guarantees	**-**	**-**	**-**
Total guarantees received	**4,856**	**4,610**	**246**
Guarantees provided			-
Bank guarantees	86,215	103,956	(17,741)
Insurance guarantees	121	121	-
Other	70,000	-	70,000
Total guarantees provided	**156,336**	**104,077**	**(17,495)**

The guarantees provided by Leasys S.p.A. in order to guarantee the proper fulfilment of the requirements of the rental contracts entered into with customers that are part of Government Authorities.

Commitments (€/000)	Balance at 31/12/2020	Balance at 31/12/2019	Change
Issuance of definite guarantees regarding tenders awarded	**36**	**7**	**28**
Total commitments	**36**	**7**	**28**

The table shows the provisional guarantee for participation in tendering procedures pursuant to Art. 93 paragraph 8, of Legislative Decree no. 50/2019.

PART E - LEASE DISCLOSURE

SECTION 1 - LESSEE

In accordance with paragraphs 51 to 59 of IFRS 16, the supplementary information relating to lease contracts in which the Leasys Group is a lessee is provided below.
From the analysis of the contracts falling within the scope of IFRS 16, the Group identified as the most significant case that belonging to property leases. These mainly include office spaces.

There are no sub-lease contracts.

The Leasys Group, in accordance with the exemptions granted by the standard, has chosen not to apply IFRS 16 to contracts with a contract term of less than or equal to 12 months and to contracts with the value of the underlying asset, when new, less than or equal to €5,000. In this case, the payments for such leases are recognized as cost - as has been the case in the past.

SECTION 2 - LESSOR

The Leasys Group provides finance and operating lease contracts in the markets in which it operates, to support the automotive business of the FCA Group and other partner companies.
In the rental sector, the Leasys Group's offering is targeted at both large companies and SMEs, as well as professionals and individuals.

As a lessor, management of the risk associated with the rights that the Group retains over the underlying assets takes place through:

- buy-back agreements;
- collateral: security deposits;
- unsecured guarantees by bank, insurance companies and through sureties.

In the case of contracts in which the Group companies directly bear the risk on the residual value of the contract, in the absence of a buyback agreement with the dealer or manufacturer, a quarterly monitoring is carried out, to determine the amount of any provisions for residual value.

PUBLIC DISCLOSURE COUNTRY BY COUNTRY

Data at 31/12/2020

List of companies of the Leasys Group by country and nature of he business carried out, pursuant to Directive 2013/367EU of the European Parliament and of the Council (CRD IV).

COUNTRY	COMPANY	NATURE OF BUSINESS
AUSTRIA	FCA Leasing GmbH (AT)	Financial
BELGIUM	Leasys S.p.A. (Belgian Branch)	Non-Financial
DENMARK	Leasys S.p.A. (Danish Branch)	Non-Financial
FRANCE	Leasys Rent France S.A.S.	Non Financial
	Leasys France S.A.S.	
GERMANY	Leasys S.p.A. (German Branch)	Non-Financial
GREECE	FCA Capital Hellas S.A.	Non-Financial
ITALY	Leasys S.p.A.	Non-Financial
	Leasys Rent S.p.A	
	Clickar S.r.l.	
NETHERLANDS	Leasys Nederland B.V.	Non-Financial
POLAND	Leasys Polska Sp. Zo.o.	Non-Financial
PORTUGAL	Leasys Portugal S.A.	Non-Financial
UNITED KINGDOM	Leasys UK Ltd	Non-Financial
SPAIN	Leasys Rent Espana S.L.U.	Non-Financial
	Leasys S.p.A. (Spanish Branch)	Non-Financial

COUNTRY	NATURE OF BUSINESS	RENTAL MARGIN (€/000)	NUMBER OF FTE EMPLOYEES	PRE-TAX PROFIT OR LOSS (€/000)
AUSTRIA (*)	Financial	-	-	-
BELGIUM	Non-Financial	326.9	9	(1,232.1)
DENMARK	Non-Financial	(50.1)	4	(419.1)
FRANCE	Non-Financial	26,422.2	105	14,276.4
GERMANY	Non-Financial	877.9	10	(1,291.4)
GREECE (*)	Non-Financial	-	27	-
ITALY	Non-Financial	142,581.2	521	75,895.9
NETHERLANDS	Non-Financial	1,648.2	6	10.5
POLAND	Non-Financial	4,821.0	20	1,712.4
PORTUGAL	Non-Financial	(37.6)	4	(885.8)
UNITED KINDOM	Non-Financial	8,184.6	21	2,660.8
SPAIN	Non-Financial	6,493.4	84	3,188.5

(*) FCA Leasing Austria Gmbh and FCA Capital Hellas COMMERCIAL S.M. S.A. OF VEHICLES were acquired by Leasys on 22 December 2020.

Currently, FCA Leasing Gmbh has no employees.

Turin, 23 February 2021

On behalf of the Board of Directors
Chief Executive Officer
Alberto Grippo

Report of the independent auditors

DECEMBER 31ST, 2020

LEASYS

Building a better working world

Leasys S.p.A.

Consolidated financial statements as at December 31, 2020

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

Building a better working world

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Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Leasys S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Leasys Group(the Group), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the the Group as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 our report.
We are independent of the Leasys S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of 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, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company EIP S.p.A. or to cease operations, or have no realistic alternative but to do so.

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
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Iscritta all’Albo Speciale delle società di revisione
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The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and 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 have 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 have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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 the Group to cease to continue as a going concern;
- we have 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 have 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.

We have 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 identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Leasys S.p.A. are responsible for the preparation of the Report on Operations of Group Leasys as at December 31, 2020, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Leasys Group as at December 31, 2020 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Leasys Group as at December 31, 2020 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Turin, March 12, 2021

EY S.p.A.
Signed by: Stefania Boschetti, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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