Leasys

# CONSOLIDATED HALF-YEAR REPORT

## 30 JUNE 2023

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

Registered office: Corso Orbassano, 367 – 10137 Turin, ITALY www.leasys.com, Satellite office: Viale dell'Arte, 25 – 00144 Rome, ITALY Share Capital €77,979,400, Tax Code and Business Register Turin Office No. 08083020019, VAT No. 06714021000 E.A.I. of Turin No. 960205 Management and coordination pursuant to Article 2497 of the Italian Civil Code. Leasys SAS.

# KEY DATA

**155€/MLN**

**Gross Operating Margin**

**5,8 %**

Ratio of AVG. Value of Assets

**-10 €/MLN**

**Cost of Risk (Credit Losses)**

**0,4 %**

Ratio of AVG. Value of Assets

**- 53 €/MLN**

Total Operating Expenses

2 %

Ratio of AVG. Value of Assets

**47 €/MLN**

Profit for the Year

(Net Result)

**423.711**

Managed Fleet

**5.883.716**

Value of Assets End of period

**11**

Countries

**1.045**

Employees

# CONTENTS

KEY DATA ....................2
CONTENTS ....................3
INTERIM REPORT ON OPERATIONS ....................4
EUROPE EMBRACES THE NEW LEASYS NLT ....................5
ADMINISTRATION AND CONTROL BODIES ....................7
SHAREHOLDER STRUCTURE ....................8
OWNERSHIP STRUCTURE ....................8
GEOGRAPHICAL PRESENCE ....................9
RESULTS OF OPERATIONS ....................10
BUSINESS LINES ....................10
FINANCIAL STRATEGY ....................11
MACROECONOMIC SCENARIO AND THE CAR MARKET ....................12
FURTHER INFORMATION ....................13
SIGNIFICANT EVENTS AND STRATEGIC OPERATIONS ....................14
TRADE POLICY ....................16
STAFF MANAGEMENT ....................16
FINANCIAL POLICY ....................17
RATING ....................17
STRUCTURE OF FUNDING SOURCES ....................18
FINANCIAL RISK MANAGEMENT ....................18
RISK MANAGEMENT ON RESIDUAL VALUES ....................19
CREDIT RIRSK MANAGEMENT ....................20
RISK MANAGEMENT AND INTERNAL CONTROL ....................20
CONTROL FUNCTIONS ....................21
BODIES INVOLVED IN OVERSEEING THE SYSTEM OF INTERNAL CONTROLS ....................24
CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS ....................26
EXPLANATORY NOTES ....................33
ACCOUNTING POLICIES ....................34
COMMENTS ON THE MAIN ITEMS OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS ....................65
RELATED-PARTY TRANSACTIONS ....................67
SECTOR INFORMATION ....................69
FURTHER INFORMATION ....................70

AUDITORS' REPORT ........................................................................................................................................................................71

# INTERIM REPORT ON OPERATIONS

## EUROPE EMBRACES THE NEW LEASYS NLT

**Rolando D'Arco – LEASYS Chief Executive Officer**

The automotive industry is going through one of the most complex and dynamic phases in its history. Despite the various challenges it faces, the industry is continuing to see steady progress by turning these difficulties into opportunities. This is shown by the positive trend in the automotive market in the first six months of 2023, albeit still far from pre-pandemic levels.

Similarly, the Long Term Rental (NLT) sector is undergoing a period of profound and rapid change.

In the first four months of the year, Europe saw a 17.8% increase in car registrations, for approximately 3.5 million vehicles (source: Acea). NLT has been a driving force for the market, establishing itself both as a viable alternative to buying (in line with the wider trend of 'disownership') and the ideal solution for individuals and companies wishing to try out the new hybrid and electric engines while also reducing the risks of costs and unforeseen contingencies.

Against this backdrop, last April saw the début of the new Leasys thanks to a project that got underway in late 2021: the new mobility company specialising in multi-brand operating rentals, of which Stellantis and Crédit Agricole are shareholders, stems from the consolidation of Leasys and Free2move Lease.

From the outset, the company proved to be a first-class player, offering a wide range of innovative products, quality services and digital platforms for international corporate customers and small and medium-sized enterprises.

Today Leasys has a managed fleet of 828,000[1] vehicles and operates in 11 European countries: Italy, Spain, France, the UK, Germany, Belgium, the Netherlands, Portugal, Poland, Luxembourg and Austria.

Of its many strengths, mention must be made of its integration with the Stellantis Group's brands and its knowledge of their products, which serves as a guarantee of competitiveness and quality of service. This is thanks also to the capillarity of its sales and after-sales network throughout the European Union – a fundamental asset for providing clients with the very best customer experience.

A further pillar of Leasys' strategy is to combine different sales channels, including the Stellantis network, independent brokers, direct sales and digital channels, so that it can offer vehicles, services and mobility solutions to the broadest possible customer base.

Over the past year, Leasys has invested heavily – in terms of human and financial resources – in a digital transformation process. Today, its pan-European management system, which is accessible also from the sales network, allows it to operate in all markets with the same speed and efficiency. Moreover, with uniform digital tools across Europe, private customers and fleet managers can manage vehicles and fleets in full autonomy.

To propel its international growth, Leasys aims to consolidate its assets by keeping a close eye on market developments and new opportunities. A first step in this direction is the agreement signed last March to

[1] This figure includes the runoff share of the Free2move Lease fleet.

acquire ALD and LeasePlan’s operations (in Portugal and Luxembourg respectively) for a total fleet managed of around 30,000 vehicles across the two countries.

Leasys is currently the fourth European player in the sector and aims to climb the rankings over the coming years by making a major contribution to the transition towards sustainable mobility. Already today, 30% of its fleet is equipped with electric or electrified engines.

By 2026, Leasys’ car fleet will reach one million vehicles under management, a 50% increase in its overall value, and one out of every two cars rented is projected to be equipped with new electrified motorisation. What’s more, our international organisational structure is set to grow by around 30% over the next three years.

# ADMINISTRATION AND CONTROL BODIES

## Board of Directors

Chairman
Richard Bouligny

Chief Executive Officer and General Manager
Rolando D'Arco

Directors
Andrea Faina

## Board of Statutory Auditors

Chairman
Giorgio Cavalitto

Statutory Auditors

Luca Ambroso

Ottavio De Marco

Alternate Auditors

Giovanni Miglietta

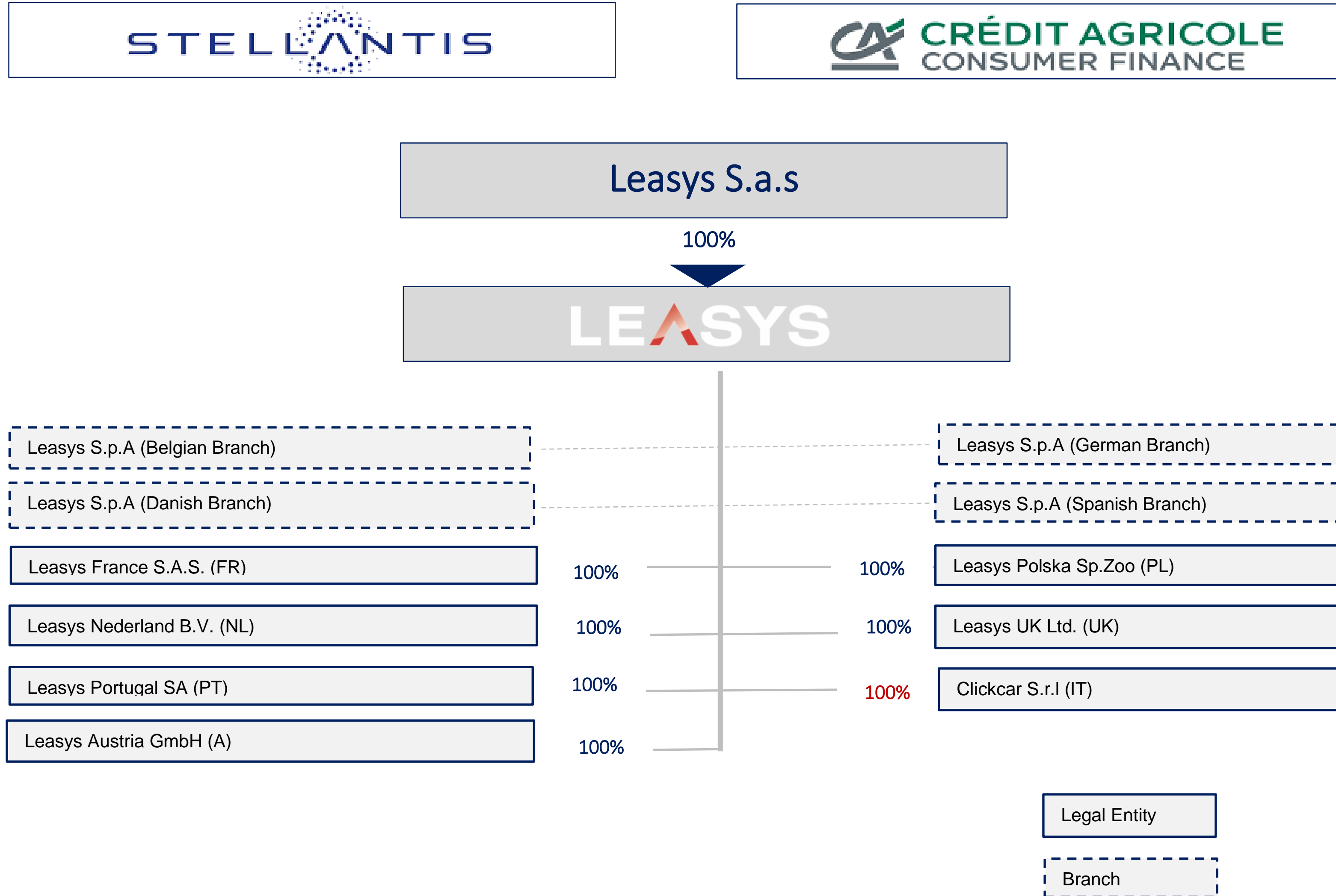
Federico Lozzi

## Independent Auditors

PricewaterhouseCoopers S.p.A.

## SHAREHOLDER STRUCTURE

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



## OWNERSHIP STRUCTURE

## GEOGRAPHICAL PRESENCE

ITALY
FRANCE
GERMANY
UK
SPAIN
POLAND
PORTUGAL
BELGIUM
AUSTRIA
NETHERLANDS
DENMARK

## RESULTS OF OPERATIONS

| Economic data (€/M) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Rental margin | 155 | 163 |
| Net operating costs | -53 | -49 |
| Cost of risk | -10 | -8 |
| Revenue (non-recurring expenses) | -25 | 0 |
| Earnings before tax | 67 | 106 |
| **Net result** | **47** | **76** |
| **Value of Assets *** | **30/06/2023** | **30/06/2022** |
| Average | 5,378 | 4,709 |
| End of period | 5,884 | 5,282 |
| **Ratio (of value of assets)** | **30/06/2023** | **30/06/2022** |
| Rental margin | 5.8% | 6.9% |
| Net operating costs | -2.0% | -2.1% |
| Cost of risk | -0.4% | -0.3% |

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

## BUSINESS LINES

The Leasys Group is an international company operating in 11 European countries, which offers rental solutions that ensure guarantee freer and more efficient mobility; it provides reliable services and consultancy to meet the needs of private individuals, small and medium-sized businesses, and large companies and institutions.

A benchmark that can meet various mobility needs, with a complete set of services and products for customers seeking tailored solutions.

As a key market player, part of Leasys' strategy is to support the transition to electric vehicles by offering green solutions to help develop increasingly sustainable mobility.

The Leasys Group operates through an organisational structure divided into the Long Term Rental and Remarketing business lines.

### Long Term Rental

Leasys' Long-Term Rental activities consist of car and commercial vehicle rentals to a wide customer base of private consumers, small and medium-sized companies, large enterprises and public institutions. The Leasys Group's innovative rental solutions are accompanied by a wide range of services where customers can secure their mobility for a fixed monthly fee (including all accessory charges) and benefit from Leasys' excellent assistance services.

### Remarketing

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

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

## FINANCIAL STRATEGY

**Giuseppe Imbastaro – CFO Leasys Italia S.p.A.**

The first few months of the year were marked by an overall sluggishness in the world economy, amid geopolitical uncertainty and still high levels of inflation.

In the euro area, economic activity grew slightly, yet with a contraction in business loans. Inflation trends are seeing a decrease in the energy component on one hand, and an increase in the food component on the other. For 2023, GDP growth is expected to be around 1%, with a potential acceleration in the following two years.

As of 21 June 2023, the ECB Governing Council further raised key rates, pushing the rate on bank deposits with the Eurosystem to 3.5%. The Governing Council is closely monitoring the ongoing tensions in the financial markets and remains poised to intervene where necessary to maintain price and financial stability in the euro area.

Against this backdrop, to ensure its development, Leasys is continually tracking the financial markets and macroeconomic conditions. In the face of the volatility and increased cost of funding, the company has continued to pursue a policy of diversifying its financing sources (with the launch of the first Euro Medium Term Note issuance programme which was approved in July by the Board of Directors for example), while also having access to funds from its banking shareholder Crédit Agricole Consumer Finance as well as credit lines from third-party banks.

## MACROECONOMIC SCENARIO AND THE CAR MARKET

The year 2023 got off to a promising start for the global economy, exceeding forecasts. After a slowdown in H2 2022, the first few months of this year saw moderate growth, thanks to a post-pandemic recovery in China and lower energy prices in Europe.

During the early months of 2023, there was unexpected GDP growth in the Eurozone. The economy proved more resilient to the energy crisis, surpassing expectations. Average annual growth in 2023 is expected to be just below 1%, but is projected to increase slightly in 2024 (Source: Eurizon Capital SGR).

According to Eurostat's preliminary estimate, inflation in the euro area was up 6.1% year on year in May 2023, compared to +7 % in April and +8.1 % in the same month of 2022. Although base effects resulted in some increase in the inflation rate of energy goods (from -0.9% in March to 2.5% in April), this is far below the levels recorded after the start of the Russian-Ukrainian conflict. Food inflation, however, remains high at 13.6% in April (Source: ECB).

All these factors paint a general picture of great uncertainty, both in geopolitical and economic terms. Nevertheless, confidence of Italian households and businesses has been recovering since last October and is set to further solidify in the early months of 2023 as inflation slows.

As for the car market, according to ACEA, 2,650,711 cars were registered in Europe in the first three months of 2023 – up 17.9% compared to the same period last year. Among the four largest EU markets, Spain (+44.5%) saw the largest increase, followed by Italy (+26.2%), France (+15.2%) and Germany (+6.5%). Moreover, 320,987 electric cars were registered in the EU in the first quarter.

### OUTLOOK FOR H2 2023

For the second half of this year, Europe should expect to see a continued but moderate positive growth trend. Amid these developing challenges, Leasys will be paying close attention to market developments and new opportunities.

Last March, for example, a binding agreement was signed between Stellantis and Crédit Agricole Consumer Finance to acquire ALD and LeasePlan's operations (in Portugal and Luxembourg respectively) which fall under the operational scope of Leasys, for a total fleet of around 30,000 vehicles altogether. This acquisition, which will be finalised in H2 2023, serves as an excellent opportunity to consolidate the new Leasys in the European landscape.

With bold ambition, Leasys will continue along its roadmap to climb the rankings of the largest European operators in the NTL sector, where it currently stands at fourth place, but with ample room for growth.

# FURTHER INFORMATION

## MAIN RISKS AND UNCERTAINTIES

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

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

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

Despite moderate growth in early 2023, the Russia-Ukraine conflict, the ongoing energy crisis and still high rates of inflation are all key areas of both geopolitical and economic uncertainty.

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

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

## MANAGEMENT AND COORDINATION ACTIVITIES

On 3 April 2023, the sole shareholder changed its name from LeaseCo SAS to Leasys SAS and, again as of 3 April 2023, Leasys Italia S.p.A. has been subject to the management and coordination of Leasys SAS.

## DISTRIBUTED DIVIDENDS AND RESERVES

Following a resolution of the Shareholders' Meeting of 28 March 2023, Leasys Italia S.p.A. paid dividends of €5 million to its shareholder.

### EVENTS SUBSEQUENT TO THE END OF THE HALF-YEAR

No events occurred after the end of the half-year that would require an adjustment to the results presented in the Half-Year Financial Statements at 30 June 2023. The company is closely monitoring the development of potential issues and economic repercussions related to the conflict between Russia and Ukraine. Based on the evidence and information available and the analyses performed, there is no exposure to entities traceable to Russia, Ukraine and Belarus; there are no direct impacts deriving from the Russia-Ukraine conflict or the respective geo-political situation; and all information available on possible indirect impacts has been reflected in the financial statements.

As for refinancing activities, on 12 July 2023, the Company's Board of Directors approved the first European Medium Term Note (EMTN) programme, which aims to strengthen the funding strategy by diversifying sources of liabilities and boosting the projected growth of business. In this context, on 18 July 2023 the Company placed securities amounting to €750 million, with a maturity of three years.

Lastly, in H2 2023, we will complete the acquisition of ALD and LeasePlan's operations (in Portugal and Luxembourg respectively) thanks to the binding agreement signed last March.

## SIGNIFICANT EVENTS AND STRATEGIC OPERATIONS

### COVID-19 AND THE RUSSIA-UKRAINE CONFLICT – POTENTIAL IMPACTS

On 5 May 2023, the World Health Organisation declared the end of Covid-19 as a global health emergency after more than three years. Globally, the latest WHO report dated 8 June 2023 shows a significant reduction in cases and deaths in the six WHO regions. Although future developments are still uncertain, the spread and most serious effects of the disease now seem to be under control.

More than a year after the invasion of Ukraine, the global economy continues to suffer from high levels of uncertainty, affecting the volatility of commodity prices and dampening manufacturing activity and international trade. As a result, the Russia-Ukraine conflict remains a major source of risk in future scenarios.

## LEASYS GROUP

Following the sale on 21 December 2022 of the Leasys Group from FCA Bank to LeaseCo SAS (now Leasys SAS), a French multi-brand operating leasing company in which Stellantis and CACF each hold a 50% stake, in April 2023 Leasys consolidated its business with Free2move Lease by creating a new joint venture.

## STELLANTIS N.V. AND CORPORATE EVOLUTION

In the first half of 2023, following approval from the relevant antitrust authorities and market regulators, Stellantis completed a number of transactions based on agreements signed in 2022.

In particular, it created the multi-brand operating leasing company, Leasys, a 50/50 joint venture with Crédit Agricole Consumer Finance following the consolidation of Leasys eFree2move Lease with the aim of becoming the European leader in leasing services.

In March 2023, the joint venture announced that it had signed a binding agreement to acquire ALD and LeasePlan’s operations in Portugal and Luxembourg respectively.

On 4 April 2023, Stellantis announced a new optimised structure for financing and leasing services in Europe, simplifying and enhancing its multi-brand capability with the new organisations: Stellantis Financial Services (formerly Banque PSA Finance) and Leasys.

Following the exclusive negotiations which got underway on 17 December 2021, Stellantis confirmed the entry into force of its agreements with BNP Paribas Personal Finance, Crédit Agricole Consumer Finance and Santander Consumer Finance.

Moreover, Banque PSA Finance has been renamed Stellantis Financial Services and will be represented by a single financial entity in each country, which will manage all Stellantis brands in partnership with BNP Paribas Personal Finance and Santander Consumer Finance.

Lastly, Stellantis sold its 50% stake in the FCA Bank Group to Crédit Agricole Consumer Finance.

## TRADE POLICY

Leasys is the new mobility company specialising in multi-brand operational rentals.

Operating in 11 European Union countries and ranked the fifth largest company in the sector, Leasys also operates under the Stellantis Group with a multi-brand approach, through various sales channels, including the Stellantis network, independent brokers, direct sales and digital channels.

Leasys aims to pioneer a new concept of smooth, integrated and global mobility for individuals, professionals and businesses of all sizes. With this in mind, the new pan-European player has developed increasingly tailor-made solutions that place the customer and their needs at centre stage so as to guarantee maximum flexibility.

As a European leader in the long-term rental sector, Leasys is committed to contributing to the transition to sustainable mobility by promoting and facilitating the adoption of electric and plug-in hybrid vehicles. This offer is extended to both private customers and large corporate fleets, demonstrating the company's commitment to making zero-emission mobility more accessible and efficient for all.

## STAFF MANAGEMENT

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

One of its key objectives is to attract, retain and motivate highly qualified staff, as well as to reward those who uphold, believe in and promote the company's values through remuneration structures tied to long-term value creation.

As of 30 June 2023, the Leasys Group's workforce totalled **1,045** resources (up 456 compared to 31 December 2022).

This increase was mainly due to Leasys' involvement in a different shareholding partnership between Stellantis and Credit Agricole, which aimed to create a new pan-European long-term rental operator thanks to the merger of Leasys and Free2Move Lease.

On one hand, the merger of the two operations involved the transfer to Leasys of resources operating in the long-term rental business both from Free2Move Lease and Stellantis' other banking partnerships, and on the other, it enabled new hires in key countries in order to respond effectively to the challenges ahead.

## FINANCIAL POLICY

During H1 2023, the Treasury department ensured the management of liquidity and financial risks, in accordance with the risk management policies established by the Leasys Italia S.p.A. Board of Directors.

The Group's financial strategy has the following objectives:

- to maintain a stable and diversified structure of financial sources;
- to manage liquidity risk;
- to minimise exposure to interest rate, exchange rate and counterparty risks, within the framework of contained and pre-established limits, and in any case in compliance with regulatory provisions where applicable.

Amid rising demand and higher base rates, Treasury ensured the necessary resources to finance the Group's activities.

## RATING

On 13 January 2023, after the Leasys Group left the consolidation scope of FCA Bank and its own methodology criteria was applied, Fitch raised Leasys' rating by 1 notch from BBB+ to A- (with a stable outlook).

Leasys' rating is therefore:

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

## STRUCTURE OF FUNDING SOURCES

The structure of sources of funds and liabilities at 30 June 2023 is as follows:

| Description | % of total external funding sources | % of total balance sheet liabilities |
|---|---|---|
| Crédit Agricole Group | 28% | 21% |
| Third-party financial institutions | 35% | 26% |
| Factoring | 0.34% | 0.25% |
| Market (Green Bond) | 21% | 16% |
| Securitisation | 15% | 11% |
| Non-financial liabilities | | 26% |
| **Total** | **100%** | **100%** |

After H2 2022 (during which the Company focused on new transactions, e.g. the first securitisation transaction), the first half of 2023 was centred around third-party banks, with 977 million euros of lines being taken out or renewed, in addition to the drawdowns made or renewed under the Committed Facility made available by the Crédit Agricole Group.

The strategy of diversification and development of funding sources will see a further boost in the second half of the year thanks to the first European Medium Term Note (EMTN) programme, which was just launched in July (see the section entitled "Events subsequent to the end of the half-year").

## FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

## RISK MANAGEMENT ON RESIDUAL VALUES

Residual value means the value of the vehicle when the relevant rental contract ends. For long-term rentals, the risk on the residual values of the leased vehicles is generally borne by the lessor company, unless specifically agreed with third parties, based on the difference between the vehicle's market value at the end of the rental period and the book value of the asset itself.

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

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

The model used to calculate Residual Values Provisions is updated quarterly to ensure the most appropriate assessment of the hedges. There are no particular critical issues concerning the risk on the vehicle fleet's residual values.

## CREDIT RISK MANAGEMENT

Leasys’ cost of risk performance is the result of factors such as:

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

This enables to keep impaired loans and customers/contracts showing an increase in risk at very low levels.

The cost of risk continued to perform well in 2023 (at 0.36%), essentially in line with budget forecasts.

During the first half of the year, work continued in various areas to contain the cost of risk, improving portfolio quality and the efficiency of acceptance processes.

On all the markets where the Group operates, processes, tools and methods are being developed to improve the credit disbursement and monitoring processes in line with the company’s strategic growth plan.

In particular, at group level, actions were carried out to achieve the presence of scorecards and an automatic acceptance strategy in all countries in order to improve response times.

For the Italian market, H1 saw a consolidation of the new acceptance and collection platforms in particular. Fine-tuning of the recovery processes on an ongoing basis to boost efficiency and ensure timely actions.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Company has adopted an internal control system (ICS) to detect, measure and verify on a continuous basis the risks related to the performance of its activities. The ICS involves Corporate Bodies, control functions and committees, the Supervisory Board, the Independent Auditors, top management and all the staff.

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

- verifying the implementation of the Company's strategies and policies;
- containing risk within the limits indicated in the framework for determining risk appetite (Risk Strategy);
- safeguarding the value of assets and protecting against losses;
- ensuring effective and efficient business processes;
- ensuring reliability and security of company information and IT procedures;
- preventing the risk of the Company being involved – even involuntarily – in unlawful activities, particularly those tied to money laundering, usury and terrorism financing;
- ensuring operations comply with the law and with internal policies, regulations and procedures.

## CONTROL FUNCTIONS

To ensure sound and prudent management, the Company combines the profitability of the business with a conscious assumption of risk and fair operating conduct.

The Group's internal controls are centrally overseen by the Internal Audit and Risk, Permanent Control & Compliance functions. These functions (which are independent from an organisational point of view) operate by maintaining a constant link with the corresponding functions of Leasys SAS. In particular, Risk, Permanent Control & Compliance reports to the Chief Executive Officer, and the Internal Audit function reports directly to the Board of Directors. At operational level, three there are types of control:

- level 1 controls – to ensure proper conduct of day-to-day operations and individual transactions, carried out by operational structures or incorporated into IT procedures;
- level 2 controls – to help establish risk measurement methods and that operations are consistent with risk objectives. These are entrusted to structures other than operational functions, in particular the Risk, Permanent Control & Compliance functions;
- level 3 controls – carried out by the Internal Audit function, to identify anomalous trends, violations of procedures and regulations, and to assess the overall functioning of the internal control system.

### INTERNAL AUDIT

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

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

The internal audit process involves an annual mapping of risks, at individual company level, using a common method issued by the parent company.

For subsidiaries that do not have a local internal audit function, risk mapping is centralised. The results of internal audit activities on individual companies are monitored via a reporting system, regarding:

- the progress of the audit plan, with an explanation of any discrepancies;
- the status of implementation of the recommendations issued.

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

**RISK, PERMANENT CONTROL & COMPLIANCE**

The mission of this function is to manage the control and risk prevention system. This function reports directly to the Company's Chief Executive Officer.

The structure consists of people working on permanent controls who are not involved in business activities. Level 2 controls performed by the function relate to all risks specific to the management of the Company's daily business, the mapping of which is highlighted within the Risk Strategy.

The Company updates its Risk Strategy on an annual basis to outline the risk profile it is willing to bear in order to pursue its strategic objectives.

It is updated with the approval of the Board of Directors, and monitored by the Board on an ongoing basis. Developing the Risk Strategy as a reference framework for determining risk propensity (which sets the risk-return objectives the Company intends to achieve ex ante) also helps to disseminate the risk culture more broadly within the Company.

The Risk & Permanent Control (R&PC) function liaises with the relevant contacts at Leasys SAS as well as its contacts at foreign Legal Entities and Branches.

The function is also in charge of monitoring Compliance and Anti-Money Laundering risks, as well as managing relations with the Supervisory Authorities, and assessing the adequacy of internal procedures with respect to the aim of preventing the violation of laws, regulations and self-regulatory standards:

- it identifies – in cooperation with the company bodies concerned and with Legal Affairs in particular – the rules applicable to the company, and assesses their impact on activities, processes and procedures;

- it proposes procedural and organisational changes to ensure the risks of non-compliance are adequately addressed;
- it prepares flows of information to the corporate bodies and other corporate control functions;
- it verifies the effectiveness of the procedural and organisational adjustments suggested to prevent the risk of non-compliance;
- it coordinates the activities of the Supervisory Board, updating the Organisation, Management and Control Model pursuant to Legislative Decree 231/01;
- it helps to identify training needs and participates in staff training activities to disseminate a corporate culture based on the principles of honesty, fairness and respect for rules.

The Function is involved in the ex-ante regulatory compliance assessment of all innovative projects, including the operation of new products or services.

For Anti-money Laundering and Anti-terrorism controls, the Function verifies that company procedures are consistent with the objective of preventing and tackling the violation of any external regulatory standards (laws and regulations) and self-regulatory rules on money laundering and financing of terrorism.

The Risk, Permanent Control & Compliance function liaises with the contact persons at Leasys SAS and its contact persons at the foreign Legal Entities and Branches

The results of the level 2 controls carried out by the Risk, Permanent Control & Compliance department are presented to the Board of Directors and Internal Control Committee on a quarterly basis.

## BODIES INVOLVED IN OVERSEEING THE SYSTEM OF INTERNAL CONTROLS

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

### INTERNAL CONTROL COMMITTEE

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

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

Moreover, the Committee incorporates the functions of the Anti-Fraud Committee with the aim of monitoring fraud events, the effectiveness of fraud prevention mechanisms, and the adequacy of control systems relating to fraud detection.

The ICC meets quarterly. The Chief Executive Officer completes the internal control system, as the senior person responsible for implementing the necessary operational and adjustment measures (in the event of shortcomings or anomalies emerging) in order to have a complete and integrated overview of the results of the controls carried out.

### SUPERVISORY BODY

With regard to the function of preventing administrative liability pursuant to Legislative Decree No. 231/01, a Supervisory Body ("OdV") was set up for Leasys S.p.A., with the task of overseeing the correct application of the "Organisation, Management and Control Model" and the Code of Conduct.

The Supervisory Body:

- meets on at least a quarterly basis and reports periodically to the Chief Executive Officer and General Manager, the Board of Directors and Board of Statutory Auditors;
- carries out periodic checks on the Model's actual ability to prevent offences, normally with the help of the Risk, Permanent Control & Compliance department, the Internal Audit department, as well as with support from other internal departments as and when they are needed.

The Company's Supervisory Board is made up of the head of the Risk, Permanent Control & Compliance department and head of Legal Affairs department of Leasys S.p.A's, as well as an external professional to serve as Chair who has experience in legal and criminal matters.

**BOARD OF STATUTORY AUDITORS**

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

The Board of Statutory Auditors is entrusted with the duties set out in Article 2403(1) of the Italian Civil Code.

The Board of Statutory Auditors currently in office was appointed on 29/03/2022 and its term of office will expire with the Shareholders' Meeting to approve the Financial Statements at 31/12/2024.

**Turin, 24 July 2023**

for the Board of Directors

**Chief Executive Officer**

Rolando D'Arco

# CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

**Consolidated Balance Sheet**

**Consolidated Income Statement**

**Consolidated Statement of Comprehensive Income**

**Statement of Changes in Consolidated Shareholders’ Equity**

**Consolidated Cash Flow Statement**

## CONSOLIDATED BALANCE SHEET

## ASSETS

| Assets items (in thousands of EUR) | | 30 June 2023 | 31 December 2022 |
|---|---|---|---|
| Vehicles | 1 | 5,272,499 | 4,859,709 |
| Other tangible assets | | 3,172 | 2,518 |
| Rights of use | | 21,762 | 32,795 |
| Goodwill | | 81,212 | 81,212 |
| Other intangible assets | | 101,715 | 30,083 |
| Equity interests | | 0 | 0 |
| Derivative financial instruments | 3 | 160,774 | 42,147 |
| Pre-paid tax assets | | 61,089 | 54,281 |
| **TOTAL NON-CURRENT ASSETS** | | **5,702,224** | **5,102,746** |
| Inventories | 2 | 138,912 | 87,569 |
| Receivables from customers | | 738,815 | 816,995 |
| Other current receivables and assets | | 1,006,251 | 816,889 |
| Cash and cash equivalents | | 287,740 | 314,985 |
| Derivative financial instruments | 3 | 12,169 | 145,128 |
| Tax receivables | | 7,253 | 7,550 |
| **TOTAL CURRENT ASSETS** | | **2,191,141** | **2,189,116** |
| **TOTAL ASSETS** | | **7,893,365** | **7,291,862** |

## CONSOLIDATED BALANCE SHEET

## LIABILITIES and SHAREHOLDERS' EQUITY

| Assets items (in thousands of EUR) | | 30 June 2023 | 31 December 2022 |
|---|---|---|---|
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 77,979 | 77,979 |
| Profit (loss) brought forward | | 456,232 | 314,431 |
| Other reserves - Other | | 101,471 | 109,116 |
| Profit for the year | | 46,826 | 146,801 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **682,509** | **648,328** |
| Financial payables (non-current) | | 1,231,235 | 1,168,538 |
| Bonds issued | | 2,107,344 | 2,109,484 |
| Leasing liabilities (non-current) | | 15,501 | 25,704 |
| Derivative financial instruments | 3 | 22,977 | 1,418 |
| Employee benefits | | 4,031 | 3,976 |
| Provisions for risks and liabilities | | 14,458 | 14,114 |
| Deferred tax liabilities | | 89,110 | 89,415 |
| **TOTAL NON-CURRENT LIABILITIES** | | **3,484,656** | **3,412,651** |
| Financial payables (current) | | 2,581,473 | 2,154,740 |
| Leasing liabilities (current) | | 6,806 | 7,585 |
| Trade payables | | 972,963 | 881,453 |
| Derivative financial instruments | 3 | 1,372 | 29,093 |
| Other current liabilities | | 145,266 | 140,524 |
| Tax payables | | 18,320 | 17,489 |
| **TOTAL CURRENT LIABILITIES** | | **3,726,200** | **3,230,883** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **7,893,365** | **7,291,862** |

## CONSOLIDATED INCOME STATEMENT

| Assets items (in thousands of EUR) | 30 June 2023 | 30 June 2022 |
|---|---|---|
| Income from leases | 517,884 | 450,169 |
| Write-downs from leases | (382,601) | (350,877) |
| Costs from leases - loans | (54,490) | (8,933) |
| **Margin on leases** | **80,793** | **90,359** |
| Revenues from services | 254,626 | 245,458 |
| Costs for services | (232,145) | (219,179) |
| **Margin on services** | **22,480** | **26,279** |
| Income from car sales | 62,500 | 63,770 |
| Costs of cars sold | (10,648) | (17,358) |
| **Margin on cars sold** | **51,852** | **46,412** |
| **Gross operating margin** | **155,126** | **163,050** |
| Payroll costs | (36,465) | (32,777) |
| Other operating expenses | (12,600) | (10,753) |
| Depreciation and amortisation | (4,212) | (5,455) |
| **Total operating expenses** | **(53,276)** | **(48,985)** |
| Credit losses | (9,732) | (8,221) |
| Non-recurring income (expenses) | (25,433) | 0 |
| **Operating profit** | **66,684** | **105,844** |
| Financial income | 0 | 0 |
| Financial charges | 0 | 0 |
| **Profit before tax** | **66,684** | **105,844** |
| Income tax | (19,858) | (29,920) |
| **Profit for the year** | **46,826** | **75,924** |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Values (in EUR) | 30 June 2023 | 30 June 2022 |
|---|---|---|
| **Profit (loss) for the year** | **46,826** | **75,924** |
| **Other income components net of tax without reclassification to the income statement** | **0** | **0** |
| Defined benefit plans | 0 | 0 |
| **Other income components net of tax with reclassification to the income statement** | **(7,645)** | **53,254** |
| Exchange rate differences | 3,520 | (1,762) |
| Cash flow hedging | (11,166) | 55,015 |
| **Total other income components net of tax** | **(7,645)** | **53,254** |
| **Overall income** | **39,181** | **129,178** |

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 30/06/2022

### Amounts in EUR

| | Balance at 31/12/2021 | Change in opening balances | Balance at 01/01/2022 | Allocation of previous year's result | | Changes in the year | | | | | | | | | Shareholders' equity 30/06/2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shareholders' equity transactions | | | | | | | Comprehensive income for 2022 | |
| | | | | Reserves | dividends and other uses | Change in reserves | Issue of new shares | Acquisition of treasury shares | Interim dividends | Distribution of extraordinary dividends | Change in equity instruments | Derivatives on treasury shares | Stock options | | |
| **Capital:** | | | | | | | | | | | | | | | |
| a) Ordinary shares | 77.979.400 | | 77.979.400 | | | | | | | | | | | | 77.979.400 |
| b) other shares | 0 | | 0 | | | | | | | | | | | | 0 |
| Share premiums | 0 | | 0 | | | | | | | | | | | | 0 |
| **Reserves:** | | | 0 | | | | | | | | | | | | 0 |
| a) of earnings | 191.341.329 | | 191.341.329 | 123.089.521 | | | | | | | | | | | 314.430.850 |
| b) other | 0 | | 0 | | | | | | | | | | | | 0 |
| **Valuation reserves** | -4.754.610 | | -4.754.610 | | | | | | | | | | | 53.253.910 | 48.499.300 |
| **Equity instruments** | 0 | | 0 | | | | | | | | | | | | 0 |
| **Interim dividends** | 0 | | 0 | | | | | | | | | | | | 0 |
| **Treasury shares** | 0 | | 0 | | | | | | | | | | | | 0 |
| **Profit (loss) for the year** | 123.089.521 | | 123.089.521 | -123.089.521 | | | | | | | | | | 75.923.830 | 75.923.830 |
| Shareholders' Equity | **387.655.640** | | **387.655.640** | | | | | | | | | | | **129.177.740** | **516.833.380** |

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 30/06/2023

Amounts in EUR

| | Balance at 31/12/2022 | Change in opening balances | Balance at 01/01/2023 | Allocation of previous year's result | | Changes in the year | | | | | | | | | Shareholders' equity 30/06/2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shareholders' equity transactions | | | | | | | Comprehensive income for 2023 | |
| | | | | Reserves | dividends and other uses | Change in reserves | Issue of new shares | Acquisition of treasury shares | Interim dividends | Distribution of extraordinary dividends | Change in equity instruments | Derivatives on treasury shares | Stock options | | |
| **Capital:** | | | | | | | | | | | | | | | |
| a) Ordinary shares | 77.979.400 | | 77.979.400 | | | | | | | | | | | | 77.979.400 |
| b) other shares | 0 | | 0 | | | | | | | | | | | | 0 |
| Share premiums | 0 | | 0 | | | | | | | | | | | | 0 |
| **Reserves:** | 0 | | 0 | | | | | | | | | | | | 0 |
| a) of earnings | 314.430.850 | | 314.430.850 | 146.801.184 | -5.000.000 | | | | | | | | | | 456.232.034 |
| b) other | 0 | | 0 | | | | | | | | | | | | 0 |
| **Valuation reserves** | 109.116.238 | | 109.116.238 | | | | | | | | | | | -7.645.453 | 101.470.785 |
| **Equity instruments** | 0 | | 0 | | | | | | | | | | | | 0 |
| **Interim dividends** | 0 | | 0 | | | | | | | | | | | | 0 |
| **Treasury shares** | 0 | | 0 | | | | | | | | | | | | 0 |
| **Profit (loss) for the year** | 146.801.184 | | 146.801.184 | -146.801.184 | | | | | | | | | | 46.826.365 | 46.826.365 |
| Shareholders' Equity | **648.327.672** | | **648.327.672** | | | | | | | | | | | **39.180.912** | **682.508.584** |

## CONSOLIDATED CASH FLOW STATEMENT (indirect method)

| **Values (in thousands of EUR)** | **30 June 2023** | **30 June 2022** |
|---|---|---|
| **Cash flow generated (absorbed) by operating activities (a)** | | |
| **Profit (loss) for the year** | **46,826** | **75,924** |
| **Adjustments to reconcile net income to cash flow from operating activities:** | **416,097** | **397,111** |
| Depreciation of tangible and intangible assets and rights to use leased assets | 386,812 | 356,332 |
| Net impairment/(reversal) of trade and other receivables | 9,732 | 8,221 |
| Net change in deferred tax assets (liabilities) | -305 | 2,637 |
| Income tax | 19,858 | 29,920 |

| | | |
|---|---|---|
| **Change in working capital:** | **-98,278** | **23,757** |
| Inventories | -51,343 | -31,255 |
| Receivables from customers | 68,447 | 5,294 |
| Trade payables | 91,510 | 174,562 |
| Provisions for risks and liabilities | 344 | -1,220 |
| Other assets and liabilities | -207,236 | -123,625 |
| **Cash flow generated (absorbed) by operating activities (a)** | **364,645** | **496,791** |
| **Cash flow from investment activities** | | |
| **Investments:** | | |
| Intangible assets, tangible assets and rights to use leased assets | -860,855 | -681,239 |
| Equity interests | 0 | 17 |
| Financial receivables and other financial assets | -6,808 | 35,840 |
| **Cash flow generated (absorbed) by investment activities (b)** | **-867,663** | **-645,382** |
| **Cash flow from financial activities** | | |
| Change in current financial liabilities and other | 431,528 | 1,176,127 |
| Change in non-current financial liabilities | 50,408 | -1,476,446 |
| Change in Hedging and non-hedging derivatives receivable/payable | -6,162 | -3,334 |
| **Cash flow generated (absorbed) by financing activities (c)** | **475,773** | **-303,652** |
| **Total cash flow (e = a+b+c)** | **-27,245** | **-452,243** |
| **Net cash and cash equivalents at the start of the year (f)** | **314,985** | **682,798** |
| **Net cash and cash equivalents at the end of the year (h = e+f)** | **287,740** | **230,555** |

# EXPLANATORY NOTES

# ACCOUNTING POLICIES

## A.1 - GENERAL PART (AMEND BY ADAPTING TO THE HALF-YEAR REPORT)

### SECTION 1

### Statement of compliance with international accounting standards

The condensed Consolidated Half-Year Financial Statements for the period ended 30 June 2023 have been drawn up in accordance with IAS 34, which governs the minimum content, preparation and measurement principles of an interim financial report. The condensed Consolidated Half-Year Financial Statements do not present all disclosures required for the preparation of the annual Consolidated Financial Statements. For this reason, the condensed Consolidated Half-Year Financial Statements must be read together with the Consolidated Financial Statements as at 31 December 2022.

The accounting standards adopted for the preparation of the condensed Consolidated Half-Year Financial Statements are consistent with those used for the preparation of the Consolidated Financial Statements as at 31 December 2022, except for the adoption of the new standards and amendments effective from 1 January 2023. The Group has not opted for early adoption of any amendments, interpretations or standards that have been issued but are not yet in force.

### SECTION 2

### General drafting principles

When preparing the condensed Consolidated Half-Year Financial Statements for the six-month period ended 30 June 2023, the same accounting principles and measurement criteria were adopted as those applied when preparing the Consolidated Financial Statements for the year ended 31 December 2022 (to which reference should be made), which break down said principles and criteria.

### Condensed Consolidated Half-Year Financial Statements

The Consolidated Half-Year Financial Statements, condensed as permitted by IAS 34, consist of the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement and these notes, and are accompanied by an interim report by the Directors on the Group's performance.

Compared to the annual Consolidated Financial Statements, the statements are condensed in terms of form and content, as permitted by IAS 34. As such, for a more complete disclosure, these condensed Consolidated Half-Year Financial Statements must be read in conjunction with the consolidated financial statements for the year ended 31 December 2022, which were drawn up in accordance with International Financial Reporting Standards (IFRS).

The financial statement formats are the same as those adopted in the annual consolidated financial statements as at 31 December 2022.

### Account units

Unless otherwise stated, amounts shown in the financial statements are expressed in thousands of euros.

### Going concern

The Consolidated Half-Year Report is prepared on a going concern basis, applying the accrual basis of accounting.

### Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as property investment, at fair value at each reporting date.

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

- in the principal market for the asset or liability;

or

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

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

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

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

The Group uses measurement techniques that are appropriate to the circumstances and for which there is sufficient available data to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 – Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which the input data is not observable for the asset or liability.

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

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

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

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

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

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

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

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

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

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

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

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

Note that there were no transfers of assets and liabilities between fair value levels 1 and 2 and 3 during the half-year.

### Risks and uncertainties associated with the use of estimates

The preparation of the Consolidated Half-Year Report requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Consolidated Half-Year Report.

In particular, estimation processes were adopted to support the book value of certain key items entered in the Consolidated Financial Statements at 31 December 2022, as required by the accounting standards referred to above. These processes are largely based on estimates of the future recoverability of the amounts recorded in the financial statements in accordance with current regulations, and have been carried out on a going concern basis.

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

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

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

## SECTION 3

### Scope of Consolidation

The scope of consolidation at 30 June 2023 includes the parent company Leasys S.p.A. and the Italian and foreign companies it controls directly or indirectly, as specifically laid down by IFRS 10.

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

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

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

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

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

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

## INVESTMENTS IN WHOLLY-OWNED SUBSIDIARIES

| COMPANY NAME | REGISTERED OFFICE | PLACE OF BUSINESS (*) | TYPE OF RELATIONSHIP (**) | PARENT (***) | SHAREHOLDING % |
|---|---|---|---|---|---|
| Leasys Italia S.p.A | Torino - Italia | Roma - Italia | 1 | Leasys S.a.s | 100 |
| Leasys S.p.A Sucursal en Espana | Torino - Italia | Madrid - Spagna | 1 | | 100 |
| Leasys S.p.A Branch Germany | Torino - Italia | Rüsselsheim - Germania | 1 | | 100 |
| Leasys S.p.A Branch Belgium | Torino - Italia | Bruxelles - Belgio | 1 | | 100 |
| ALease&Mobility Branch Danish [1] | Glostrup - Danimarca | | 1 | | 100 |
| Clickar S.r.l. | Torino - Italia | Roma - Italia | 1 | | 100 |
| Leasys France S.A.S | Poissy - Francia | | 1 | | 100 |
| Leasys UK Ltd | Slough - Regno Unito | | 1 | | 100 |
| Leasys Portugal S.A. | Lisbona - Portogallo | | 1 | | 100 |
| Leasys Polska Sp.Zo.o. | Varsavia - Polonia | | 1 | | 100 |
| Leasys Nederland B.V. | Amsterdam - Olanda | | 1 | | 100 |
| Leasys Austria GmbH | Vienna - Austria | | 1 | | 100 |

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

[1] La branch is empty and inactive. It will be closed during 2023.

Moreover, the special purpose vehicle is included in the scope of consolidation in relation to securitisation transactions, details of which are provided below:

| COMPANY NAME | REGISTERED OFFICE |
| --- | --- |
| LABIRS ONE S.r.l | Conegliano Veneto - Italia |

**Consolidation Method**

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

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

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

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

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

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

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

The exchange rates used to convert the financial statements at 30 June 2023 are as follows:

| | Spot 30/06/2023 | Average 30/06/2023 | Spot 31/12/2022 | Average 31/12/2022 |
| --- | --- | --- | --- | --- |
| Polish Zloty (PLN) | 4.450 | 4.630 | 4.690 | 4.687 |
| Danish Krone (DKK) | 7.447 | 7.446 | 7.437 | 7.440 |
| British Pound Sterling (GBP) | 0.858 | 0.877 | 0.887 | 0.853 |

## SECTION 4

### Events subsequent to the end of the half-year

No events occurred after the end of the half-year that would require an adjustment to the results presented in the Consolidated Half-Year Financial Statements at 30 June 2023. The company is closely monitoring the development of potential issues and economic repercussions related to the conflict between Russia and Ukraine. Based on the information available and the analyses performed, there is no credit exposure to entities traceable to Russia, Ukraine and Belarus; there are no direct impacts deriving from the Russia-Ukraine conflict or the respective geo-political situation. All information available to date on any indirect impacts has been reflected in the condensed Consolidated Financial Statements and made available to you.

On 12 July 2023, the Company's Board of Directors approved the first European Medium Term Note (EMTN) programme, which aims to strengthen the funding strategy by diversifying sources of liabilities and boosting the projected growth of business. In this context, on 18 July 2023 the Company placed securities amounting to €750 million, with a maturity of three years.

## SECTION 5

### Other aspects

The Consolidated Half-Year Report is subject to a limited audit by PricewaterhouseCoopers S.p.A – the company appointed to audit the accounts of Leasys Italia SpA.

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

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

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

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

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

IFRS 17 is a complex standard that will include some key differences from current accounting in both the measurement of liabilities and recognition of profits.

IFRS 17 applies to all insurance contracts. The accounting model of reference ("General Model") is based on discounting expected cash flows, "risk adjustment" and a "Contractual Service Margin" (CSM), which cannot be negative and which represents the present value of up-front profits, released by way of depreciation.
On 25 June 2020, the IASB issued amendments to IFRS 17 Insurance Contracts to help companies implement the Standard and make it easier for them to explain their financial performance. The fundamental principles introduced when the Board first published IFRS 17 in May 2017 remain unchanged. The changes, which respond to stakeholder feedback, are designed to:
- reduce costs by simplifying certain requirements of the Standard;
- make financial performance easier to explain;
- facilitate the transition by postponing the effective date of the Standard to 2023 and reducing the burden of applying IFRS 17 for the first time.

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

Companies must apply the provisions as of 1 January 2023.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ACCOUNTING STANDARDS, IFRS AND IFRIC AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, WHICH ARE NOT YET REQUIRED TO BE APPLIED, AND WHICH, AT 30 June 2023, HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

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

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

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

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

The amendments introduce:

- A temporary and mandatory exception to deferred tax accounting as a result of the legal enactment of the Pillar Two model rules;
- Disclosure requirements for affected entities to assist users of financial statements to better understand an entity's exposure to Pillar Two income taxes as a result of said legislation, particularly prior to its enactment.

The application of this exception applies to annual financial statements beginning on or after 1 January 2023, but not to interim financial statements ending before 31.12.2023

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

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

On 23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify how to classify payables and other liabilities as current or non-current.

The amendments aim to improve the consistency in the application of the requirements by helping companies determine whether, in the statement of financial position, payables and other liabilities with an uncertain settlement date should be classified as current (due or contingent to be settled within one year) or non-current.

The amendments include clarification of the classification requirements for the payables a company may settle by converting it into equity.

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

Due to the Covid-19 pandemic, the IASB has proposed postponing the effective date (initially set for 1 January 2022) to 1 January 2023. Early application of changes is permitted.

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

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

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

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

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

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

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

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

On 25 May 2023, the International Accounting Standard Board issued Amendments to IAS 7 "Statement of Cash Flow" and IRFS 7 "Financial Instruments, Disclosures: Supplier Finance Arrangements".

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

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

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

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

## SECTION 6

### Summary of the 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 at the acquisition date) and the amount of the non-controlling interest in the acquiree. For each business

combination, the Group determines whether to measure the non-controlling interest in the acquiree at fair value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets. Acquisition costs are expensed during the year and classified under administrative expenses.
The Group determines that it has acquired a business when the integrated set of activities and assets includes at least one factor of production and one substantial process that, together, contribute significantly to the ability to generate an output. The acquired process is considered substantial if it is critical to the ability to continue generating an output and the acquired inputs include an organised labour force that has the necessary skills, knowledge or experience to perform that process, or contributes significantly to the ability to continue generating an output, and is considered unique or scarce, or cannot be replaced without significant cost, effort or delay to the ability to continue generating an output.
When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in line with the contractual terms, economic conditions and other relevant terms in effect at the acquisition date. This includes testing whether an embedded derivative should be separated from the host contract.
The acquirer posts any contingent consideration to be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent payment is accounted for against shareholders' equity. The change in the fair value of contingent consideration classified as an asset or liability within the scope of IFRS 9 Financial Instruments shall be recognised in the income statement in accordance with IFRS 9. Contingent consideration not within the scope of IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognised in the income statement.
Goodwill is initially recognised at cost represented by the excess of all consideration paid and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds all of the consideration paid, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to determine the amounts to be recognised at the acquisition date. If the remeasurement still results in a fair value of the net assets acquired that exceeds the consideration, the difference (gain) is recognised in the income statement.
After its initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated – as of the acquisition date – to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units.
If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the operations of said unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. The goodwill associated with the disposed operation is determined based on the respective values of the disposed operation and the retained portion of the cash-generating unit.

### b) Equity investments in subsidiaries

Equity investments are recorded on the settlement date. When recognising equity interests, they are initially recognised at cost, including any directly attributable transaction costs or income. Subsidiaries are companies in which the parent company directly or indirectly owns more than half

of the voting rights or when, even with a smaller proportion of voting rights, the parent company has the power to appoint the majority of the investee's directors or determine the investee's financial and operating policies in order to obtain benefits from its activities. Equity investments are measured at cost and adjusted for impairment if necessary.
If there is evidence that the value of an investment may have decreased, the recoverable amount of the investment is estimated, taking into account the value of the future cash flows that the investment may generate, including the investment's final disposal value. If the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement.
If the reasons for the impairment loss cease to apply as a result of an event occurring after the impairment was recognised, reversals of the impairment loss are recognised in the income statement.
Investments are derecognised when the contractual rights to the cash flows from the assets expire or when the investment is disposed of, transferring the significant risks and rewards of ownership thereof.

## A.2 – PART RELATING TO THE MAIN STATEMENT ITEMS

## SUMMARY OF THE MAIN IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS APPLIED

### Vehicles

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

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

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

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

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

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

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

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

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

**Other tangible assets**

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

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

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

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

- Office buildings 15%

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

Gains or losses arising upon derecognition of the asset (calculated as the difference between the net carrying amount of the asset and the consideration received) is recognised in the income statement at the time when the item is derecognised.

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

**Rights of use**

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

In application of IFRS 16, the Company:

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

- separates the total amount of cash paid out into principal (presented as part of financing activities) and interest (presented as part of financing activities) in the cash flow statement.

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

Lease liabilities

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

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

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

Activities for Right of Use

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

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

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

Right-of-use assets are shown on a separate line in the statement of financial position.

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

Short-term leases and leases for low-value assets

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

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

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

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

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

Goodwill

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

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

Criteria for estimating Value in Use

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

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

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

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

Determining the discount rate of cash flows

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

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

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

**Other intangible assets**

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

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

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

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

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

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

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

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

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

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

**Financial instruments**

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

Financial assets – initial recognition and measurement

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

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

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

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

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

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

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

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

Financial assets – subsequent measurement

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

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

Financial assets at amortised cost

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

Securitisation transaction

Leasys participates in securitisation programmes resulting from long-term driverless car leases as a borrower and underwriter of junior securities.

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

Securitisation transactions can be traditional or synthetic.

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

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

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

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

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

The application of these rules has meant that:

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

On the profit and loss side, the following are stated in the financial statements:

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

Financial assets at fair value

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

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

Financial assets at fair value through the income statement

Financial instruments at fair value with changes recognised in the income statement are recognised in the statement of financial position at fair value, and net changes in fair value are recognised in the income statement.

Financial assets – derecognition

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

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

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

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

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

Financial assets – credit losses

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

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

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

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

Financial liabilities - initial recognition and measurement

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

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

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

Financial liabilities – subsequent measurement

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

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

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

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

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

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

Financial liabilities at amortised cost

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

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

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

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

Financial liabilities - derecognition

A financial liability is derecognised when the obligation underlying the liability is settled, removed or fulfilled. When an existing financial liability is exchanged for another financial liability of the same lender on substantially different terms, or the terms of an existing liability are substantially amended, said exchange or amendment is treated as a derecognition of the original liability, along

with the recognition of a new liability, with any difference between the carrying amounts recognised in the income statement.

**Derivative financial instruments**

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

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

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

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

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

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

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

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

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

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

### Inventories

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

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

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

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

### Cash and cash equivalents

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

### Provisions for risks and liabilities

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

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

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

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

## Employee benefits

Defined benefit plans

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

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

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

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

Defined contribution plans

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

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

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

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

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

## Revenue

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

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

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

Sale of goods

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

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

Provision of services

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

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

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

Revenues from brand contribution: The Brand Contribution is an extra discount granted to Leasys by car manufacturers upon achieving pre-determined minimum purchase volumes of vehicles from the manufacturers' brands.

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

In Leasys' financial statements, the brand contribution is recorded as deferred income.

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

**Expenses**

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

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

**Tax**

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

Current taxes

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

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

Deferred taxes

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

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

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

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

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

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

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

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

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

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

Indirect taxes

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

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

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

**Risks and uncertainties relating to the use of Estimates**

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

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

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

In particular, estimation processes were adopted to support the book value of some of the most key items in the Financial Statements at 31 December 2021, as required by the accounting standards and reference regulations referred to above.

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

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

Set out below are the main assumptions which, at the reporting date, required subjective assessments by management:

- Provision for expected losses on trade receivables and financial assets

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

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

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

To determine lifetime expected credit loss, IFRS 9 suggests using a matrix showing the various impairment percentages. The matrix allows for a grouping of credits according to their characteristics (e.g. geographical area, product, customer, etc.).

For each category, receivables are divided by seniority (receivables past due by less than 30 days, receivables past due by more than 30 days but less than 90 days, etc.), and a write-down percentage is applied for each seniority category.

- Determining the fair value of financial instruments to be used for financial statement reporting purposes; in particular, the use of measurement models for recognising the fair value of financial instruments
- assessing the recoverability of goodwill and other intangible assets;

- quantifying provisions for personnel and provisions for risks and liabilities;
- estimates and assumptions about the recoverability of deferred tax assets.

Deferred tax assets are recognised to the extent where it is probable that future taxable profit will be available, against which the losses may be utilised.

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

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

- Determination of the recoverable amount of Tangible Assets

Residual value means the value of the vehicle when the relevant rental contract ends. For long-term rentals, the risk on the residual values of the leased vehicles is generally borne by the lessor company, unless specifically agreed with third parties, based on the difference between the vehicle's market value at the end of the rental period and the book value of the asset itself.

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

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

The model used to calculate Residual Values Provisions is updated quarterly to ensure the most appropriate assessment of the hedges. There are no particular critical issues concerning the risk on the vehicle fleet's residual values.

# COMMENTS ON THE MAIN ITEMS OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

## 1. Vehicles

This item amounted to €5,272,499 thousand, up €412,790 thousand compared to 31 December 2022 due to the increase in fleet managed. A breakdown is provided below.

| Values (in thousands of EUR) | Total 30/06/2023 | Total 31/12/2022 | Change |
|---|---|---|---|
| **Owned vehicles** | **3,451** | **1,733** | **1,718** |
| Gross amount | 4,890 | 3,456 | 1,433 |
| Accumulated depreciation | 1,439 | 1,724 | (285) |
| **Rental vehicles** | **4,457,781** | **4,218,959** | **238,822** |
| Gross amount | 5,985,209 | 5,661,169 | 324,040 |
| Accumulated depreciation | 1,527,427 | 1,442,209 | 85,218 |
| **Vehicles in stock** | **65,129** | **33,063** | **32,066** |
| Gross amount | 108,236 | 52,662 | 55,574 |
| Accumulated depreciation | 43,107 | 19,599 | 23,508 |
| **Vehicles for hire** | **746,138** | **605,953** | **140,184** |
| Gross amount | 746,138 | 605,953 | 140,184 |
| Accumulated depreciation | - | - | - |
| **Total** | **5,272,499** | **4,859,709** | **412,790** |
| **Gross amount** | **6,844,472** | **6,323,241** | **521,231** |
| **Accumulated depreciation** | **1,571,973** | **1,463,532** | **108,441** |

The above item includes the following:

- Own cars, mainly company cars and vehicles assigned to company staff for €3,451 thousand (net of accumulated depreciation);
- Cars and commercial vehicles rented to third parties for a total of €4,457,781 thousand (net of accumulated depreciation);
- Goods in stock for €65,129 thousand and goods awaiting rental for €746,138 thousand. These assets identify vehicles awaiting contractual activation and delivery, and are not subject to depreciation until their delivery and activation.

## 2. Inventories

Inventories (amounting to €138,912 thousand) refer to vehicles that have ended their contractual rental period and are held for sale. The figure was up €51,343 thousand compared to 31 December 2022. The change is due to the increase in vehicle returns related to expiring leases of some large customers.

| Values (in thousands of EUR) | Total 30/06/2023 | Total 31/12/2022 | Total Change |
|---|---|---|---|
| Goods on consignment | | 0 | 0 |
| Vehicles intended for sale | 138,912 | 87,569 | 51,343 |
| **Total** | **138,912** | **87,569** | **51,343** |

### 3. Derivative financial instruments

| | Current notional value | Current fair value | Non-current notional value | Non-current fair value |
|---|---|---|---|---|
| **Derivative assets** | | | | |
| Trading derivatives | 0 | 0 | 1,720,000 | 16,429 |
| Hedging derivatives | 1,096,879 | 12,169 | 4,381,674 | 144,345 |
| **Interest rate risk** | **1,096,879** | **12,169** | **6,101,674** | **160,774** |
| Foreign exchange risk | | | | |
| **Total derivative assets** | **1,096,879** | **12,169** | **6,101,674** | **160,774** |
| | | | | |
| **Derivative liabilities** | | | | |
| Trading derivatives | 0 | 0 | 860,000 | 17,205 |
| Hedging derivatives | 69,421 | 1,372 | 184,089 | 5,772 |
| **Interest rate risk** | **69,421** | **1,372** | **1,044,089** | **22,977** |
| Foreign exchange risk | | | | |
| **Total derivative liabilities** | **69,421** | **1,372** | **1,044,089** | **22,977** |

This item includes derivative financial instruments to manage interest rate risk, with a notional value at 30 June 2023 of €8,312,063 thousand, and a fair value of €148,594 thousand. The notional value of a derivative contract is the contractually defined amount.

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

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

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

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

The fair value of these instruments, all of which are interest rate swaps, was determined by discounting future cash flows, which are estimated based on the relevant rate curves at 30 June 2023.

## RELATED-PARTY TRANSACTIONS

## RELATED-PARTY TRANSACTIONS: BALANCE SHEET ITEMS

| Items in thousands of EUR | Shareholders | Executives | Other related parties | Total |
|---|---|---|---|---|
| **Current assets** | | | | |
| Cash and cash equivalents | 0 | 0 | 102,238 | 102,238 |
| Other current receivables and assets | 0 | 0 | 16,492 | 16,492 |
| Derivative instrument assets | 0 | 0 | 4,941 | 4,941 |
| Receivables from customers | 0 | 0 | 112,188 | 112,188 |
| **Total in assets** | **0** | **0** | **235,859** | **235,859** |
| Financial payables (current and non-current) | 0 | 0 | -1,116,039 | -1,116,039 |
| Trade payables | 0 | 0 | -111,360 | -111,360 |
| **Total in liabilities** | **0** | **0** | **-1,227,399** | **-1,227,399** |

## RELATED-PARTY TRANSACTIONS: INCOME STATEMENT ITEMS

| Items in thousands of EUR | Shareholders | Executives | Other related parties | Total |
|---|---|---|---|---|
| Gross operating margin | 0 | 0 | -54,362 | -54,362 |
| Operating costs | 0 | 0 | 1,536 | 1,536 |

All transactions were carried out in the company’s interest, are part of the ordinary course of business, and are generally settled at market conditions, i.e. at the conditions that would be applied between two independent parties.

## SECTOR INFORMATION

The data on operations and income by business area are presented in accordance with IFRS 8.

In line with this standard, the Group's business developed primarily on the European territory; the reportable geographical segments refer to Italy and International.

Nonetheless, performance reports which make distinctions by international geographical area are not periodically presented to management.

Below is a breakdown of business by geographical area:

| Sector information (€/M) | TOTAL | INTERNATIONAL | ITALY |
|---|---|---|---|
| | 30/06/2023 | 30/06/2023 | 30/06/2023 |
| **Rental margin/Margin on cars sold** | **155.1** | **42.1** | **113.0** |
| Net operating costs | -53.3 | -26.9 | -26.4 |
| Cost of risk | -9.7 | -2.7 | -7.1 |
| Other income/expenses | -25.4 | -22.5 | -2.9 |
| **Operating result** | **66.7** | **-10.0** | **76.7** |
| Tax | -19.9 | 0.6 | -20.5 |
| **Net result** | **46.8** | **-9.4** | **56.2** |

| Sector information (€/M) | TOTAL | INTERNATIONAL | ITALY |
|---|---|---|---|
| | 30/06/2022 | 30/06/2022 | 30/06/2022 |
| **Rental margin/Margin on cars sold** | **163.1** | **62.5** | **100.6** |
| Net operating costs | -49.0 | -22.8 | -26.2 |
| Cost of risk | -8.2 | -1.9 | -6.3 |
| Other Income/Expenses | 0.0 | 0.0 | 0.0 |
| **Operating result** | **105.8** | **37.8** | **68.1** |
| Tax | -29.9 | -8.9 | -21.0 |
| **Net result** | **75.9** | **28.9** | **47.0** |

# FURTHER INFORMATION

## RECONCILIATION OF LEASYS SPA SHAREHOLDERS' EQUITY AND CONSOLIDATED FINANCIAL STATEMENTS

| | Shareholders' Equity | including: Result for the period |
|---|---|---|
| **Shareholders' Equity and Profit for the period of Leasys S.p.A.** | **477,957,026** | **48,922,036** |
| Shareholders' equity and Profit for the period of consolidated companies net of minority interests | 240,472,859 | (3,357,066) |
| Consolidation adjustments: | (35,921,301) | 1,261,395 |
| Derecognition of carrying value of consolidated investments | (143,354,000) | |
| Other consolidation adjustments | 107,432,699 | 1,261,395 |
| **Shareholders' Equity and Profit for the period attributable to Leasys S.p.A. Shareholders** | **682,508,584** | **46,826,365** |
| **Shareholders' Equity and Profit for the period of the Consolidated Financial Statements** | **682,508,584** | **46,826,365** |

Turin, 24 July 2023

for the Board of Directors

Chief Executive Officer

Rolando D'Arco

# AUDITORS' REPORT
# 30 JUNE 2023

**REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

To the board of directors of
Leasys Italia SpA

**Foreword**

We have reviewed the accompanying condensed consolidated interim financial statements of Leasys Italia SpA and its subsidiaries (the "Leasys Group") as of 30 June 2023, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders equity, cashflow statement and related explanatory notes. The directors of Leasys Group are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of review**

We conducted our work in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Leasys Group as of 30 June 2023 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

*PricewaterhouseCoopers SpA*

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**Other matters**

The condensed consolidated interim financial statements of Leasys Group as of 30 June 2023 contain comparative data related to the period ended 30 June 2022; these data were neither audited nor reviewed.

Florence, 22 September 2023

PricewaterhouseCoopers SpA

*Signed by*

Alessandro Parrini
(Partner)

*This review report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative. We have not examined the translation of the condensed consolidated interim financial statements referred to in this report.*