LeasePlan announces Q1 2021 results

AMSTERDAM, the Netherlands, 12 May 2021 – LeasePlan Corporation N.V. ("LeasePlan"; the "Company"), one of the world's leading Car-as-a-Service ("CaaS") companies and a leading pan-European used-car market place, today reports its Q1 results.

Q1 2021 financial highlights

- Net result of EUR 181 million (+810%)
- Underlying net result of EUR 166 million (+44.8%)
- Car-as-a-Service:
  - Underlying Lease and Additional Services gross profit of EUR 366 million (+1.0%) driven by strong Damage Services & Insurance results and lower costs for expected credit losses
  - PLDV and End of Contract Fees Gross Profit of EUR 61 million (+536%) primarily driven by favourable used-car pricing
  - Operating expenses of EUR 205 million (+5.8%) which includes continued investments in our digital platforms
  - Underlying net result of EUR 190 million (+37.9%)
- CarNext:
  - Revenues stable at EUR 169 million (-1.5%) with lower B2C retail sales (-18.4%) due to COVID-19-related temporary store closures, offset by increased third-party and ancillary services sales
  - Underlying net result of EUR –24 million (-4.0%) including continued investments in key markets focussed on accelerating future growth
- Announcement of Sale and Purchase Agreement through which LeasePlan will divest 100% of its shares in LeasePlan Australia and New Zealand to SG Fleet. LeasePlan will hold a 13.0% stake in SG Fleet post-closing of the transaction
- Quarter-end liquidity buffer of EUR 7.6 billion

Key numbers[1][2][3]

	Q1 2021	Q1 2020	% YoY Growth
VOLUME			
Serviced fleet (thousands), as at 31 March[3]	1,861.8	1,858.7	0.2%
Numbers of vehicles sold (thousands)	77.3	74.8	3.4%
PROFITABILITY			
Underlying net result (EUR Million)	166.1	114.7	44.8%
- Car-as-a-Service	190.2	137.9	37.9%
- CarNext	–24.1	–23.2	–4.0%
Net result (EUR Million)	180.6	19.8	810.4%
Underlying return on equity[2]	11.5%	13.8%	

[1] Due to rounding, numbers throughout this release might not add up precisely to the totals provided. Percentages are calculated based on un-rounded numbers.

[2] Underlying RoE is based on last-twelve-month underlying net result and equity excluding the additional Tier 1 instrument. Including the AT1, RoE is 11.0% for Q1 2021 and 13.1 % for Q1 2020

[3] Serviced fleet including fleet from discontinued operations

Commenting on the first quarter results, Tex Gunning, CEO of LeasePlan, said:

"This was the best quarter in the history of LeasePlan. This excellent performance is a reflection of the plan we put in place over a year ago to manage the impact of the COVID-19 crisis on our business, and was supported by strong used-car pricing, strong Damage and Insurance results, and lower than expected customer defaults due to our high-quality customer base.

The underlying strength of our business is confirmed by our record-high order book, although the global shortage of computer chips means some of this growth will be deferred to later in the year. We also continued to lead the transition to zero emission mobility in the industry, with EVs now representing 16.9% of new orders in Q1. In addition, CarNext made good progress in the quarter with the expansion of its ancillary service offering and online sales increasing exponentially.

Looking forward, we're very excited about what's next. The subscription megatrend means there is significant growth potential in all our key market segments. We are well placed to capture this growth thanks to our continuing transformation from a local analogue business model to a completely digital global business model, underpinned by our Next Generation Digital Architecture. Our approach is already producing results, including rapid growth in online sales in the SME and Private segments, which we expect will only accelerate as the digital leasing market expands."

Group performance

In millions of euros, unless otherwise stated	**Q1 2021**	**Q1 2020**	**% YoY Growth**
Lease & Additional Services income	1,592.2	1,696.4	−6.1%
Vehicle Sales and End of contract fees	899.8	850.4	5.8%
Revenues	**2,492.1**	**2,546.8**	**−2.2%**
Underlying cost of revenues	**2,060.0**	**2,190.4**	**−6.0%**
Lease Services	153.3	142.5	7.6%
Fleet Management & other Services	50.5	65.4	−22.9%
Repair & Maintenance Services	72.5	74.2	−2.3%
Damage Services and Insurance	89.3	81.4	9.8%
Underlying Lease and Additional Services gross profit	**365.6**	**363.5**	**0.6%**
End of contract fees	37.7	38.8	−3.0%
Profit/Loss on disposal of vehicles	28.8	−45.9	162.8%
Profit/Loss on disposal of vehicles and End of contract fees gross profit	**66.5**	**−7.1**	**1040.9%**
Underlying gross profit	**432.1**	**356.4**	**21.2%**
Underlying operating expenses	242.9	232.3	4.6%
Share of profit of investments accounted for using the equity method	1.0	1.0	−2.6%
Underlying profit before tax	**190.2**	**125.1**	**52.0%**
Underlying tax	33.5	18.3	83.1%
Underlying net result from continuing operations	**156.7**	**106.9**	**46.7%**
Underlying net result from discontinued operations	**9.4**	**7.8**	**19.7%**
Underlying net result	**166.1**	**114.7**	**44.8%**
Underlying adjustments	14.5	−94.8	
Reported net result	**180.6**	**19.8**	**810.4%**
Staff (FTE's at period end)	8,655	8,136	6.4%

Financial Performance Q1

Revenues decreased by 2.2% to EUR 2,492 million. Lease and Additional Services income was down by 6.1% to EUR 1,592 million due to fleet mix and FX impact. Vehicle Sales and End of contract fees were up by 5.8% to EUR 900 million driven by a higher amount of vehicles sold (+3.4%) and beneficial used-car pricing.

Underlying Lease and Additional Services gross profit was up 0.6% to EUR 366 million driven by serviced fleet growth (+0.2%), strong Damage Services & Insurance results (+9.8%) and a reduction to the provision for expected credit losses. The lower provision reflects the updated IFRS 9 estimated-credit-loss calculations and lower defaults.

PLDV and EOCF gross profit was up to EUR 66 million driven by the higher amount of vehicles sold and favourable used-car pricing despite a second wave of national lockdowns.

Underlying operating expenses were up 4.6% to EUR 243 million which includes continued investments in our digital platforms.

The underlying tax rate was up 3.0 percentage points to 17.6% driven by a blend of statutory rates and the phasing out of the favourable impact of the Italian super-depreciation facility.

Underlying net result from continued operations was up by 46.7% to EUR 157 million driven by higher PLDV & EOCF gross profit, strong Damage Services & Insurance results and lower credit losses.

Underlying net result from discontinued operations of EUR 9 million following the announcement of the Sale and Purchase Agreement through which LeasePlan Corporation will, subject to the necessary approvals, divest 100% of its shares in LeasePlan Australia and Leaseplan New Zealand to SG Fleet (announced on March 31 2021).

Underlying net result of EUR 166 million (+44.8%) representing the strongest quarterly financial results in our history.

Reported net result was up to EUR 181 million, including a positive impact from underlying adjustments of EUR 14 million arising from a positive mark-to-market result on derivatives partially offset from costs mainly related to the CarNext BU set-up.

Segment reporting Car-as-a-Service and CarNext

In order to better reflect how LeasePlan manages its two businesses, we are reporting Car-as-a-Service and CarNext separately.

Financial Performance Car-as-a-Service

In thousands	Q1 2021	Q1 2020	% YoY Growth
Serviced fleet, as at 31 March	1,861.8	1,858.7	0.2%
Numbers of vehicles sold, as at 31 March	77.3	74.8	3.4%
of which through CarNext	58.6	68.7	−14.7%

in millions of euros	Q1 2021	Q1 2020	% YoY Growth
Lease and Additional Services income	1,592.5	1,696.4	−6.1%
Vehicle sales and End of contract fees	947.2	847.3	11.8%
Revenues	**2,539.7**	**2,543.7**	**−0.2%**
Underlying cost of revenues	**2,112.8**	**2,195.0**	**−3.7%**
Underlying Lease and Additional Services gross profit	366.3	362.6	1.0%
Profit/Loss on disposal of vehicles and End of contract fees gross profit	60.7	−13.9	536.3%
Underlying gross profit	**426.9**	**348.7**	**22.4%**
Underlying operating expenses	204.9	193.6	5.8%
Share of profit in equity accounted investments	1.0	1.0	−2.6%
Underlying profit before tax	**223.0**	**156.1**	**42.9%**
Underlying tax	42.2	26.0	62.0%
Underlying net result from continuing operations	**180.8**	**130.0**	**39.0%**
Underlying net result from discontinued operations	**9.4**	**7.8**	**19.7%**
Underlying net result	**190.2**	**137.9**	**37.9%**

Serviced fleet was up 0.2% to 1.9 million vehicles. Despite a strong order book in Q1 2021, fleet growth was impacted by OEM supply chain disruptions mainly coming from the global shortage of computer chips.

Revenues decreased by 0.2% to EUR 2,540 million. **Lease and Additional Services income** was down by 6.1% to EUR 1,593 million due to fleet mix and FX impact. **Vehicle Sales and End of Contract fees** were up by 11.8% to EUR 947 million driven by a higher amount of vehicles sold (+3.4%) and beneficial used-car pricing.

Underlying Lease and Additional Services gross profit was up 1.0% to EUR 366 million driven by serviced fleet growth (+0.2%), strong Damage Services & Insurance results (+9.8%) and reduction to the provision for expected credit losses.

PLDV and EOCF gross profit was up to EUR 61 million driven by the higher amount of vehicles sold and favourable used-car pricing despite a second wave of national lockdowns.

Underlying operating expenses were up 5.8% to EUR 205 million which includes continued investments in our digital platforms.

The underlying tax rate up 2.3 percentage points to 18.9% driven by a blend of statutory rates and the phasing out of the favourable impact of the Italian super-depreciation facility.

Underlying net result from continued operations was up 39.0% to EUR 181 million driven by higher PLDV & EOCF gross profit, strong Damage Services & Insurance results and lower credit losses.

Underlying net result from discontinued operations of EUR 9 million following the announcement of the Sale and Purchase Agreement with SG Fleet.

Total underlying net result up 37.9% to EUR 190 million in Q1 2021.

Operational Highlights Car-as-a-Service

LeasePlan delivered an exceptionally strong performance in its Car-as-a-Service business in Q1, supported in particular by surging demand and strong pricing for high-quality used-cars. Increased demand for e-commerce-related delivery vehicles also drove strong growth in new LCV registrations, which again significantly outperformed the market. On the sustainability front, electrification of the LeasePlan fleet continued apace, with new orders for electric vehicles and plug-in hybrids increasing to a record 16.9%, underlying the strength of our strategy to achieve zero tailpipe emissions from our funded fleet by 2030. LeasePlan also made progress in its digital transformation, especially in the fast growing SME and Private segments, where it continued to expand and strengthen its online offering. In the online direct channel, via which customers can order new car leases completely online, sales increased by 4% versus Q1 2020. In 14 markets, LeasePlan also rolled out a proactive, automated renewal processes to increase customer retention across key segments.

Towards the end of Q1, LeasePlan also announced that it will divest 100% of its shares in LeasePlan Australia and LeasePlan New Zealand to SG Fleet. LeasePlan will hold a 13.0% stake in ASX-listed SG fleet Group LTD post-closing of the transaction and will create an international alliance with the company to service LeasePlan Corporation's clients in the region after completion of the acquisition. This decision enables LeasePlan to place greater focus on leading the subscription megatrend and delivering accelerated profitable growth in its core markets.

Financial Performance CarNext[4]

Sales volume

In thousands	Q1 2021	Q1 2020	% YoY Growth
- B2B sales	49.3	57.4	−14.0%
- B2C sales	9.3	11.4	−18.4%
Total	**58.6**	**68.7**	**−14.7%**

in millions of euros	Q1 2021	Q1 2020	% YoY Growth
Revenues[4]	**169.2**	**171.7**	**−1.5%**
Underlying cost of revenues	**163.9**	**163.9**	**−0.0%**
Underlying gross profit	**5.3**	**7.8**	**−32.3%**
Underlying operating expenses	38.1	38.7	−1.6%
Underlying profit before tax	**−32.8**	**−30.9**	**−6.0%**
Underlying tax	−8.7	−7.8	−12.2%
Underlying net result	**−24.1**	**−23.2**	**−4.0%**
Total allocated assets	448.0	320.3	39.9%
Total allocated liabilities	254.0	248.3	2.3%

B2C retail volumes were down -18.4% to approximately 9,300 vehicles due to COVID-19-related temporary store closures across our core markets, partially offset by strong growth in online used-car sales.

Revenues were down 1.5% to EUR 169 million due to lower B2C retail sales, partially offset by growing demand for a new range of ancillary services and increased third-party sales from the implementation of our active car sourcing strategy.

[4] As per 1 January 2021 the commission model between CarNext and Car-as-a-Service business for the vehicles sold has been changed whereby CarNext now buys B2C vehicles upfront from Car-as-a-Service and recognizes the full revenue. In this new model the sales revenue is recognized both in the CarNext segment as in the Car-as-a-Service segment. In the consolidated income statement intercompany sales revenue is eliminated. Q1 2020 comparable financials have been adjusted as if the new model was applied from 1 January 2020 instead of 1 January 2021.

Gross profit was down 32.3% to EUR 5 million due to lower B2C and B2B volumes partially offset by growth in the margin per sold car.

Underlying operating expenses were down by 1.6% to EUR 38 million, due to tight cost control and including continued investments in CarNext's data-driven platform and leading technology infrastructure as well as our online business model including commercial and sourcing capabilities focused on accelerating future growth.

The underlying tax rate was up 1.3 percentage points to 26.5% driven by a blend of statutory rates in which CarNext operates.

Underlying net result was down by 4.0% to EUR –24 million, driven by lower B2C and B2B sales due to COVID-19 and continued strategic investments in CarNext.

Operational highlights CarNext

CarNext delivered strong growth in third-party sales and ancillary services such as financing and extended warranties. Although B2C and B2B volumes were lower due to a new wave of COVID-19 lockdowns, CarNext saw an exponential increase in online sales. CarNext's online strategy was further enhanced in the quarter through the continued rollout of its seamless online payment solution that has been developed with Adyen. In addition, in Q1 CarNext focused on increasing brand awareness with a new targeted brand campaign 'Skip the Hassle' launched in France and expected to go live across Europe in coming months. CarNext also continued to invest in and develop its leading technology capabilities, including launching a number of AI-driven vehicle reconditioning pilots, improving its Customer 360 program to enhance the customer journey, as well as its 'Car 360' initiative, which offers new applications to improve operational efficiency.

Funding and Capital Position

The start of a new year saw LeasePlan's return to the Debt Capital markets via the launch of two well supported public benchmark transactions in both senior unsecured and secured format. In addition, Q1 saw the successful extension of a privately placed AUD 600 million secured facility in Australia while LeasePlan's bank volume remained relatively stable with a quarter-end balance of EUR 9.2 billion (year-end closing balance EUR 9.1 billion).

The first of the public benchmarks issued in Q1 saw LeasePlan price a EUR 1 billion 5-year Green Bond on February 15 from an orderbook of EUR 2.5 billion paying a coupon of 0.25%. The success of this transaction which brings senior unsecured Green Bond outstandings to a level of EUR 2.0 billion is testament to the support that LeasePlan has from the ESG investor community for its continued sustainability focus. The following week LeasePlan returned to market with another public benchmark transaction launching BUMPER-UK 2021-1 (the fifth LeasePlan UK transaction) from its secured franchise, successfully placing GBP 400 million of Class A notes at a spread of Sonia +50bps from a book that was 2.3x times oversubscribed. In combination with the modest contribution from the Retail Bank, these transactions allowed LeasePlan to increase it's liquidity buffer to a level of EUR 7.6 billion (year-end liquidity buffer EUR 7.1 billion) consisting of cash balances as well as access to its undrawn EUR 1.5 billion committed revolving credit facility.

The CET1 ratio as per 31 March 2021 is 16.1%[5] calculated at the regulatory sub-consolidated level (LeasePlan Corporation N.V. consolidated). At this sub-consolidated level, the Total Capital ratio is 18.5% which is equal to the Tier 1 capital ratio[6].

There have been no ratings action in the period.

[5] CET1 and Total Capital ratios at all regulatory levels are excluding the Q1 2021 interim net result

[6] CET1 ratio at the regulatory Consolidated level (LP Group BV consolidated) is 16.1% and CET1 ratio at the regulatory Solo level (LeasePlan Corporation N.V.) is 16.0% as of 31 March 2021

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About LeasePlan

LeasePlan is a leader in two large and growing markets: Car-as-a-Service for new cars, through its LeasePlan business, and the high-quality three-to-four year old used-car market, through its CarNext business. LeasePlan's Car-as-a-Service business purchases, funds and manages new vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years. CarNext is a pan-European digital marketplace for high-quality used cars seamlessly delivering any car, anytime, anywhere and is supplied with vehicles from LeasePlan's own fleet as well as third-party partners. LeasePlan has approximately 1.9 million vehicles under management in over 30 countries. With over 50 years' experience, LeasePlan's mission is to provide what's next in sustainable mobility so our customers can focus on what's next for them. Find out more at www.leaseplan.com/corporate.

Condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss

For the period ended 31 March

In thousands of euros	Note	Q1 2021	Q1 2020*
Operating lease income		989,712	1,025,980
Finance lease and Other interest income		24,066	27,400
Additional services income		578,436	643,004
Vehicle sales and End of contract fees		899,840	850,433
Revenues	2	**2,492,055**	**2,546,817**
Depreciation cars		777,745	866,540
Finance cost		71,190	82,773
Unrealised (gains)/losses on financial instruments		–13,122	9,411
Impairment charges on loans and receivables		7,147	11,446
Lease cost		842,961	970,171
Additional services cost		360,722	432,210
Vehicle and Disposal cost		833,370	894,136
Direct cost of revenues	2	**2,037,053**	**2,296,517**
Lease services		170,818	83,209
Additional services		217,714	210,795
Profit/Loss on disposal of vehicles and End of contract fees		66,471	–43,704
Gross profit	2	**455,002**	**250,300**
Staff expenses		141,748	140,136
Other operating expenses		83,391	82,837
Other depreciation and amortisation		27,130	24,885
Total operating expenses		**252,270**	**247,859**
Share of profit of investments accounted for using the equity method		966	991
Profit before tax		**203,698**	**3,433**
Income tax expenses		38,043	–11,757
Net result from continuing operations		**165,655**	**15,190**
Net result from discontinued operations	3	**14,901**	**4,643**
Net result for the period		**180,556**	**19,833**
Attributable to:			
Equity holders of parent		171,439	10,613
Holders of AT1 capital securities		9,169	9,220
Non-controlling interest		–52	–

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

*Comparative information has been represented due to discontinued operations. See note 3.

Condensed consolidated statement of comprehensive income

For the period ended 31 March

In thousands of euros	**Q1 2021**	**Q1 2020**
Net result	180,556	19,833
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Changes in cash flow hedges, before tax	913	562
Income tax on cash flow hedges	–228	–514
Subtotal changes in cash flow hedges, net of income tax	**685**	**49**
Exchange rate differences	27,257	–82,290
Other comprehensive income, net of income tax	**27,942**	**–82,241**
Total comprehensive income for the year	**208,498**	**–62,408**
Comprehensive income attributable to:		
Owners of the parent	199,381	–71,628
Holders of AT1 capital securities	9,169	9,220
Non-controlling interest	–52	–

*Comprehensive income attributable to owners of the parent arises from: **		
Continuing operations	178,580	–52,431
Discontinued operations	20,801	–19,197

*Comparative information has been represented due to discontinued operations. See note 3.

Condensed consolidated statement of financial position

In thousands of euros	Note	31 March 2021	31 December 2020
Assets			
Cash and balances at central banks	4	5,515,777	5,169,103
Investments in debt securities		24,677	24,273
Receivables from financial institutions	5	776,621	671,264
Derivative financial instruments	6	147,681	171,054
Other receivables and prepayments		1,065,907	1,160,807
Inventories	7	641,387	615,976
Corporate income tax receivable		27,482	48,418
Loans to equity accounted investments		173,000	175,500
Lease receivables from clients	8	2,877,482	3,136,556
Property and equipment under operating lease and rental fleet	9	18,682,087	18,886,423
Other property and equipment	10	367,687	387,705
Equity accounted investments		18,015	16,337
Intangible assets		286,465	262,785
Deferred tax asset		293,142	288,696
Assets classified as held-for-sale	11	987,818	1,222
Total assets		**31,885,227**	**31,016,117**

Condensed consolidated statement of financial position - *continued*

In thousands of euros	Note	31 March 2021	31 December 2020
Liabilities			
Funds entrusted	12	9,335,757	9,212,495
Derivative financial instruments	6	100,869	150,371
Trade and other payables and Deferred income		2,451,290	2,584,847
Corporate income tax payable		39,686	39,180
Borrowings from financial institutions	13	3,394,557	3,560,531
Lease liabilities	10	289,936	308,140
Debt securities issued	14	10,239,614	10,084,252
Provisions		551,143	561,911
Deferred tax liabilities		327,826	336,164
Liabilities directly associated with the assets held-for-sale	11	767,825	–
Total liabilities		**27,498,503**	**26,837,892**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other reserves		−113,440	−141,382
Retained earnings		3,415,173	3,243,734
Equity of owners of the parent		**3,879,716**	**3,680,335**
AT1 capital securities		507,106	497,937
Non-controlling interest		−99	−47
Total equity		**4,386,724**	**4,178,225**
Total equity and liabilities		**31,885,227**	**31,016,117**

Condensed consolidated statement of changes in equity

In thousands of euros	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent	AT1 capital securities	Non-controlling interest	Total equity
Balance as at 1 January 2020	**71,586**	**506,398**	**−43,125**	**3,027,862**	**3,562,720**	**497,919**	**–**	**4,060,639**
Net result	–	–	–	19,833	19,833	–	–	19,833
Transfer - accrued interest on AT1 capital securities	–	–	–	−9,220	−9,220	9,220	–	–
Other comprehensive income	–	–	−82,241	–	−82,241	–	–	−82,241
Total comprehensive income	**–**	**–**	**−82,241**	**10,613**	**−71,628**	**9,220**	**–**	**−62,408**
Balance as at 31 March 2020	**71,586**	**506,398**	**−125,366**	**3,038,475**	**3,491,092**	**507,139**	**–**	**3,998,231**
Balance as at 1 January 2021	**71,586**	**506,398**	**−141,382**	**3,243,734**	**3,680,335**	**497,937**	**−47**	**4,178,225**
Net result	–	–	–	180,608	180,608	–	−52	180,556
Transfer - accrued interest on AT1 capital securities	–	–	–	−9,169	−9,169	9,169	–	–
Other comprehensive income	–	–	27,942	–	27,942	–	–	27,942
Total comprehensive income	**–**	**–**	**27,942**	**171,439**	**199,381**	**9,169**	**−52**	**208,498**
Balance as at 31 March 2021	**71,586**	**506,398**	**−113,440**	**3,415,173**	**3,879,716**	**507,106**	**−99**	**4,386,724**

Accrued interest in 2021 on AT1 capital securities amounts to EUR 9.1 million. The total interest amount of EUR 12.5 million, that includes EUR 3.4 million accrued in 2020, is payable in May 2021, therefore as at the reporting date this amount does not yet represent a liability.

Under Non-controlling interests are shown minority shares of Faraday Keys Holding B.V. (27.2%) as a result of the incorporation of PowerD B.V. during 2020.

Condensed consolidated statement of cash flows

For the period ended 31 March

In thousands of euros	Note	2021	2020
Operating activities			
Net result		**180,556**	**19,833**
Adjustments			
Interest income and expense		45,075	54,859
Impairment charges on receivables		7,160	11,501
Valuation allowance on inventory		–2,192	36,639
Depreciation and impairment operating lease portfolio and rental fleet	9	844,968	925,317
Insurance expense		80,063	98,828
Depreciation other property plant and equipment		17,982	16,625
Amortisation and impairment on intangibles		9,945	9,080
Share of profit in equity accounted investments		–966	–991
Financial instruments at fair value through profit and loss		–18,786	11,687
Income tax expense		41,103	–8,827
Changes in			
Provisions		–85,928	–112,765
Derivative financial instruments		–33,193	56,541
Trade and other payables and other receivables		–104,679	56,351
Inventories		210,484	282,759
Amounts received disposing objects under operating lease	9	386,327	415,032
Amounts paid acquiring objects under operating lease	9	–1,669,282	–1,744,243
Acquired new finance leases		–221,544	–318,209
Repayment finance leases		283,687	329,559
Income taxes received		4,868	338
Income taxes paid		–15,268	–15,978
Interest received		28,568	32,834
Interest paid		–75,415	–94,809
Net cash inflow/(outflow) from operating activities		**–86,463**	**61,961**

Condensed consolidated statement of cash flows – *continued*

For the period ended 31 March

In thousands of euros	Note	2021	2020
Investing activities			
Net investment in debt securities		–404	27
Loans to equity accounted investments		–14,000	–24,000
Redemption on loans to equity accounted investments		16,500	18,000
Proceeds from sale of other property and equipment		2,463	7,099
Acquisition of other property and equipment		–8,107	–12,700
Acquisition of intangibles assets		–33,240	–25,373
Net cash outflow from investing activities		**–36,788**	**–36,946**
Financing activities			
Receipt from receivables from financial institutions		197,077	341,243
Balances deposited to financial institutions		–194,847	–345,693
Receipt of borrowings from financial institutions		666,955	1,285,008
Repayment of borrowings from financial institutions		–664,598	–1,169,976
Receipt of funds entrusted		843,882	983,000
Repayment of funds entrusted		–720,621	–773,057
Receipt of debt securities		1,449,567	1,154
Repayment of debt securities		–970,286	–272,876
Payment of lease liabilities		–11,929	–11,640
Net cash inflow from financing activities		**595,200**	**37,165**
Cash and balances with banks as at 1 January		**5,557,401**	**5,093,290**
Net movement in cash and balances with banks		471,949	62,180
Exchange gains/(losses) on cash and balances at banks		–467	–1,539
Cash and balances with banks as at 31 March	4	**6,028,883**	**5,153,931**

General notes

General information

LeasePlan Corporation N.V.
LeasePlan Corporation N.V. (the “Company”) is a company domiciled in Amsterdam, the Netherlands, where its statutory seat is located. The address of its registered office is Gustav Mahlerlaan 360, 1082 ME Amsterdam. The condensed consolidated interim financial statements of the Company as at 31 March 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in investments accounted for using the equity method. The Group consists of an international network of companies engaged in fleet management and mobility services, mainly through operating leasing, and car remarketing through CarNext. At 31 March 2021, the Group employed 8,500 people worldwide and had offices in over 30 countries. There were no major changes in the Groups’ composition during the reporting period.

The Company has held a banking licence in the Netherlands since 1993 and was regulated by the Dutch Central Bank until 31 December 2020. As of 1 January 2021 LeasePlan has been reclassified from being a Less Significant Institution to a Significant Institution and is officially under the direct supervision of the European Central Bank.

The condensed consolidated interim financial statements have been reviewed, not audited.

Ownership of the Company

LP Group B.V. holds 100% of the Company’s shares. LP Group B.V. represents a group of long-term investors. None of these investors alone has a direct or indirect controlling interest in the Company:

- ADIA: Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- ATP: ATP was established in 1964 and is Denmark’s, and one of Europe’s, largest pension funds.
- Broad Street Investments: A Singapore based Holding company.
- GIC: GIC is a leading global investment firm with well over US$100 billion in assets under management. Established in 1981, the firm manages Singapore’s foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate, and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives. GIC employs more than 1,300 people.
- PGGM: PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered asset management, pension fund management, policy advice and management support either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- TDR Capital: TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totalling over EUR 8.0 billion on behalf of a range of sophisticated investors.

Basis of preparation

The condensed consolidated interim financial statements for the period ended 31 March 2021 have been prepared in accordance with IAS 34, “Interim financial reporting” as adopted by the European Union (EU). The condensed consolidated interim financial statements have been prepared on the same basis as, and should be read in conjunction with, the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS and its interpretations as adopted by the European Union, with the exception of the new and amended accounting standards described below. These condensed consolidated interim financial statements do not include the “company financial statements”. The annual company financial statements are included in the Group’s Annual report for the year ended 31 December 2020.

The condensed consolidated interim financial statements for the period ended 31 March 2021 of the Group have been prepared on a going concern basis.

Due to rounding, numbers presented throughout these interim financial statements may not add up precisely to the totals provided.

Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the previous financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

Adoption of new and amended accounting standards effective as per 1 January 2021

The following new amendments to existing standards and interpretations, all endorsed by the EU, have been adopted by the Group as from 1 January 2021.

Interest Rate Benchmark Reform

In August 2020, the International accounting standards board issued interest rate benchmark reform - phase 2, which amends IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases”, which are effective as per 1 January 2021. Those amendments provide a number of reliefs that are directly affected by interest rate benchmark reform applied by the Group:

- A change in the basis for determining the contractual cash flows of a financial asset, financial liability or leases for lessees that is required by IBOR reform is recognised by updating the effective interest rate of the financial asset or financial liability.
- When the IBOR phase 1 reliefs cease to apply, the Group amends the hedge documentation to reflect changes that are required by IBOR reform by the end of the reporting period during which the changes are made. Such amendments do not constitute a discontinuation.
- When amending the description of a hedged item in the hedge documentation, the amounts accumulated in the cash flow hedge reserve are deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- For the purposes of assessing the retrospective effectiveness of a hedge relationship on a cumulative basis, the Group may, on an individual hedge basis, reset to zero the cumulative fair value changes of the hedged item and hedging instrument when ceasing to apply the retrospective effectiveness assessment relief provided by the IBOR phase 1 amendments.
- When amending the hedge relationships for groups of items, hedged items are allocated to sub-groups based on the benchmark rate being hedged, and the benchmark rate for each sub-group is designated as the hedged risk.
- An alternative benchmark rate designated as a non-contractually specified risk component, that is not separately identifiable at the date when it is designated, is deemed to have met the requirements at that date if the entity reasonably expects that it will meet the requirements within a period of 24 months from the date of first designation. The 24-month period will apply to each alternative benchmark rate separately.

Those amendments have no significant impact on the condensed consolidated interim financial statement.

The Group is in the process of the transition from the IBOR-based instruments to alternative reference rate (ARR) instruments, which will be finalised at the end of 2021. An implementation team is set up sponsored by the CFO and is led by senior representatives from

functions amongst the Group including Strategic Finance, Legal, Treasury, Finance, Risk and Operations. The implementation team performs periodic updates to the management.
The Group monitors further developments in these rates and determines the implications to the Group considering the impact on amongst others financial instruments, issued notes and the lease portfolio.

The Group is investigating and adapting to new regulations with respect to, but not limited to:

- The impact on financial instruments, derivatives, issued notes and the potential impact on future cash flows and discounting.
- Engaging with external financial institutions and counterparts to assess and source ARRs to its current contracts term sheets.
- Potential impact of the IBOR reform to collateral agreements.
- Investigation of local contracts in all countries.
- A legal review of all contracts in terms of contractual triggers, such as fallback events and their impact.
- Investigation of the potential impact on the interest profit margin.
- The impact on internal processes like pricing of the Inter-company loans (funding provided by LP central Treasury to LP entities) and calculation of the internal interest benchmarks (Cost Of Borrowed Funds formula) used for pricing of the new vehicle leases, etc.
- The impact on various IT systems.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform (referred to as an 'unreformed').

The table below indicates the nominal amount and weighted average maturity of derivatives in hedging relationships that will be affected by IBOR reform, analysed by interest basis as at 31 March 2021. The derivative hedging instruments' nominal amount provides a close approximation to the extent of the risk exposure the Group manages through hedging relationships included in the derivative financial instruments in the statement of financial position.

Local currency amounts	Nominal amount (in million)	Average maturity (years)
Interest rate swaps		
CHF Libor	70	0.34
USD Libor	780	3.5

The following table shows the total amounts of unreformed non-derivative financial assets and liabilities at 31 March 2021.

Financial assets and liabilities	USD LIBOR	CIBOR
Non derivative financial assets - carrying value		
Lease receivables from clients	522,953	19,290
Non-derivative financial liabilities - carrying value		
Funds entrusted		445
Borrowings from financial institutions		229,809
Debt securities issued	68,213	

The table below shows the total amounts of unreformed dervative (not in hedge relationship) at 31 March 2021.

Derivatives financial instruments not in hedge - Nominal amount	GPB LIBOR	USD LIBOR	CHF LIBOR
Derivatives financial instruments assets	769,156	123,636	87,707
Derivatives financial instruments liabilities	2,091,517	408,424	9,042

GBP Libor will cease from the end of 2021, with end of Q2 2021 signalling the end for all new GBP Libor linked derivatives that mature after 2021. USD Libor is expected to be replaced by SOFR, which has been published since April 2018. CHF Libor will be replaced by SARON, which is a pre-existing rate that was recommended as the alternative reference rate. USD Libor and CHF Libor is expected to cease after end of 2021.

Other relevant significant interest rate benchmarks the Group applies, like Euribor, Pribor, BBSW, Nibor and Stibor, Bubor will continue to be available for the foreseeable future. Those rates will be calculated and administrated in accordance with the European Union Benchmarks Regulation requirements. This allows market participants to continue to use those reference rates for both existing and new contracts.

New and amended relevant accounting standards effective after 1 January 2022

IFRS 17 – 'Insurance contracts'

The Group will implement IFRS 17 'Insurance Contracts' (as issued by the IASB on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020). The standards have not yet been EU endorsed and will be effective as of 1 January 2023.

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts, which was issued in 2005.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is deferring any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- A simplified premium allocation approach (PAA) may be applied for contracts that meet specific conditions. An important condition is that the coverage of the contracts does not exceed one year. The PAA is quite similar to current accounting under IFRS 4 for non-life products.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of services provided during the period.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures will provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The Group initiated an implementation project and is performing an impact assessment on shareholders' equity and comprehensive income of IFRS 17. At this moment it is too early to disclose impact of the implementation as of 2023.

Other changes

The following amendments to standards are not yet endorsed by the EU and become effective after 1 January 2022. Those changes relate to:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current (issued on 23 January 2020). The IASB has issued an exposure draft to defer the effective date from 1 January 2022 to 1 January 2023.
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (issued 14 May 2020).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).

These changes are not expected to have a significant impact on shareholders' equity nor comprehensive income of the Group.

Use of judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that impact the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

Seasonality and cyclicality

As the Group leases assets to its clients for durations that normally range between 3-4 years, the impact of seasonality and cyclicality is relatively limited.

Financial risk management

All amounts are in thousands of euros, unless stated otherwise

Recent developments (COVID-19)

Despite a new wave of national lockdowns in 2021, LeasePlan delivered solid results due to the plan put in place over a year ago to manage the impact of the COVID-19 crisis on the business. This was supported by a positive used-car market and lower than expected customer defaults due to our high quality customer base. Serviced fleet was up 0.2% to 1.9 million vehicles combined with a strong orderbook in Q1 2021. However we did see fleet growth being impacted by OEM supply chain disruptions mainly coming from the global shortage of computer chips caused by COVID-19.

The impairment provision on Lease receivables from clients has increased by EUR 2.2 million compared to year end 2020, including a decrease of EUR 2.2 million due to lower invoices under commercial disputes and a higher ECL allowance of EUR 4.4 million. An amount of EUR 7.2 million of impairment charge on loans and receivables is booked for the three months ending 31 March. Information on critical assumptions, parameters and related sensitivities are disclosed in note 8 Lease receivables from clients.

Operating lease assets impairment includes a net amount of EUR 1.6 million impairment reversal related to book value losses on early terminated cars for defaulted operating lease customers. Please refer to note 9 Property and equipment under operating lease and rental fleet for more information.

A new wave of COVID-19 lockdowns resulted in lower CarNext B2B and B2C sales, due to temporary store closures across our core markets. This was partially offset by a growth in online used-car sales. In addition the used-car market showed beneficial pricing. This led to a release of the valuation allowance of EUR 2.1 million to EUR 7.0 million. Please refer to note 7 Inventories for more information.

Risks and uncertainties

The Group recognises ten risk management areas, being asset risk, credit risk, operational risk, treasury risk, motor insurance risk, Information risk, legal risk, compliance risk, reputation risk and strategic risk. Of the ten risk management areas, asset risk, credit risk, operational risk, liquidity risk (which is part of treasury risk) are considered to be primary risks. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required for the annual financial statements; these disclosures should be read in conjunction with the Group's consolidated financial statements, for the year ended 31 December 2020.

We have various strategic projects which are focused on managing or mitigating each of these risk categories and related subcategories in a better way. For asset risk, mitigants include interim adjustments and end-of contract fees, as well as multi-channel and cross-border sales. For operational risk, on data management, information security and internal and external fraud are examples of mitigants. For liquidity risk, we have matched funding, our diversified funding platform and healthy liquidity buffers as mitigants. For credit risk, mitigants include risk modelling, debtor management and default monitoring. In addition to the above risks, we have begun assessing the risks to LeasePlan and its stakeholders that are associated with the transition to zero emissions mobility (and other climate-related risks). To this end, we began to follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB).

Few risks and uncertainties that are relevant to the expectations of LeasePlan's continuity for the period of 12 months including first-quarter 2021.

- LeasePlan relies on internal and external information and technological systems to manage its operations and is exposed to risk of loss resulting from breaches of security, system or control failures, inadequate or failed processes, human error, business interruptions and external events. In addition, LeasePlan is subject to the risk of cybercrime by employees or third parties.
- LeasePlan is subject to bank regulation, and changes in this regulation could have an impact on our regulatory capital requirement, influencing our business, financial condition, results of operations and liquidity.
- High number of current projects and initiatives necessary to implement our transition to a more digital business model, next to a number of regulatory programmes which could affect our business, financial condition and results of operations. Also, for regulatory governance and compliance we need to attract and retain sufficiently qualified personnel to manage increasing regulatory requirements. Not having the required number of resources could have an impact on the deliverables.
- For model development, the maturity of the model landscape and risk oversight quality of (historic) data is important. Data quality issues could have an adverse impact on the reliability of the output delivered by the models.

LeasePlan believes these are the risk categories which could hinder the company in achieving its strategic and financial business objectives. This may, however, not include all the risks that may ultimately affect LeasePlan.

A. Asset risk

The Group defines asset risk as the combination of residual value risks and risks on RMT services. Residual value risk is considered the main risk and is defined as the Group's exposure to potential losses due to the resale value of assets declining below the estimates made at lease inception minus risk mitigation. For residual value risk the Group also makes the distinction between market risks that are related to developments in the used car market and non-market risks that do not directly relate to market development. The risk related to RMT is the Group's exposure to potential loss due to the actual costs of the services, repair and maintenance and tyres (over the entire contractual period) exceeding the estimates made at lease inception.

The Group has a number of risk mitigating measures in place to manage and mitigate the exposure to non-market residual value risk. These measures allow the Group to adjust its pricing of contracts to compensate for the effects of (interim) deviations from the contractual mileage and duration terms by customers or allow for charging of fees to compensate for excessive wear and tear to the vehicle and excess mileages at contract-end. These measures therefore mitigate the asset risk associated with deviations from the original contract terms.

On a quarterly basis, the Group assesses its exposure to asset risk and evaluates the outcomes against its risk appetite. This assessment also determines the amount of capital that is required as a buffer against residual value market risks. Furthermore, the Group's local leasing companies also assess the exposures and expected results on their local existing lease portfolio for future years using a globally harmonised methodology, assessing the current contracted portfolio against the latest expectations regarding future market prices.

The effects of developments in the used-car market can partially be mitigated by the adoption of an omni-channel approach, which allows further diversifications and optimisation of the revenues generated from the sale of second-hand cars.

The exposure to residual values as at the end of March 2021 amounted to EUR 13.6 billion (year-end 2020: EUR 13.5 billion).

B. Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its obligations for (re)payments, due to a mismatch between the run-off of its assets and liabilities.

Liquidity risk is managed by pursuing a diversified funding strategy, seeking to conclude funding that matches the estimated run-off profile of the leased assets and maintaining an adequate liquidity buffer. The matched funding principle is applied both at a consolidated group and at subsidiary level considering specific mismatch tolerance levels. The Group maintains a liquidity buffer that includes cash balances and a committed (standby) credit facility to safeguard its ability to continue to write new business also when under stress temporarily no new funding could be obtained from the financial markets. The Group maintains a number of stress scenarios addressing idiosyncratic and market wide risk drivers in both specific and combined scenarios. The overall regulatory liquidity buffer is intended to be sufficient to ensure that under management assumption-based stress at least 9 months can be survived and under regulatory assumption based stress at least 6 months can be survived.

C. Credit risk

As a result of its normal business activities, the Group is exposed to credit risk, which is the risk that a counterparty will not be able to fulfil its financial obligations when due. In the Group's core business, this credit risk mainly relates to lease receivables from clients. Lease receivables from clients consist of trade receivables and amounts receivable under finance lease contracts. For amounts receivable under finance lease contracts credit risk is mitigated by the underlying value of the available collateral (i.e. leased object). To intensify the control of receivables a program was set up aimed at structural prevention of overdues, while realising quick wins and mitigating COVID-19 consequences at the same time. This program is governed by a senior level SteerCo.

The Group's definition of default is aligned with the regulatory definition. From 2021, a customer is reported as default as prescribed by the guidelines[7] on the application of the definition of default . For purposes of assessing, recognising and reporting defaults, LeasePlan defines a default as any customer that is either unable to fulfil its obligations (irrespective of the amount involved or the number of days outstanding) or when customers are over 90 days in arrears unless local judgement determines that collection is probable, or local judgement determines that there is a reasonable chance that the amount will not be collected.

The local judgement is the result of an internal assessment with regard to arrears to establish whether the customer is unable to pay and payment stopped in January 2021. Based on this definition, a default of a customer shall be registered when either one or both of the following events occur:

- The LP entity considers the customer unlikely to pay ('UTP'); and/or
- The customer is past due on any material credit obligation for more than 90 consecutive days

This new definition of default has led to an increase in defaulted customers. However, the impact on our provision level is expected to be limited given that the increase in defaults will be triggered by the customers past due for more than 90 consecutive days. For these customers, provision levels are expected to be already in line with the current provisioning for customers that have material overdue amounts. As a consequence of the implementation of the new definition of default from 2021, the TREA could increase during the course of 2021 (estimated increase as per the new model is EUR 120mn).

In addition, the Group is exposed to credit risk originating from its banking and treasury activities, which includes deposits placed with financial institutions and hedging instruments, such as derivatives and reinsurance activities. Finally, the Group is exposed to credit risk because of insurance activities as well as to rebates and bonuses to be received from vehicle manufacturers and other suppliers.

Weekly default reporting is in place. Next to this, the limits for financial counterparties are monitored weekly and the Group monitors daily several market developments as Early Warning Indicators to advise on any adjustments of these limits.

[7] Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013

D. Operational risk

Operational risk involves the risk of negative or potential loss resulting from inadequate or failed internal processes, human behaviour and systems or from external incidents. Business continuity risk, financial reporting risk, model risk and HR risk are within the scope of LeasePlan’s operational risk management. Legal, compliance, information risk and reputational risks are covered, managed and investigated under individual separate frameworks.
Operational risk is included under the Pillar 1 capital and total risk exposure amount on the Standardised Approach (STD). DNB approved LeasePlan‘s request to shift from AMA to the STD approach from 1 January 2020. As of 31 March 2021, under Pillar 1 the operational risk regulatory capital requirement is EUR 193 million (for year-end 2020 STD: EUR 203 million).

Specific notes

All amounts are in thousands of euros, unless stated otherwise

1 Segment information

LeasePlan's core business activity consist of providing leasing and fleet management services, including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all its LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. The Group's key management is responsible for allocating resources to the segments and assesses its performance.
LeasePlan Australia and LeasePlan New Zealand are discontinued operations and are presented under a separate caption of the Profit or loss (net result from discontinued operations) in the tables below (see note 3). These operations are included in the primary segment Rest of the world and secondary segment CaaS.

Primary segments
The Group identified Europe and Rest of the world as reportable segments. Operating segments are reported in accordance with the internal reporting provided to the Group's key management.

- Europe

Geographies in this segment are all European countries where the Group operates including Turkey, Russia and United Arab Emirates.

- Rest of the world

Geographies in this segment are Brazil, India, Mexico and the United States. Australia and New Zealand are included in discontinued operations.

The performance of the segments is measured based on the combination of IFRS and Alternative Performance Measures, such as serviced fleet, revenue and underlying net result. The Alternative Performance Measures are obtained from the internal system of management accounting. This provides management with a comprehensive view of the performance of the segments. Inter-segment transactions are at arm's length and not presented separately given their insignificance. All revenues are from external customers.

	Europe		**Rest of the world**		**Total**	
In millions of euros	**Q1 2021**	**Q1 2020**	**Q1 2021**	**Q1 2020**	**Q1 2021**	**Q1 2020**
Serviced fleet (in thousands) at period end	**1,437**	**1,456**	**424**	**403**	**1,862**	**1,859**
Revenues	**2,357**	**2,350**	**135**	**197**	**2,492**	**2,547**
Finance lease and Other interest income	15	13	9	14	24	27
Finance cost	58	62	13	21	71	83
Car and other depreciation and amortisation	776	804	32	35	808	839
Underlying taxes	29	14	5	4	33	18
Underlying net result from continuing operations	**145**	**92**	**12**	**15**	**157**	**107**
Underlying net result from discontinued operations	–	–	9	8	9	8
Underlying net result	**145**	**92**	**21**	**23**	**166**	**115**
Total assets	28,460	27,213	3,425	3,718	31,885	30,930
Total liabilities	24,363	23,514	3,135	3,418	27,499	26,932

The table below presents information about the main countries in which the Group is active. The Netherlands is the domicile country of the Group.

	FTE's (average)		Underlying Revenues		Lease Contracts	
	In Units		In millions of euros		In millions of euros	
Country of activity	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
United Kingdom	510	552	313	286	2,920	2,890
Italy	531	530	293	284	1,962	1,909
Netherlands	1,728	1,518	237	331	2,846	2,837
Other	5,731	5,453	1,648	1,646	13,236	14,038
As at 31 March	**8,501**	**8,054**	**2,492**	**2,547**	**20,965**	**21,674**

Secondary segments

The Group identified two secondary reportable segments, Car-as-a-Service (CaaS) and CarNext.com.

	CaaS		CarNext.com		I/C eliminations		Total	
In millions of euros	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Revenues	**2,540**	**2,544**	**169**	**36**	**–217**	**–33**	**2,492**	**2,547**
Underlying cost of revenues	**–2,113**	**–2,195**	**–164**	**–28**	**217**	**33**	**–2,060**	**–2,190**
Underlying lease and additional services gross profit	366	363	–	–	–	1	366	363
Profit/loss on disposal of vehicles and End of contract fees gross profit	61	–14	6	8	–	–1	66	–7
Underlying gross profit	**427**	**349**	**5**	**8**	**–**	**–**	**432**	**356**
Underlying operating expenses	–205	–194	–38	–39	–	–	–243	–232
Share of profit of investments accounted for using the equity method	1	1	–	–	–	–	1	1
Underlying profit before tax	**223**	**156**	**–33**	**–31**	**–**	**–**	**190**	**125**
Underlying tax	–42	–26	9	8	–	–	–33	–18
Underlying net result from continuing operations	**181**	**130**	**–24**	**–23**	**–**	**–**	**157**	**107**
Underlying net result from discontinued operations	9	8	–	–	–	–	9	8
Underlying net result	**190**	**138**	**–24**	**–23**	**–**	**–**	**166**	**115**
Underlying adjustments	20	–89	–6	–6	–	–	14	–95
Reported net result	**210**	**49**	**–30**	**–29**	**–**	**–**	**181**	**20**
Total allocated assets	31,511	30,705	448	230	–73	–4	31,885	30,930
Total allocated liabilities	27,318	26,778	254	158	–73	–4	27,499	26,932

CarNext.com generates revenues from commissions on cars defleeted and sold, purchased and reselling part of the cars B2C, as well as ancillary services. The segment reporting is based on the 23 countries in which CarNext.com has operations. As of 1 Jan 2021, the figures reflect that part of the cars which are bought by Carnext.com are sold to B2C as a reseller. As a result, both revenues and cost-of-sales have increased, with a neutral impact on margin and inventory for B2C objects is included in the CarNext statement of financial position.
Commission rates and intercompany car transfer prices are set at market rates on an arms-length basis. The majority of income relates to sales of LeasePlan used cars that are coming off lease contracts. The vehicles which CarNext.com sells on behalf of LeasePlan's CaaS business remain the property of LeasePlan CaaS until bought by CarNext.com or sold by CarNext.com to 3rd parties.
Identified assets and directly attributable costs in cost of sales (e.g. defleeting cost and car preparation cost) and operating expenses (e.g. cost related to staff, facilities, digital/IT and marketing) are allocated to CarNext.com. Costs of the central managed activities, like borrowings, treasury, insurance, information services, supply services and holding activities are allocated to the CaaS segment only.

Income tax is allocated based on a blend of statutory rates from the 23 countries in which Carnext.com has operations. The CarNext.com and CaaS segments are integral parts of the Group's legal and fiscal entities and as such the losses in CarNext.com segment can be compensated by the profits in the CaaS segment.

LeasePlan CaaS continues to report the full revenue of the used cars sold by CarNext.com. The commission paid to CarNext.com is reported in cost of sales.

In the operating expenses of CarNext.com an amount of EUR 6.4 million is included related to set-up costs. These costs are excluded from the Underlying net result as they are considered distinct from regular operating activities. All intercompany transactions between LeasePlan CaaS and CarNext.com are eliminated for consolidated purpose.
The balance sheet of CarNext.com includes directly attributable assets and liabilities of CarNext B.V, IFRS 16 leases (buildings, compounds and equipment), IT equipment, other fixed assets and allocated working capital.
Total allocated assets include EUR 103 million for IFRS 16 leases (Q1 2020: EUR 97 million), EUR 19 million for other fixed assets (Q1 2020: EUR 22 million), EUR 33 million intangible assets (Q1 2020: EUR 31 million). Total allocated liabilities consist of EUR 107 million IFRS 16 lease liabilities (Q1 2020: EUR 99 million) and working capital.

Alternative Performance Measures

In addition to IFRS financial measures, the Group uses certain Alternative Performance Measures to present and discuss our underlying performance and value creation. To arrive at Underlying net result, Net result is adjusted for impacts related to unrealised results on financial instruments, asset impairments and valuation allowance, restructuring expenses and other special items (like consultancy costs) which arise from events or transactions that management considers distinct from regular operating activities.

The reconciliation from IFRS measures to Alternative Performance Measures for the three months ended March 31, 2021 and 2020 is included in the tables below:

In thousands of euros	IFRS results 31 March 2021	Underlying adjustments			Underlying results 31 March 2021
		Restructuring and other special items *	Unrealised results on financial instruments	Asset impairments and valuation allowance**	
Revenues	**2,492,055**				**2,492,055**
Direct cost of revenues	2,037,053	–	18,551	4,347	2,059,951
Gross profit	**455,002**	**–**	**−18,551**	**−4,347**	**432,105**
Total operating expenses	252,270	−8,269	–	−1,110	242,891
Share of profit of investments accounted for using the equity method	966				966
Profit before tax	**203,698**	**8,269**	**−18,551**	**−3,237**	**190,180**
Income tax expenses	38,043	1,778	−5,799	−548	33,474
Net result from continuing operations	**165,655**	**6,491**	**−12,751**	**−2,688**	**156,706**
Net result from discontinued operations	14,901	–	−5,537		9,364
Net result for the period	**180,556**	**6,491**	**−18,288**	**−2,688**	**166,071**

*Includes professional consultancy costs related to CarNext (EUR 6.4 million) and other consulting (EUR 1.9 million) for a total of EUR 8.3 million before tax (EUR 6.5 million after tax).

**Includes lease contracts impairment reversal on defaulted operating lease customers (EUR 4.3 million) and right-of-use assets impairment (EUR 1.1 million) for a total of EUR 3.2 million before tax (EUR 2.7 million after tax).

In thousands of euros	**IFRS results 31 March 2020**	**Underlying adjustments**			**Underlying results 31 March 2020**
		Restructuring and other special items *	**Unrealised results on financial instruments**	**Asset impairments and valuation allowance****	
Revenues	**2,546,817**				**2,546,817**
Direct cost of revenues	2,296,517	–	−19,589	−86,538	2,190,390
Gross profit	**250,300**	**–**	**19,589**	**86,538**	**356,427**
Total operating expenses	247,859	−13,467		−2,104	232,288
Share of profit of investments accounted for using the equity method	991				991
Profit before tax	**3,433**	**13,467**	**19,589**	**88,642**	**125,131**
Income tax expenses	−11,757	1,515	6,711	21,810	18,278
Net result from continuing operations	**15,190**	**11,952**	**12,877**	**66,833**	**106,852**
Net result from discontinued operations	4,643	–	3,183		7,826
Net result for the period	**19,833**	**11,952**	**16,060**	**66,833**	**114,678**

*Includes professional consultancy costs related to CarNext (EUR 12 million) and other consulting (EUR 1.4 million) for a total of EUR 13.4 million before tax (EUR 11.9 million after tax).

**Includes lease contracts impairment (EUR 49.9 million), additional valuation allowance of inventory (EUR 36.6 million) as this amount significantly increased due to the COVID-19 market disruption which is clearly distinct from the regular operating performance and IT projects impairment (EUR 2.1 million) for a total of EUR 88.6 million before tax (EUR 66.8 million after tax).

2 Revenues and direct cost of revenues

Revenues

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

In thousands of euros	**Q1 2021**	**Q1 2020**
Operating lease income	989,712	1,025,980
Finance lease and Other interest income	24,066	27,400
Additional services income	578,436	643,004
Vehicle sales and End of contract fees	899,840	850,433
Revenues	**2,492,055**	**2,546,817**

Finance lease and Other interest income for the three months period ended 31 March 2021, includes an amount of EUR 2.4 million (Q1 2020: EUR 2.4 million) related to Other interest income.

Operating lease income for the three months period ended 31 March 2021, includes an amount of EUR 167.8 million (Q1 2020: EUR 176.5 million) related to interest income.

Direct cost of revenues

Direct cost of revenues comprises the costs associated with providing the above-mentioned lease and additional services, the sale of vehicles and related finance cost and impairment charges.

In thousands of euros	Note	Q1 2021	Q1 2020
Depreciation cars		779,329	816,641
Impairment charge operating lease assets *	9	–1,584	49,899
Finance cost		71,190	82,773
Unrealised (gains)/losses on financial instruments		–13,122	9,411
Impairment charges on loans and receivables		7,147	11,446
Lease cost		842,961	970,171
Additional services cost		360,722	432,210
Vehicle and Disposal costs	7	833,370	894,136
Direct cost of revenues		**2,037,053**	**2,296,517**

(*) Impairment charge operating lease assets is included in line-item Depreciation cars in the consolidated statement of profit or loss.

Gross profit (net lease income and vehicles sales income)

The gross profit (revenues less cost of revenues) can be shown as follows:

In thousands of euros	Note	Q1 2021	Q1 2020
Lease services		156,112	142,520
Impairment charge operating lease assets *	9	1,584	–49,899
Unrealised gains/(losses) on financial instruments		13,122	–9,411
Lease		**170,818**	**83,209**
Fleet management and other services		55,882	55,221
Repair and maintenance services		72,488	74,220
Damage services and Insurance		89,343	81,353
Additional services		**217,714**	**210,795**
End of contract fees		37,651	38,825
Profit/(loss) on disposed vehicles (PLDV)	7	28,820	–82,529
Profit/(loss) on disposed vehicles and End of contract fees		**66,471**	**–43,704**
Gross profit		**455,002**	**250,300**

(*) Impairment charge operating lease assets is included in line-item Depreciation cars in the consolidated statement of profit or loss.

Net finance income

As part of the analysis of the revenues and direct cost of revenues LeasePlan also considers the net finance income as relevant metric for financial reporting purposes. The net finance income is presented below:

In thousands of euros	Q1 2021	Q1 2020
Operating lease - interest income	167,758	176,536
Finance lease and Other interest income	24,066	27,400
Finance cost	–71,190	–82,773
Net interest income	**120,634**	**121,163**
Unrealised gains/(losses) on financial instruments	13,122	–9,411
Impairment charges on loans and receivables	–7,147	–11,446
Net finance income	**126,608**	**100,305**

3 Discontinued operations

On 31 March 2021, LeasePlan signed a Shareholders Purchase Agreement (SPA) with SG Fleet Group to sell the subsidiaries LeasePlan Australia and LeasePlan New Zeeland. The deal requires regulatory approval from the ECB, consumer supervisory authorities, and market entrance authorities. The transaction is expected to close around mid-year, subject to customary regulatory approvals.
For these reasons, LeasePlan has reported the subsidiaries as discontinued operations in the interim financial statements for the three months ending 31 March 2021. The comparative condensed consolidated statement of profit or loss and other comprehensive income have been re-presented to show the discontinued operation separately from continuing operations.

The profit of the period is attributable entirely to the owners of the company.

In thousands of euros	Q1 2021	Q1 2020
External revenues	**107,424**	**107,005**
External expenses	**–89,463**	**–99,431**
Income tax expenses	–3,060	–2,931
Net result from discontinued operations	**14,901**	**4,643**

Cash flow from (used in) discontinued operations

	Q1 2021	Q1 2020
Net cash inflow/(outflow) from operating activities	2,194	19,010
Net cash inflow/(outflow) from investing activities	–138	–141
Net cash inflow/outflow from financing activities	–8,295	–11,317
Net movement in cash and balances with banks	**–6,239**	**7,552**

4 Cashflow statement – cash and cash equivalents

In thousands of euros	31 March 2021	31 March 2020
Cash and balances at central banks	5,515,777	4,779,690
Deposits with banks	473,234	323,227
Call money, cash at banks	196,464	207,810
Bank overdrafts	–171,588	–156,796
Cash and cash equivalents excluding those related to assets held for sale	**6,013,887**	**5,153,931**
Cash and cash equivalents related to assets held for sale	14,996	–
Balance for the purpose of the statement of cash flows	**6,028,883**	**5,153,931**

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. The mandatory reserve deposits amounting to EUR 91.5 million (31 March 2020: EUR 74.3 million) are not used in the Group's day-to-day operations and form part of the 'Cash and balances at central banks'.
The Cash and balances at central banks increased/decreased over the period 31 March 2021 to 31 March 2020, mainly as a consequence of the activities of securing the liquidity position during 2020.

5 Receivables from financial institutions

This caption includes amounts receivable from Dutch and foreign banks. Amounts receivable from financial institutions includes call money and current account bank balances that form part of the cash and balances with banks in the cash flow statement.

In thousands of euros	31 March 2021	31 December 2020
Deposits with banks	473,234	380,617
Call money, cash at banks	196,464	179,897
Cash collaterals deposited for securitisation transactions	61,510	63,957
Cash collaterals deposited for derivative financial instruments	41,873	43,095
Other cash collateral deposited	3,540	3,697
Total	**776,621**	**671,264**

The maturity analysis is as follows:

In thousands of euros	31 March 2021	31 December 2020
Three months or less	716,856	612,412
Longer than three months, less than a year	13,441	9,792
Longer than a year, less than five years	46,226	48,840
Longer than five years	98	220
Total	**776,621**	**671,264**

The receivables from financial institutions all reside in Stage 1, there is no significant increase in credit risk as at 31 March 2021. The allowance for expected credit losses amounts to EUR 0.4 million (31 December 2020: EUR 0.4 million).

6 Derivative financial instruments

Derivative financial instruments are measured at fair value and are made up as follows:

	31 March 2021			31 December 2020		
	Notional amounts	Fair value		Notional amounts	Fair value	
In thousands of euros		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps	6,656,359	90,166	5,978	5,625,472	109,259	2,410
Cross currency swaps	107,145	1,084	2,186	148,811	1,194	4,570
Cash flow hedges						
Interest rate swaps	314,704	35	908	771,608	32	2,778
Total Derivatives in hedge	**7,078,208**	**91,285**	**9,072**	**6,545,891**	**110,486**	**9,758**
Interest rate swaps	22,503,466	11,122	52,426	21,379,122	14,038	70,591
Cross currency swaps/forwards	4,123,885	45,274	39,370	4,155,032	46,530	70,022
Derivatives not in hedge	**26,627,350**	**56,396**	**91,796**	**25,534,154**	**60,568**	**140,613**
Total	**33,705,558**	**147,681**	**100,869**	**32,080,045**	**171,054**	**150,371**

The fair value is based on the price including accrued interest (dirty price). The unrealised gains/losses on financial instruments recognised in the statement of profit or loss are as follows:

In thousands of euros	**Q1 2021**	**Q1 2020**
Derivatives not in hedges	11,054	−12,056
Derivatives fair value hedging instruments	−23,280	49,668
Financial liabilities fair value hedged items	25,348	−47,021
Hedge ineffectiveness fair value hedges	2,068	2,645
Unrealised gains/(losses) on financial instruments	**13,122**	**−9,411**

7 Inventories

In thousands of euros	Note	31 March 2021	31 December 2020
Cars and trucks from terminated lease contracts		404,227	402,286
Valuation allowance	2	–6,956	–9,148
Carrying amount cars and trucks from terminated lease contracts		**397,271**	**393,138**
New cars and trucks in stock		189,715	183,063
Other inventories		54,401	39,775
Total		**641,387**	**615,976**

During 2020, the COVID-19 pandemic caused high levels of disruption to the functioning of used-car markets across the world, with many markets effectively shut and others experiencing abruptly reduced levels of demand and dislocations to used-car prices. In 2021 we have seen the used-car market recovering leading to beneficial pricing, despite a second wave of country lockdowns which caused temporary store closures across our core markets.

Compared to 31 December 2020 the valuation allowance for inventory decreased by EUR 2.1 million to EUR 7.0 million, or 1.7% of the gross book value of cars and trucks from terminated lease contracts. The allowance represents the impact of the write down to the lower net realisable value of the inventories. The release is booked on the Vehicle and disposal costs report line in the Direct cost of revenues.

The sensitivity of an additional 1% decline in used-cars prices will translate into EUR 1.4 million additional allowance for inventory. The 1% decline is not a linear variable.

Other inventories includes a valuation allowance of EUR 0.3 million.

8 Lease receivables from clients

This item includes amounts receivable under finance lease contracts and trade receivables mainly related to operating lease, after deduction of allowances for impairment.
Trade receivables represent unpaid, current lease receivables under existing operating lease contracts or receivables related to inventory sales.

In thousands of euros	31 March 2021	31 December 2020
Amounts receivable under finance lease	2,308,875	2,575,086
Trade receivables	659,549	650,217
Impairment	–90,942	–88,747
Total	**2,877,482**	**3,136,556**

The impairment allowance of EUR 90.9 million (year-end 2020: EUR 88.7 million) includes EUR 8.3 million (year-end 2020: EUR 10.5 million) related to invoices under commercial disputes and EUR 82.6 million (year-end 2020: EUR 78.3 million) of expected credit losses (ECL) recognised under IFRS 9.

The ECL allowances include lifetime expected credit losses amounting to EUR 13.1 million (year-end 2020: EUR 16.8 million) for non credit impaired lease receivables and EUR 69.5 million (year-end 2020: EUR 61.4 million) for credit impaired lease receivables.

The Group has updated the ECL calculations for non credit impaired lease receivables with revised macro-economic projections of Gross Domestic Product, unemployment rates and central bank interest rates for each relevant country with the latest available data as at 31 March 2021. The Group uses the macroeconomic information and forecasts from data provider IHS Markit as input to its expected credit loss models, next to developments in parameters such as defaults and amounts overdue.

The Group applied a 100% weighting to a base scenario in each country, due to a decrease in the number of new COVID cases and the start of vaccinations compared to a weighting of three scenarios as per year-end 2020. The base scenario assumes a gradual recovery in 2021, the optimistic scenario assumes a more rapid rebound and the pessimistic scenario assumes a weaker recovery and a strong series of shutdowns. These updated calculations resulted in an ECL allowance reversal for non credit impaired lease receivables of EUR 3.7 million compared to the calculations based on the assumptions applied as at 31 December 2020.

If a 100% optimistic scenario is applied, the ECL allowance for non credit impaired lease receivables is EUR 1.7 million lower. If a 100% pessimistic scenario is applied, the allowance for non credit impaired lease receivables is EUR 4.7 million higher.

The sensitivity of credit impaired lease receivables to a decline in value of collateral is not material as the allowance is covering almost the total exposure and collateral values are insignificant.

The maturity analysis is as follows:

In thousands of euros	**31 March 2021**	**31 December 2020**
Three months or less	1,024,310	1,027,553
Longer than three months, less than a year	702,681	780,726
Longer than a year, less than five years	1,226,023	1,399,523
Longer than five years	15,410	17,502
Impairment	−90,942	−88,747
Total	**2,877,482**	**3,136,556**

A part of the receivables under finance lease contracts is encumbered as a result of the asset backed securitisation transactions concluded by the Group. The total value of the securitised financial leased assets amounts to EUR 581 million (year-end 2020: EUR 450 million) (see note 9).

9 Property and equipment under operating lease and rental fleet

In thousands of euros	Operating lease	Rental fleet	Total
Carrying amount as at 1 January 2020	**19,122,501**	**217,573**	**19,340,074**
Purchases/additions	1,719,970	24,273	1,744,243
Disposals	–387,002	–28,031	–415,032
Transfer from inventories	168,028	–	168,028
Transfer to inventories	–398,453	–	–398,453
Depreciation	–865,283	–10,135	–875,418
Impairment charge	–49,899	–	–49,899
Currency translation adjustments	–442,033	–3,444	–445,477
Carrying amount as at 31 March 2020	**18,867,829**	**200,236**	**19,068,065**
Cost	25,620,790	250,174	25,870,963
Accumulated depreciation	–6,752,960	–49,938	–6,802,898
Carrying amount as at 31 March 2020	**18,867,829**	**200,236**	**19,068,065**
Purchases/additions	4,547,153	72,467	4,619,620
Disposals	–2,173,690	–63,545	–2,237,235
Transfer to inventories	–3,833	–	–3,833
Depreciation	–2,495,737	–27,093	–2,522,830
Impairment charge	–48,065	–	–48,065
Impairment reversal	5,013	–	5,013
Currency translation adjustments	8,075	–2,388	5,687
Carrying amount as at 31 December 2020	**18,706,745**	**179,677**	**18,886,423**
Cost	25,835,836	228,129	26,063,966
Accumulated depreciation	–7,129,091	–48,452	–7,177,543
Carrying amount as at 31 December 2020	**18,706,745**	**179,677**	**18,886,423**
Purchases/additions	1,652,278	17,005	1,669,282
Disposals	–370,714	–15,614	–386,327
Transfer from inventories	177,130	–	177,130
Transfer to inventories	–408,847	–	–408,847
Depreciation	–837,915	–8,637	–846,552
Impairment charge	–1,372	–	–1,372
Impairment reversal	2,956	–	2,956
Transfer to assets held for sale	–576,839	–	–576,839
Currency translation adjustments	165,535	697	166,232
Carrying amount as at 31 March 2021	**18,508,958**	**173,129**	**18,682,087**
Cost	25,441,540	224,603	25,666,142
Accumulated depreciation	–6,932,581	–51,474	–6,984,055
Carrying amount as at 31 March 2021	**18,508,959**	**173,129**	**18,682,087**

The depreciation of the rental fleet is included in the consolidated statement of profit or loss in the line-item “Additional services cost”.

Impairment

The COVID-19 pandemic has caused high levels of disruption to the functioning of used-car markets across Europe, especially in the beginning of 2020, with many markets effectively shut and others experiencing abruptly reduced levels of demand and dislocations to used-car prices. We have seen the used-car market gradually recover to pre-COVID levels across most of our core markets as B2B and B2C business activities resumed.

In Q1 2020 the addition to impairments on Property and Equipment under Operating Lease (lease contracts) was EUR 49.8 million and was based on an assessment of the value in use of all lease contracts. For our projections the impact of the COVID-19 crisis was considered and our expectations were assuming that the current low level of residual values/used car prices would last for at least 3 to 4 months and would then gradually recover to pre-COVID price levels towards the end of 2020.

The impairment charge as at 31 December 2020 amounted to EUR 97.9 million, including an impairment of EUR 65.3 million based on expected losses on the operating lease portfolio and loss making contracts and an impairment of EUR 32.6 million recognised for book value losses on early terminated cars for defaulted operating lease customers.

The net impairment reversal for the three-months period ended 31 March 2021 amounted to EUR 1.6 million, related to reversal of book value losses on early terminated cars for defaulted operating lease customers.

The impairment analysis is based on an assessment of the value in use of all lease contracts. For our projections of cash flows, including the cash flows from residual values upon termination of the lease contract, we have considered the (negative) impact of the COVID-19 outbreak as history and the longer term outlook business as usual

The sensitivity of an additional 1% decline in used-car prices over the remaining useful life of lease contracts on the valuation of non-impaired lease contracts is not linear as it is also dependent on other contractual cash flows such as Service Income as well as the ability to mitigate losses for example through fleet extensions and optimisation of the channel mix (B2B, B2C, driver sales) over time.

The sensitivity of an additional 1% decline in used-car prices of the impaired lease contracts will translate into EUR 6.9 million additional impairment for the total remaining duration.

Asset backed securitisation transactions

The Group concluded a number of asset backed securitisation transactions hereinafter identified as the Bumper transactions. These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the Company). As a result of this sale this caption includes encumbered (securitised) operating lease assets amounting to EUR 3.5 billion (year-end 2020: EUR 3.0 billion).

10 Other property and equipment

The composition between owned and leased assets is presented in the following table:

In thousands of euros	**31 March 2021**	**31 December 2020**
Owned	108,932	111,070
Leased	258,756	276,635
Total	**367,687**	**387,705**

The leased assets mainly include property such as buildings and IT and other equipment.

The maturity of the discounted finance lease liabilities is shown below:

In thousand of euros	**31 March 2021**	**31 December 2020**
Not longer than a year	42,366	43,764
Longer than a year	247,570	264,376
Total	**289,936**	**308,140**

11 Disposal groups classified as held for sale

On 31 March 2021, LeasePlan signed a Shareholders Purchase Agreement (SPA) with SG Fleet Group to sell the subsidiaries LeasePlan Australia and LeasePlan New Zeeland. The deal requires regulatory approval from the ECB, consumer supervisory authorities, and market entrance authorities. The transaction is expected to close around mid-year, subject to customary regulatory approvals. For these reasons, LeasePlan has presented the subsidiaries as disposal groups held for sale.

As at 31 March 2021, the disposal groups comprised assets of EUR 987 million less liabilities of EUR 768 million, all valued at the carrying amount, detailed as follows.

In thousands of euros	**31 March 2021**
Receivables from financial institutions	**18,891**
Derivative financial instruments	**854**
Other receivables and prepayments	**41,101**
Inventories	**4,619**
Lease receivables from clients	**329,840**
Property and equipment under operating lease & Rental fleet	**576,839**
Other property and equipment	**13,941**
Intangible assets	**21**
Deferred tax asset	**433**
Trade and other payables and Deferred income	**–155,790**
Borrowings from financial institutions	**–178,942**
Debt securities issued	**–389,325**
Lease liabilities	**–13,607**
Provisions	**–5,128**
Corporate income tax payable	**–3,460**
Deferred tax liabilities	**–21,575**
Net assets/liabilities held for sale	**218,714**

An amount of EUR 1.2 million included in assets held for sale is related to administrative building including related land and other assets for LPUS that will be sold in 2021.

12 Funds entrusted

This item includes non-subordinated loans from banks and savings deposits. The maturity analysis of these deposits is as follows:

In thousands of euros	**31 March 2021**	**31 December 2020**
Three months or less	6,504,282	6,408,841
Longer than three months, less than a year	1,707,992	1,719,161
Longer than a year, less than five years	1,123,464	1,084,399
Longer than five years	19	94
Total	**9,335,757**	**9,212,495**

Savings deposits raised by LeasePlan Bank amounts to EUR 9.2 billion (year-end 2020: EUR 9.1 billion) of which 38.5% (year-end 2020: 41.1%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a banking licence in the Netherlands. LeasePlan Bank also operates on the German savings deposit market with a cross border offering from the Netherlands.

The average interest rates on the outstanding balances of the fixed term savings deposits in original maturity terms are as follow:

In thousands of euros	**31 March 2021**	**31 December 2020**
Three months or less	0.08%	0.08%
Longer than three months, less than a year	0.51%	0.57%
Longer than a year, less than five years	0.80%	0.88%

The interest of the on-demand accounts is set monthly.

13 Borrowings from financial institutions

This item includes amounts owed to banks under government supervision. The maturity analysis of these loans is as follows:

In thousands of euros	**31 March 2021**	**31 December 2020**
On demand	171,588	172,216
Three months or less	482,215	419,691
Longer than three months, less than a year	1,022,204	1,208,749
Longer than a year, less than five years	1,718,551	1,759,875
Total	**3,394,557**	**3,560,531**

14 Debt securities issued

This item includes negotiable, interest bearing securities.

In thousands of euros	**31 March 2021**	**31 December 2020**
Bond and notes - originated from securitisation transactions	2,365,285	2,457,558
Bonds and notes - other	7,796,573	7,523,591
Bonds and notes - other (fair value adjustments)	77,756	103,103
Balance as at reporting date	**10,239,614**	**10,084,252**

There is no pledge nor security for these debt securities except for the bonds and notes which are originating from securitisation transactions. The average interest rate applicable to the outstanding bonds and notes is 1.2% as of 31 March 2021 (year-end 2020: 1.2%).

The maturity analysis of these debt securities issued is as follows:

In thousands of euros	**31 March 2021**	**31 December 2020**
Three months or less	1,256,244	978,540
Longer than three months, less than a year	1,544,570	2,018,633
Longer than a year, less than five years	7,323,961	6,969,850
Longer than five years	114,839	117,229
Total	**10,239,614**	**10,084,252**

The caption 'Bonds and notes – originated from securitisation transactions' include notes from Bumper 10 France FCT, Bumper 9 (NL) Finance B.V., Bumper 8 (UK) Finance plc, Bumper UK 2019-I, Bumper Australia Trust No1, Bumper DE S.A. 2019-I, Bumper BE 2020-I, Bumper NL 2020-1 B.V. and Bumper UK 2021-1.

In February 2021 a 5-year Green Bond was concluded for a total of EUR 1.0 billion. In March 2021, Bumper UK 2021-1 was concluded for a total of GBP 400 million of ABS notes.

15 Commitments

The Group has entered into commitments in connection with the forward purchase of property and equipment under operating lease and rental fleet amounting to EUR 3.1 billion as at the balance sheet date (year-end 2020: EUR 2.7 billion). These commitments are entered into in the ordinary course of business and the majority is back-to-back matched with lease contracts entered into with customers.

The Group has issued guarantees to the total value of EUR 424 million (year-end 2020: EUR 429 million) of which EUR 422 million (year-end 2020: EUR 428 million) is related to residual value guarantees issued to clients.

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 200 million (year-end 2020: EUR 180 million) of which EUR 173.0 million (year-end 2020: EUR 175.5 million) is drawn as at 31 March 2021.

16 Related parties

Identity of related parties

Related parties and enterprises as defined by IAS 24, are parties and enterprises which can be influenced by the company or which can influence the company.

LP Group B.V. is the shareholder of the company. LP Group B.V. represents a group of long-term investors and includes ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors alone has a direct or indirect controlling interest in the company. The business relations between the company, LP Group B.V. and their (indirect) shareholders are handled on normal market terms.

In 2019 TDR Capital obtained a controlling interest in British Car Auction (BCA). LeasePlan Corporation N.V. has been doing business with BCA in the ordinary course of the business for a longer period of time all on arm's length basis. Result of the transactions with BCA for the three months period ended 31 March 2021 is not material at the Group's level.

All business relations with investments accounted for using the equity method are in the ordinary course of business and handled on normal market terms. As of 31 March 2021, an amount of EUR 173.0 million (year-end 2020: EUR 175.5 million) is provided as loans to investments accounted for using the equity method.

17 Fair value of financial instruments

The table below summarises the Group's financial assets and financial liabilities, of which the derivatives are measured at fair value and the other financial assets and other financial liabilities are measured at amortised cost on the balance sheet as at 31 March 2021. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value of financial instruments

As at 31 March 2021	**Carrying value**		**Fair value**	
In thousands of euros		**Level 1**	**Level 2**	**Total**
Financial assets measured at fair value				
Derivatives financial instruments in hedge	91,285	–	91,285	91,285
Derivatives financial instruments not in hedge	56,396	–	56,396	56,396
Financial assets not measured at fair value				
Cash and balances at central banks	5,515,777			
Investments in debt securities	24,677	25,096	–	25,096
Receivables from financial institutions	776,621			
Lease receivables from clients	2,877,482	–	2,885,496	2,885,496
Loans to investments using the equity method	173,000	–	177,058	177,058
Investments in equity accounted investments	18,015			
Other receivables and prepayments	324,798	–	324,798	324,798
Assets held-for-sale	1,279			
Total financial assets	**9,859,330**	**25,096**	**3,535,033**	**3,560,129**
Financial liabilities measured at fair value				
Derivatives financial instruments in hedge	9,072	–	9,072	9,072
Derivatives financial instruments not in hedge	91,796	–	91,796	91,796
Financial liabilities not measured at fair value				
Funds entrusted	9,335,757	–	9,387,356	9,387,356
Trade and other payables and deferred income	884,991			
Borrowings from financial institutions	3,394,557	–	3,422,226	3,422,226
Debt securities issued	10,239,614	–	10,445,173	10,445,173
Total financial liabilities	**23,955,788**	**–**	**23,355,623**	**23,355,623**

Fair value of financial instruments

	Carrying value	Fair value		
As at 31 December 2020		Level 1	Level 2	Total
Financial assets measured at fair value				
Derivatives financial instruments in hedge	110,486	–	110,486	110,486
Derivatives financial instruments not in hedge	60,568	–	60,568	60,568
Financial assets not measured at fair value				
Cash and balances at central banks	5,169,103			
Investments in debt securities	24,273	24,743	–	24,743
Receivables from financial institutions	671,264			
Lease receivables from clients	3,136,556	–	3,165,784	3,165,784
Loans to investments using the equity method	175,500	–	178,923	178,923
Investments in equity accounted investments	16,337			
Other receivables and prepayments	316,018	–	316,027	316,027
Assets held-for-sale	1,222			
Total financial assets	**9,681,326**	**24,743**	**3,831,788**	**3,856,531**
Financial liabilities measured at fair value				
Derivatives financial instruments in hedge	9,758	–	9,758	9,758
Derivatives financial instruments not in hedge	140,613	–	140,613	140,613
Financial liabilities not measured at fair value				
Funds entrusted	9,212,495	–	9,265,742	9,265,742
Trade and other payables and deferred income	951,905			
Borrowings from financial institutions	3,560,531	–	3,592,458	3,592,458
Debt securities issued	10,084,252	–	10,287,344	10,287,344
Total financial liabilities	**23,959,554**	**–**	**23,295,914**	**23,295,914**

Financial instruments in level 1

The fair value of financial instruments that are traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Cash and balances with central banks and Investments in debt securities are the only financial instruments held that are included in level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps and cross currency swaps calculated as the present value of the estimated future cash flows based on observable yield curves at commonly quoted intervals, while taking into account the current creditworthiness of the counterparties.

- The yield curve for all collateralised derivatives is based on the overnight index swap (OIS) rate (the vast majority of the Group's derivatives is collateralised and therefore the necessity for other observable market inputs such as CVA, DVA, FVA adjustments is negated).
- The valuation methodology of the cross currency swaps includes a liquidity premium (which swaps less liquid currencies into those that are considered more liquid in the market and vice versa).
- The counterparty's probability of default is estimated using market CDS spreads resulting in credit valuation adjustments.
- The Group's own creditworthiness and probability of default is estimated using input such as secondary spreads and cost of funding curve as well as information from counterparties resulting in a debit valuation adjustment.
- Other techniques such as discounted cash flow analysis based on observable yield curves at commonly quoted intervals, are used to determine the fair value for the remaining financial instruments.
- For certain other receivables (Rebates and bonuses and commissions receivable, Reclaimable damages and Interest to be received) and payables (Trade payables and Interest payable) with a remaining term well below one year, the carrying value is deemed to reflect the fair value.

The derivative financial instruments not in hedge are derivatives that mitigate interest rate risk and currency risk from an economic perspective but do not qualify for hedge accounting from an accounting perspective. The Group is not involved in active trading of derivatives.

Financial instruments in level 3

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model) for which more than an insignificant part of the inputs in terms of the overall valuation are not market observable.
Unobservable in this context means that there is little or no current market data available from which to derive a price that an unrelated, informed buyer would purchase the asset or liability at. No financial instruments are included in this category.

18 Contingent assets and liabilities

As at 31 March 2021, guarantees had been provided on behalf of the consolidated direct and indirect subsidiaries in respect of commitments entered by those companies with an equivalent value of EUR 2.2 billion (year-end 2020: EUR 2.2 billion). The Company charges a guarantee fee to the respective direct and indirect subsidiaries based on normal market terms.

19 Events occurring after balance sheet date

No material events occurred after 31 March 2021, that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 31 March 2021 or the result for the three months period ended 31 March 2021.

Responsibility statement

Managing Board's responsibility for financial reporting

The Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Managing Board, so that timeliness, completeness and correctness of external financial reporting are assured.

Each member of the Managing Board hereby confirms that to the best of their knowledge:

The company's 31 March 2021 condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Company and the subsidiaries included in the consolidation as a whole.

Amsterdam, 12 May 2021

Tex Gunning - Chairman of the Managing Board and CEO
Jochen Sutor – CRO
Toine van Doremalen - CFO

Independent auditor’s review report

KPMG

Independent auditor’s review report

To: the Shareholder and the Supervisory Board of LeasePlan Corporation N.V.

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial statements as at 31 March 2021 of LeasePlan Corporation N.V.(or hereafter: the “Company”) based in Amsterdam as set out on pages 8 to 44. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

— the condensed consolidated statement of financial position as at 31 March 2021;

— the condensed consolidated statements of profit or loss and comprehensive income, the condensed consolidated statements of changes in equity, and cash flows for the three-month period ended 31 March 2021; and

— the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, ‘Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit’ (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the ‘Our responsibilities for the review of the interim financial information’ section of our report.

We are independent of LeasePlan Corporation N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Managing Board and the Supervisory Board for the condensed consolidated interim financial statements

The Managing Board is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

— Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion.

— Obtaining an understanding in the internal control, as it relates to the preparation of the condensed consolidated interim financial statements.

— Making inquiries of management and others within the entity.

— Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements.

— Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to the entity's underlying accounting records.

— Evaluating the assurance evidence obtained.

— Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle.

— Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements.

- Considering whether the condensed consolidated interim financial statements has/have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amstelveen, 12 May 2021

KPMG Accountants N.V.

B.M. Herngreen RA

Glossary

AFM
The Dutch Authority for the Financial Markets (AFM) has been responsible for supervising the operation of the financial markets since 1 March 2002.

AT1
Additional Tier 1 capital securities.

B2C runrate
Vehicles sold B2C as a share of total marketable vehicles over the latest reporting period.

CaaS
LeasePlan purchases, funds and manages vehicles for its customers, providing a complete end-to-end service through its Car-as-a-Service (CaaS) business for a typical contract duration of three to four years.

DNB
The Dutch Central Bank (De Nederlandsche Bank N.V.)

Digital LeasePlan
This programme aims to move the Group towards becoming a data driven company delivering digital car services steered by the latest digital technology of data analytics, artificial intelligence and algorithms.

ECB
European Central Bank.

EOCF
End of contract fees.

EV
Electric vehicle.

LCV
Light commercial vehicles.

LeasePlan Bank
The online retail deposit bank operated by LeasePlan Corporation N.V. under a banking licence from DNB.

NCI
Non-controlling interests.

PLDV
Profit-and-loss on Disposal of Vehicles.

RMT
Repair, maintenance and tyres.

RoW
Rest of the world.

RV
Residual value of a vehicle.

TREA
Total Risk Exposure Amount, defined by Article 92(3) of Regulation (EU) No 575/2013 (CRR).

UCaaS
CarNext.com has the option to re-lease used vehicles in the Used Car-as-a-Service (UCaaS) market.