

## **Arval Service Lease**

Year ended December 31, 2024

### **Statutory auditors' report on the consolidated financial statements**

*This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**DELOITTE & ASSOCIES**

6, place de la Pyramide  
92908 Paris-La Défense cedex  
S.A.S. au capital de € 2 201 424  
572 028 041 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles et du Centre

**ERNST & YOUNG et Autres**

Tour First  
TSA 14444  
92037 Paris-La Défense cedex  
S.A.S. à capital variable  
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles et du Centre

## Arval Service Lease

Year ended December 31, 2024

### Statutory auditors' report on the consolidated financial statements

To the Annual General Meeting of Arval Service Lease,

#### Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Arval Service Lease for the year ended December 31, 2024.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2024 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Board of Directors exercising the duties of the Audit Committee.

#### Basis for opinion

##### ■ Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

##### ■ Independence

We conducted our audit engagement in compliance with independence requirement rules required by the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1<sup>st</sup>, 2024 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

## Justification of assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- Revaluation of the vehicles' residual value (refer to notes 1.c.1, 2.m, 3.c and 5.c to the consolidated financial statements)

Risk identified	Our response
<p>The rental fleet represents nearly 85% of the Arval Group's total balance sheet as of December 31, 2024 with a net value of €40 billion.</p> <p>The residual values of the vehicles in the Group's fleet are defined at the beginning of the lease contracts. At each closing, they are reviewed in order to obtain an estimate close to the estimated resale value of the vehicle. The methods for determining these residual values are common to all the entities in the Group. These estimates are based on a statistical model based on historical used vehicle sales data while taking into account the specific contexts of the different geographical areas.</p> <p>In an environment still marked by significant uncertainty related to the political and environmental context and technological developments in the automotive market, Arval Service Lease has observed a gradual return to a normal level of delivery times as well as a gradual normalization of the price of used vehicles. In the same way, the automotive market is gradually moving towards the electrification of vehicles. These changes have led Management to make adjustments to the estimate.</p> <p>The residual value estimated during the fleet revaluation process may differ from the initial residual value, which may lead to an adjustment of the depreciation of the vehicles over the remaining term of the contract.</p> <p>We considered the revaluation of residual values to be a key audit matter because it is based on the estimate of the resale values of the vehicles recorded on the balance sheet, it is based on a statistical model, and it incorporates assumptions based on the judgment of Arval Service Lease's Management.</p>	<p>We have taken note of the revaluation process of the residual values put in place by the Group's Management and have focused our work on the Group's most significant fleets that contribute to depreciation adjustments and therefore the most affected by the evolution of risks related to the political-environmental context and the automotive market.</p> <p>We have assessed the relevance of Arval Service Lease's internal control system, which governs the estimates contributing to the determination of the residual values, and in particular its adaptation to the changing context. We have examined the system that has led to the adjustment of the models according to market developments and changes in regulations. On a sample of the fleet, we examined the controls for the revaluation of the residual values while incorporating the new assumptions and parameters that formed the basis of the model.</p> <p>With the help of our experts, we examined the relevance of the statistical model implemented as well as its main parameters.</p> <p>On a sample basis, our work also consisted in:</p> <ul style="list-style-type: none"><li>▶ assessing the consistency of the data from the revaluation models through a data analytic approach;</li><li>▶ comparing the information from the accounting systems and the information from the fleet management system;</li><li>▶ checking that the estimates used are based on documented methods in accordance with the principles set out in the notes to the consolidated financial statements.</li></ul>

We have also examined the information described in the notes to the consolidated financial statements relating to the risk on the assessment of the residual value of leased vehicles in the changing political and environmental context and in particular the information required by IAS 16 with respect to the correct recognition of property, plant and equipment.

- Valuation of deferred revenues related to maintenance and tyre costs (refer to notes 1.c.1, 2.g, 2.m, 3.b and 5.t to the consolidated financial statements)

Risk identified	Our response
<p>In accordance with IFRS 15, the Arval Group accounts for its margin for maintenance and tyre services using the cost-based method, whereas the invoicing for these services is straight-line.</p> <p>Thus, as described in note 3.b "Service margin" to the consolidated financial statements, the recognition of revenues is made following the occurrence of costs incurred and is based on a normal profile of repair, maintenance and tyre costs, supported by historical statistics and expected service costs. The difference between the amounts billed to customers and the amounts recognized as revenue are recognized as deferred service revenue.</p> <p>As of December 31, 2024, the "Deferred income related to leases" line represented a total of €1,058.7 million as indicated in note 5.t "Other debts and deferred income" to the consolidated financial statements.</p> <p>We considered that the assessment of deferred income related to maintenance and tyre costs to be a key audit matter because it requires the exercise of judgement by Management in its choice of the relevant elements to be taken into account and its materiality in the Group's financial statements.</p>	<p>We evaluated the processes implemented by the Group to assess deferred revenues related to maintenance and tyre costs.</p> <p>In particular, we carried out the following audit procedures:</p> <ul style="list-style-type: none"> <li>▶ testing, by sampling, of the final margin rate on a sample of contracts and analysis of the consistency of the margin rate of disposals over the last twelve rolling months;</li> <li>▶ analysis of the consistency of the production rate over the last twelve rolling months in relation to the pricing objectives set by Management;</li> <li>▶ examination of the estimated margin rate used on live outstandings, in particular in relation to the rate on disposals and the production rate;</li> <li>▶ verification of the arithmetic calculation of deferred revenues.</li> </ul> <p>In the largest subsidiaries, we also compared, on a sample basis, the elements used in the calculation of deferred revenues with the management data.</p> <p>We also examined the information disclosed in the notes to the consolidated financial statements.</p>

## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information given in the Board of Directors' Group management report.

We have no matters to report as to its fair presentation and their consistency with the consolidated financial statements.

## Other verifications or information provided for by legal and regulatory texts

### ■ Appointment of the statutory auditors

We were appointed as statutory auditors of Arval Service Lease by your Annual General Meetings of March 9, 2021 for DELOITTE & ASSOCIES and April 22, 2024 for ERNST & YOUNG et Autres.

As of December 31, 2024, DELOITTE & ASSOCIES was in the fourth year of total uninterrupted engagement and ERNST & YOUNG et Autres in the first year.

## Responsibilities of management and corporate governance in relation to the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

When preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Board of Directors exercising the duties of the Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Statutory auditors' responsibilities for the audit of the consolidated financial statements

### ■ Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 821-55 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- ▶ Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- ▶ Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- ▶ Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

#### ■ **Report to the Board of Directors exercising the duties of the Audit Committee**

We submit to the Board of Directors exercising the duties of the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Board of Directors exercising the duties of the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Board of Directors exercising the duties of the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Board of Directors exercising the duties of the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, April 9, 2025

The Statutory Auditors

DELOITTE & ASSOCIES

ERNST & YOUNG et Autres

Jean-Vincent Coustel

Luc Valverde