



Individual and Consolidated Director's Report for 2020

Autonom Services S.A.



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| Annual report according to | Annex 15 of ASF Regulation 5/2018 |
| For the financial period | 01.01.2020 - 31.12.2020 |
| Report date | 29.04.2021 |
| Issuer name | AUTONOM SERVICES S.A.* |
| Registered office | Str. Fermelor nr. 4, Piatra-Neamț, Neamț, România |
| Phone/fax | +40 233 22 96 16 / +40 233 206 143 |
| Fiscal code | 18433260 |
| Trade register | J27/280/206 |
| Object of activity | Renting and leasing of cars and light motor vehicles (NACE 7711) |
| Market on which the securities are traded | BSE, Main Segment Bonds |
| Subscribed and paid-up share capital | 20.000.000 RON |
| Trading symbol | AUT24E |
| The main characteristics of the securities issued by the company | 20,000 euro-denominated corporate bonds |
| Email | investors@autonom.ro |

* For the purpose of this report, the Group is composed of Autonom Services S.A. and BT Operational Leasing S.A. The subsidiary is represented by BT Operational Leasing S.A.



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Summary of the Activity

Autonom in 2020



2020 short overview

Autonom is an integrated provider of modern mobility solutions, adapted to the needs of its clients. The company has the most extensive mobility network in Romania and is in the top 5 players, by turnover, in the main sectors of activity: **Operating Lease** and **Car Rental**.

The figures represent the consolidated financial results:

- ▶ Consolidated EBITDA: **RON 144,053,282**
- ▶ Consolidated profit: **RON 7,206,972**
- ▶ Consolidated net financial debt: **RON 425,764,500**
- ▶ Consolidated revenue: **RON 327,028,313**

Consolidated debt sustainability indicators (31 December 2020):

- ▶ Net financial debt / EBITDA of **2.96**
- ▶ Interest Coverage Ratio of **7.64**



▶ Operating Lease

Operating lease is a tool for outsourcing car fleets, in order to optimize operational costs, suitable both for companies with large fleet of vehicles and for small entrepreneurial companies that operate only a few vehicles.

Total Consolidated Operating Revenue: **RON 171.344.898**

Total Number of Cars: **6,718**

Total Number of Clients: **1,519**



2020 short overview



▶ Rent-A-Car

Diversified range of short-term car rental services (between one day and 12 months). Over 85% of the turnover of this division is generated by legal entities.

Total Consolidated Rent-A-Car Revenue: **RON 46,843,245**

Occupancy: **69%**

Number of cars on December 31st 2020: **1,829**

Number of agencies: **43** agencies in **30** cities



▶ Used Car Sales

Vehicles in our Rent-a-car and Operating Lease parks that have reached the end of the depreciation period are available for purchase to both individuals and legal entities.

Total Consolidated Revenue from Used Car Sale: **RON 79,387,342**

Total used cars sold in 2020: **2,378**

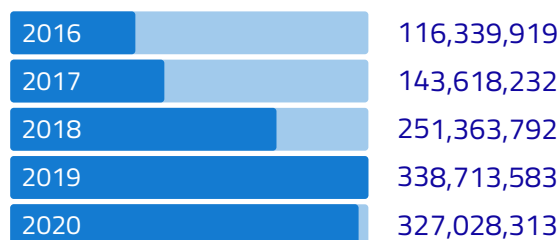
Percentage of cars sold to retail (individuals): **53%**



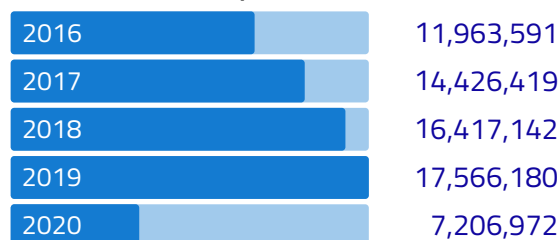
The evolution of Autonom Group

Our consolidated results from 2020, as well as those from previous years, support the company's strategy for sustainable development

▶ Consolidated revenue (RON)



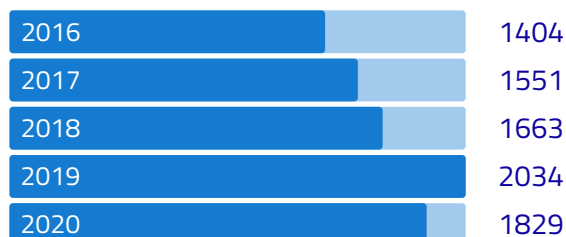
▶ Consolidated profit (RON)



▶ Operating Lease Fleet



▶ Rent-A-Car Fleet



Development:

- ▶ 186 new clients for the operating lease division;
- ▶ Further investments in fleet development- 1.822 cars purchased in 2020;
- ▶ IDR - Long-Term Issuer Default Rating „B+” granted by the Fitch rating agency in June 2020;
- ▶ Increase of Net Promoter Score from 74% to 82%.

Sustainability:

- ▶ **Project Help:** 100 cars offered free of charge during the state of emergency, to assist NGOs, government structures or volunteers in their mission to stop the spread of COVID-19 or to support those affected by the pandemic;
- ▶ **Autonom Foundation:** 70 projects carried out by Autonom volunteers to support the Romanian educational system.



Significant events in 2020

The impact of the pandemic and the measures taken for business continuity:

1. Autonom's main line of business, represented by the provision of operating lease services to companies, was moderately affected by the pandemic. Although the size of the operating lease fleet decreased slightly, the division's revenues increased by 7.5%. Globally, it was estimated an increase close to 0 for this type of service. Contributions to this result were:

- ▶ Flexibility and support provided to clients to overcome difficult and uncertain periods;
- ▶ The benefits offered by this type of service, highly valued especially in times of crisis, namely: flexibility, optimized costs, increased financing capacity.

2. The short-term car rental division has been affected by the reduction of the number of tourists as well as business trips. The impact on the turnover of this division was -28.9%. To mitigate the effects of the pandemic on this line of business, the group has cancelled or postponed the acquisitions scheduled for this division.

3. In the context of a drastic decrease in the sales of new cars at national and global level, the company focused on managing as efficiently as possible the process of selling cars from the stock of used cars. Thus, starting with 06.03.2020, Autonom began an accelerated program for the sale of cars available in the company's stock. The results were impressive: Autonom recorded an increase of 72.4% of the revenues generated by this division compared to the previous year.

4. At the team level, the following measures were implemented for reorienting and training employees to deal with the new context:

- ▶ Suspension of employment for both current and probationary periods;
- ▶ Reduction of external expenses with personal development (cancellation of trainings, etc.) and reduction of non-essential expenditures, with a focus on online training and internal resources.

5. Other implemented measures to optimize costs:

- ▶ Reduction of fuel costs costs (travel reduction) up to 90%; renegotiation of tariffs and the discount grid;
- ▶ Implementation of measures to reduce fixing costs.



Letter from the founders



Letter

From the founders

Dear Partners,

Today we are sharing with you the annual report presenting the activity of Autonom Services in 2020 - a year marked by an unprecedented health crisis, which has brought multiple challenges to the markets and sectors in which we operate. More than a year after the onset of the pandemic, **we believe that we have responded correctly to these challenges**. The experience of 15 years of activity, as well as our management based on values and autonomy, guided us in all the decisions we made during this period.

A year ago, on the occasion of the publication of the annual report for 2019, we expressed our confidence in our team, business model, as well as in our experience of operating and even growing the business in crisis situations.

2020 has been an extremely difficult year for all companies, especially for those operating in sectors that rely on human interaction. We also had several successive shocks, manifested extremely quickly: travel restrictions collapsed the car rental market 'from the airport', a significant part of our customers had temporary liquidity problems, health restrictions affected our operations and supply chains, and extreme uncertainty forced us to work with multiple scenarios and in multiple iterations.

At the same time, 2020 confirmed to us that **Autonom's business model is agile and sustainable, built to withstand shocks**. We believe that the key elements that helped us get out of this crisis stronger and better prepared for the future were the following:

- ▶ **Robust risk policy**, 'financial fortress' type, with high liquidity and solvency, consistently practiced from the first years;
- ▶ Providing **modern mobility solutions, vertically integrated, with mostly recurring revenues**;
- ▶ High **diversity** of clients, companies, and individuals alike;
- ▶ Organizing Autonom as **an autonomous and involved 'team of teams'**, which allowed us to be agile and mobilize very quickly.

Autonom closed the year 2020 with a consolidated turnover of **RON 327 million** and a net profit of **RON 7.2 million**. Despite the negative impact of the pandemic, we managed to



recover the lost income from the rent-a-car division by increasing the turnover within the operating lease service. Therefore, we ended 2020 with RON 171.3 million lei revenues generated from operating lease and additional services (+7.5%), RON 46.8 million lei revenues from car rental (-28.9%) and RON 79.4 million lei revenues from vehicle sales (+72.4%).

- ↑ **10%** increasing operating revenue to **RON 297,575,485**
Extremely prudent financial management - liquidities of **RON 74,613,162**
- ↓ **29%** decrease in the **revenue** of the Rent-A-Car division to **RON 46.8 mil**
Decreased consolidated **profit** of RON 7.2 mil (**-59%** vs 2019)

In the annual report published in May last year, we presented our expectations for 2020, for each line of business. The proximity of the final results to the estimates made at the beginning of the pandemic, demonstrates the ability of the management team to quickly understand the context and changes, in order to realistically adapt the business to new conditions and manage assets to their full potential.

Operating Lease Estimates: short-term moderate impact on cash flow but, in general, an increase in this segment this year, of over 10% | **The actual evolution:** Although the size of the operating lease fleet decreased slightly, the division's revenues increased by 7.5%. For a full picture, public analyses of the global operating lease market indicated near-zero growth in 2020.

Although the COVID-19 pandemic affected a significant number of businesses, we managed to attract 186 new clients and end 2020 with a total fleet of 6,718 vehicles.

Rent a Car Estimates: a 35% decrease in tourism-related rentals in H1 compared to the budget and by 25-30% for the whole year | **The actual evolution:** The actual decrease in the volume of short-term rentals was 29%, in line with our expectations and below the decreases reported by other similar companies internationally, ranging between 40-50%.

The biggest negative impact was registered between March and May 2020, in the context of severe traffic restrictions imposed throughout Romania. At the beginning of June, the activity started increasing, and, from August until the end of the year, the average rental rate was very high, over 80%. The annual average was 69%, down 14% from the 2019 average - a good result, given the impact on the local and international tourism industry. To adapt to the new context, the fleet was resized in line with the market changes. The reduction of the fleet led to a decrease in revenues on this line of business, but significantly limited the losses that could have occurred.



A promising pillar of the car rental division was the replacement car segment for RCA insurance, which we focused more on and which consequently increased, by 31%, in 2020 (growth is measured given the number of cars offered for replacement).

AutoRulate business line of Autonom sold 2,378 used cars from our car rental or operating lease fleets last year. It is a record result, with an increase by 72% compared to the previous year. This growth, together with the opening of a new location dedicated to the retail market in Q2 2020, give us confidence in our development potential in this segment.

We are proud that, given a year full of challenges, the client satisfaction indicator continued to increase and the **NPS (Net Promoter Score)** reached 82%, in 2020, compared to 74%, which was registered in 2019, in an industry where the average falls below 30%, according to statistics provided by Statista.com. We want to thank all our teams for being able to adapt so well to the new reality and for continuing to support our clients. We communicated proactively with all clients and provided a significant portion of them with **concrete solutions to increase their liquidity and reduce their costs**. We are confident that the relationships built during the crisis will remain strong in the years to come.

This year is a special one for us because it marks 15 years since the establishment of Autonom and 30 years of entrepreneurship in our family. In 1991, our parents made their first steps in the business environment, in Piatra Neamț, when they opened an antique shop where we spent so much time reading and investing in our development. Later on, they opened a network of car parts stores and car services. Today, we are one of the most important employers, and the family's local businesses are still among the most valued in the community. They became part of the Autonom Group four years ago, and we want to follow our parent-business model – namely, on the 30th anniversary of our company's activity, for Autonom to remain a family business.

We are pleased to announce that, in March 2021, we successfully completed the merger by absorption process, following which **BT Operational Leasing was fully integrated into Autonom Services**. Through this merger, we took an important step in the development of the operating lease division of the Autonom Group, by increasing the client portfolio and the assets held, as well as by working closely with the strongest local financial group. Integration also accelerated our development, by achieving important financial and operational synergies. Even though the merger is over, our partnership with Banca Transilvania continues to thrive.

As many of you remember, in June 2020, **we received a 'B +' rating from Fitch - Long-Term Issuer Default Rating**. The application for this assessment was prepared during the global onset of the COVID-19 pandemic, when the future of mobility services was under a big question mark. Fitch appreciated our resilience and agility under to the new reality brought by the pandemic.



Although 'B +' is a speculative rating, it is very good for the industries in which we operate. We believe that this is an important development, especially for investors who have participated in the private placement for Autonom corporate bonds and must be analyzed in the context of the period and the sector in which Autonom operates. Moreover, we are pleased to report that we have used the findings of the Fitch team to guide us in improving the resilience of our business, financially.

Community involvement has remained a priority for us in this year of marked by a health crisis. Autonom volunteers continued to support education in Romania and to be with children to help them stay connected to school by developing 70 projects, carried out through the Autonom Foundation. In addition, as part of the HELP project, launched at the beginning of the pandemic, we provided approximately 100 cars during the state of emergency to assist NGOs, government, or voluntary structures in their mission to stop the spread of COVID-19 or support those affected by the occurred situation. With a dedicated team and through our colleagues from all over the country, we managed to support 66 NGOs and organizations in Romania, which had a significant impact and showed that **'together, we can'**.

Going 'in depth, **we want to thank again the entire Autonom team for their exceptional performance in 2020.** We all had so much to learn from this challenging experience! It was a year in which we took full advantage of the situation to accelerate the learning and development of the team - we never had so many hours of training, so many books read, so many new situations to learn from. **Developing people remains the investment with the greatest satisfaction for us and the main factor for the sustainability of our business.** Being able to provide the framework in which people can constantly exceed their limits, in the context of accelerated business growth, is one of the biggest challenges. This is perhaps our most personal success in these 15 years of entrepreneurship. Financial results are just a natural consequence of a business done 'properly'.

Therefore, even in the context of the dynamic situation related to the pandemic development, we believe that we are at the **beginning of a new growth cycle for our companies,** as it was in 2009. Of course, the external and internal factors could argue against. However, one of the few certainties we have is that **our business model, evolving and inclusive, can adapt whenever necessary.** We will accelerate investment in the coming years to further develop and prepare the group for the economy of the future.

Thus, we estimate that 2021 will be a **very active year for us, in which we will have a 2-digit growth rate of income and a significantly better profitability than in 2020, maybe even better than in 2019.** We aim to strengthen our position in the markets in which we operate and test new products and markets. We will continue to evaluate all opportunities for sustainable



growth, both organically and through acquisitions of companies compatible with our model. We will strive to be even more present in the Romanian entrepreneurial community and to **build together a more ethical and efficient business environment.**

Marius Ștefan
Dan Ștefan



About Autonom

and the company strategy



About Autonom

Autonom Group is the most important independent player with Romanian capital on the car operating lease and rent-a-car markets of Romania.

- ▶ **Integrated mobility solution provider**, for legal and individual entities;
- ▶ **National network comprising of 43 agencies in 30 cities**, in Romania, a differentiated business model as compared to competitors;
- ▶ **Vehicle fleet on December 31st, 2020**: 8,547 vehicles (6,718 in operating lease regimen, 1,829 in rent-a-car regime);
- ▶ **15 years of experience.**

From start-up to a prominent national player in the mobility services market

- ▶ Autonom is a company with **100% Romanian capital**, established in 2006, in Piatra Neamț;
- ▶ Autonom Group is a **Top 5 player, by turnover**, in the main sectors of activity: operating lease and car rental;
- ▶ In 2018, Autonom purchased BTOL, a company founded in 2001, to consolidate its clients portfolio, achieve economies of scale, as well as cost optimizations. The company thus increased its market share and concluded a distribution agreement with Banca Transilvania, for 5 years. On January 1st, 2021, BTOL was absorbed by Autonom;
- ▶ Autonom International is the majority shareholder of Autonom Services, with a 98% stake in the share capital. The shareholders of Autonom International are Marius Ștefan and Dan Ștefan, holding equal shares;
- ▶ In 2018, Autonom became the first company in Romania to be included in the **EBRD Blue Ribbon Program**, which includes 30 companies out of the 20 countries where the EBRD is present;
- ▶ At the first edition of 'Made in Romania', organized by the Bucharest Stock Exchange, Autonom was selected in the league of the 15 important companies for the Romanian economy growth;
- ▶ **As of December 31st, 2020, the group had 313 employees**: 306 employees of Autonom Services and 7 employees of BTOL;
- ▶ It is the only local company that received the title of **Best Employer**, 5 years in a row (2014-2018), according to the global study organized by AON Hewit;
- ▶ Autonom is one of the 123 organizations recognized by **WorldBlu** worldwide, which promotes democratic principles and encourages freedom in the workplace.



Autonom evolution and strategy

- 2006** ● Autonom is founded in Piatra Neamț. At that time, the car park had only 3 Dacia Logan cars. The company opens offices in Bacău, Bucharest, Iași, Suceava, Constanța and Galați.
- 2007** ● Autonom opens agencies in **new cities**: Brașov, Cluj, Sibiu, Târgu Mureș, Timișoara.
- 2008** ● The financial crisis of 2008-2009 was a turning point in the history of the Company and its **repositioning**. Autonom starts to offer the **operating lease** service to companies (medium- and long-term rentals).
- 2010** ● The **territorial expansion continues** and Autonom opens offices in the largest cities in Romania, building a **unique mobility network** at national level. In 2014, the international expansion also began, with the opening of **the first office in in Budapest, Hungary**.
-
2018 ● Also, that year, Autonom Group began to analyze **the acquisition of companies specialized** in segments similar or related to the main business.
- 2018** ● Autonom Group takes over **BT Operational Leasing**, the operating lease division within Banca Transilvania.
- 2019** ● The company changes its visual identity and issues the **first bond issuance**, listed on the Bucharest Stock Exchange.
- 2021** ● In March 2021, Autonom announced **the completion of the absorption merger process** following which BTOL was fully integrated into Autonom Services S.A.



During its 15 years of activity, Autonom Group has expanded its services portfolio and currently offers to its clients, both legal and individual entities, various transport solutions, adapted to their needs.

The same diversification strategy is applied to the client portfolio. None of the business lines has developed dependency on a single client or a group of clients. This diversification of services, as well as clients has helped the company over time, especially in 2020. We hereby enclose, below, the share of revenues for the first 3 clients of Autonom rent-a-car lines and operating lease, for 2020.

Rent-a-Car Autonom Services S.A.

| (turnover in 2020 of RON 46,843,245) | Value (RON) | % din T/O division | % of total T/O |
|--------------------------------------|-------------|-----------------------|-------------------|
| Client 1 | 9,674,358 | 15% | 4% |
| Client 2 | 6,500,832 | 10% | 3% |
| Client 3 | 2,605,128 | 4% | 4% |

Leasing Operațional Autonom Services S.A.

| (turnover in 2020 of RON 171,344,898) | Valoare (lei) | % din T/O division | % of total T/O |
|---------------------------------------|---------------|-----------------------|-------------------|
| Client 1 | 5,425,121 | 3% | 2% |
| Client 2 | 4,406,142 | 3% | 2% |
| Client 3 | 4,046,620 | 2% | 2% |





Autonom today

In 2021, Autonom celebrated 15 years of existence, an important milestone for a 100% Romanian entrepreneurial company. In 2006, when it started its activity, in Piatra-Neamț, the Company was initially focused on the rent-a-car sector (short-term car rental), offering services mainly to individuals. The company expanded rapidly, initially around Moldova region (2006) and later in most major cities in the country (2007 - 2008), becoming the first and only company with extensive coverage at the national level.

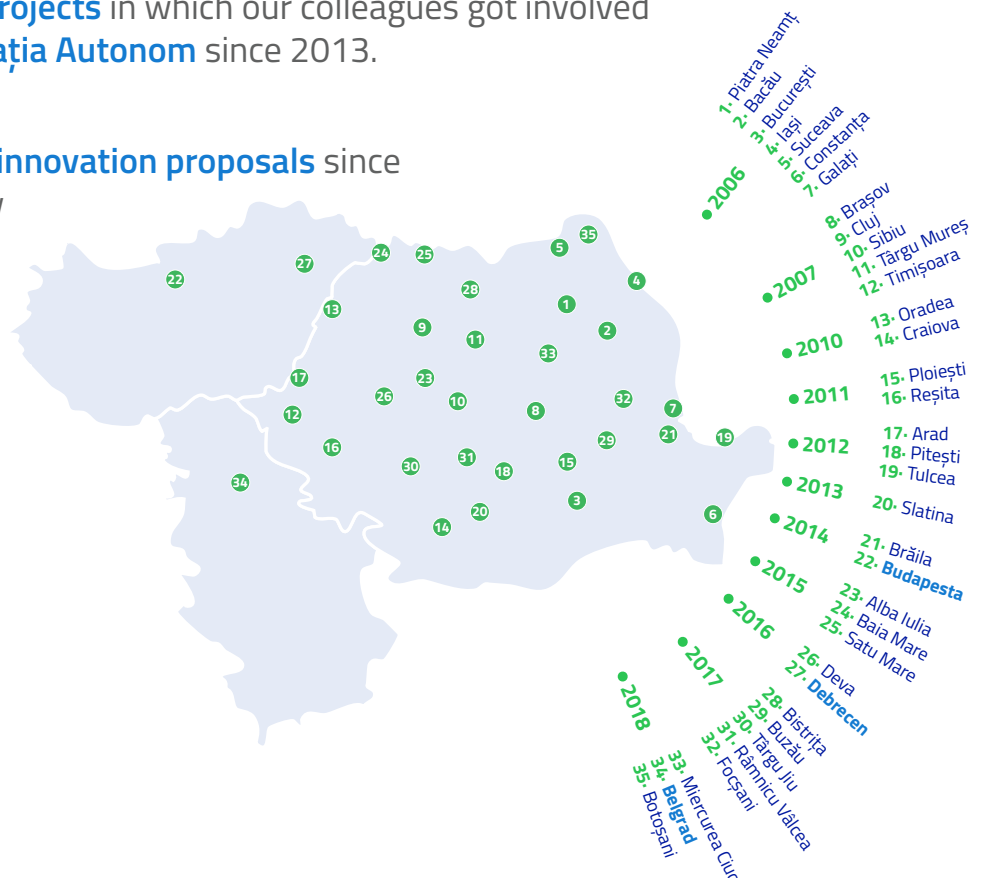
 **15** years of activity  **43** agencies in over **30** cities and **3** countries

 **313** employees and over **8.500** cars 

 **11.878** books read by our colleagues in the period 2015-2020

 **510** CSR projects in which our colleagues got involved through **Fundația Autonom** since 2013.

 **5.723** of innovation proposals since 2015 until now

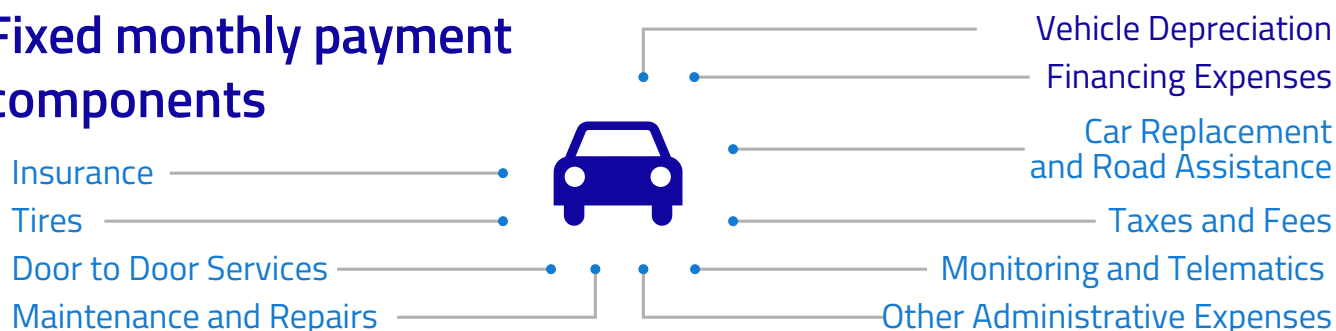


Main business segments

Operating Lease:

- ▶ The main category of services provided by the Group with a contractual duration between 12 and 57 months;
- ▶ Operating Lease is an outsourcing product for optimization of operational expenses, a full-service contract being difficult to reverse because customers develop high dependency;
- ▶ Careful commercial risk management policy through the Finance and Risk Department;
- ▶ High granularity of clients, focus on clients in the SME category (average fleet / customer ~ 5 vehicles);
- ▶ The operating lease activity represents 52% of the total revenues of Autonom Services S.A.

Fixed monthly payment components



Client benefits

- ▶ Reduction of operating expenses
- ▶ Balance optimization
- ▶ Simplified internal processes
- ▶ High flexibility and focus on core business
- ▶ Predictability of car fleet spending

Rent-A-Car:

Diversified range of short-term car rental services (between one day and 12 months). Over 85% of the turnover of this line of business was generated in 2020 by legal entities. The car rental activity represented 14% of the total revenues of Autonom Services S.A. in 2020.

Used car sales

The expanded range of cars in the car rental and operational leasing parks: motor vehicles and commercial vehicles for individuals and companies. The used car sales activity represents 24% of the total revenues of Autonom Services S.A. in 2020.

Distribution channels corresponding to operating lease, rent-a-car and used car sales business lines:

The main means of attracting clients is through the direct sales force of the Company. In addition, the Company also uses the following distribution channels:

- ▶ Internet portals built for market education and lead generation, among which we mention: www.leasingoperational.ro, www.leasingoperational.com, www.autonom.ro, www.autonom.com, www.autoinlocuire.ro sau www.rentavan.ro. In addition, the Company has over 200 relevant Internet domains, in various stages of development;
- ▶ Partnerships with financial-banking institutions (for example Banca Transilvania), car importers and dealers, equipment importers / distributors, financing and insurance brokers.

The company positioning

Autonom is the integrated provider of mobility solutions, available at national level, to which companies can fully or partially outsource their mobility services.

The company has a unique and valuable position, providing various mobility solutions to SMEs and entrepreneurial companies in Romania, with fleets of up to 100 passenger or commercial vehicles, through its network of 43 agencies present in 30 cities in Romania.

Markets where Autonom is active in Romania

Operating lease and rent-a-car markets are dominated by multinationals. Autonom Services Group is the most important independent operator on the operating lease and rent-a-car markets in Romania.

Operating Lease Market in Romania

- ▶ According to ASLO, the number of vehicles used through operating lease increased at a fast pace, from 9,600 in December 2007, to over 65,000 in December 2017.
- ▶ The share of vehicles used through operating lease in the total registrations of new vehicles was between 10% and 20% after 2017.
- ▶ Like mature markets, the main operators are groups with global operations (Arval, ALD Automotive, LeasePlan), regional and local banking groups (Unicredit, Erste-BCR), as well as companies of car manufacturers (Porsche, Renault).

Rent-A-Car Market in Romania

- ▶ The market for rent-a-car services is also dominated by the multinational groups present in the mature markets of Europe and the United States (Avis, Europcar, Sixt, Hertz, Enterprise).
- ▶ The group estimates that, under normal conditions (without a health crisis like the one caused by COVID-19), the corporate segment, with a major contribution of the car replacement service, has a share comparable to retail on the rent-a-car market.
- ▶ Operators of multinational licensing active in the rent-a-car industry focused primarily on airport locations, while the Group developed a nationwide network of agencies in 31 cities, which allowed it to access a wide-range of clients. This aspect protected the business in the context of the global pandemic when air traffic in Romania was significantly restricted.



- ▶ For 2019, the Company estimated that the car rental market in Romania was approximately 11,000 units, and the value of this market could be around 80 million euros. The company estimates that, in 2019, it had a market share between 15% and 20%.
- ▶ In the context of the global pandemic, there is no relevant data on the size of the rent-a-car market in Romania, in 2020. However, despite the slight decrease of its fleet, Autonom maintained its market share in Romania. In 2020, most short-term car rental companies, focused on serving individual clients and highly dependent on tourism and the travel of the target audience, have felt the effects of the crisis caused by the spread of the coronavirus. Car rentals to individuals represent a small share of the total revenue of Autonom and, therefore, the impact of the COVID-19 pandemic on the Company was not as strong as on the other players in the market.

Used cars market

- ▶ The used cars market is extremely fragmented - there are sales made through dedicated sites, specialized suppliers, car dealers, leasing, and rent-a-car companies, as well as individually. The used cars import activity in Romania is quite significant. For this reason, it is difficult to estimate the market share held by Autonom.
- ▶ According to ACAROM, in 2020, the number of used cars registered in Romania was 405,045 units, which comprises a decrease of 9% compared to 2019.

Company employees

As of 31.12.2020, the Autonom team consisted of an effective number of 313 employees (306 Autonom Services employees and 7 BTOL employees). Among Autonom employees, 100% are people with higher education. The company pays great attention to the education of its employees. In this sense, the company provides a personalized learning experience through trainings, coaching, courses, and support from company leaders. For more information on Autonom's organizational culture, please see the Non-Financial Statement.

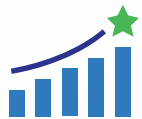
Autonom employees are not organized in unions.



Autonom Mission

Autonom is a family company that thinks on the long term. Success for us is provided by the client satisfaction and the evolution of colleagues.
Business growth, profitability and financial stability are all-natural consequences.

Autonom Values



We **evolve daily**



We do **what is necessary to help** our customers.



Honesty and integrity are fundamental for the development of our company.



We are **adaptable and flexible**.
Simplicity is our way.



We are a **team. Respect, common sense and a smile are our secrets.**

Autonom's vision is to be an **authentic business model.**

The management system is based on our values and **autonomy.**



Autonom is an organization focused on learning. **We encourage the personal growth** of our colleagues and we support the continuous transformation of the company.



We have a positive impact on the society and the environment.



Awards

 **Best Employer (2014-2018)**
Aon Romania

 **World Blu Membership**

The international network of organizations that promote democracy in the workplace

 **Business Review's Excellence**
Business Award

 **Car rental company of the year (2014,2017)**
Hotel Tourism & Leisure Investment Conference

Analysis of financial results



Analysis of financial results

Autonom 2020

In times of crisis, cost optimization and risk outsourcing solutions that give companies the flexibility to quickly adapt to new market conditions are appreciated by companies. Therefore, the operating lease and car rental services in the medium term have once again proved to be very good solutions for companies in this difficult period. Therefore, having a diversified portfolio of services has helped to mitigate the shocks received from the market at group level. By increasing the turnover from the provision of operating lease service, but also by increasing the revenues from the sale of used cars, we managed to recover the lost revenues from the rent-a-car division and, thus, close 2020 with an increase in operating revenues by 10%.

The results of 2020 are the outcome of the autonomous, agile, and sustainable business model, built to withstand shocks, but also of the experience of the management team and the involvement of all team members.

Autonom's revenues in 2020

All amounts are expressed in RON, unless otherwise specified

| | 2020 | 2019 | Evolution |
|--------------------------------|--------------------|--------------------|---------------|
| Operating lease revenue | 119,138,956 | 107,933,439 | 10.4% |
| Additional services revenue | 52,205,942 | 51,386,106 | 1.6% |
| Rent-a-car revenue | 46,843,245 | 65,860,025 | (28.9%) |
| Car sales revenue | 9,884,647 | 47,454,242 | (79.2%) |
| Second-hand car sales revenue | 79,387,342 | 46,053,124 | (72.4%) |
| Other operating income | 19,568,181 | 20,026,647 | (2.3%) |
| Total operating revenue | 327,028,313 | 338,713,583 | (3.4%) |

Operational and additional services (car rental and car fleet sales) increased by 10%, in 2020, compared to the previous year. The 7.5% increase in operating lease revenues, as well as the 72.4% increase in used car sales helped the Group change the negative effect of the 28.9% decrease in revenues recorded by the car rental division.

Total operating revenues remained at a level similar to 2019, with a slight decrease of 3.4%, a difference from the decrease in revenues generated by the sale of new cars, a secondary business line for Autonom.

Autonom's expenses 2020

All amounts are expressed in RON, unless otherwise specified

| | 2020 | 2019 | Evolution |
|--|----------------------|----------------------|---------------|
| Expenses with car fleet | (48,518,269) | (58,030,728) | (16.4%) |
| Cost of vehicles sold | (9,458,343) | (46,796,426) | (79.8%) |
| Cost of vehicles sold from the car fleet | (83,871,712) | (50,397,385) | 66.4% |
| Employee benefit expenses | (26,076,433) | (28,230,206) | (7.6%) |
| Administrative costs | (2,090,573) | (2,783,101) | (24.9%) |
| Amortization, depreciation, and loss of value of the car fleet and equipment | (110,784,800) | (90,958,724) | (21.8%) |
| Other operating expenses | (11,990,285) | (12,037,360) | (0.4%) |
| Other (losses) / gains - net | (969,416) | (8,469,730) | (88.6%) |
| Total operating expenses | (293,759,831) | (297,703,660) | (1.3%) |

With the onset of the pandemic, all Autonom teams were involved to find ways to optimize costs. We have started programs to resize the expenses of the car fleet, personnel, and administrative expenses. Consequently:

- ▶ Fleet maintenance costs were reduced by 16%;
- ▶ Staff costs were reduced by 8% by suspending employment: for both current and probationary periods;
- ▶ Administrative expenses were reduced by 25%.

Autonom's profit in 2020

All amounts are expressed in RON, unless otherwise specified

| | 2020 | 2019 | Evolution |
|--|-------------------|-------------------|-----------------|
| Operating profit | 33,268,482 | 41,009,923 | (18.9%) |
| Financial expenses | (25,274,151) | (21,726,236) | 16.3% |
| Financial income | 1,329,928 | 507,193 | 162.2% |
| Profit before tax | 9,324,259 | 19,791,406 | (52.9%) |
| Income tax expenses | (2,117,287) | (2,225,226) | (4.9%) |
| Net profit for the financial year | 7,206,972 | 17,566,180 | (-59.0%) |
| Attributable to: | | | |
| Owners of equity of the parent company | 7,206,972 | 17,563,546 | (-59.0%) |
| Non-controlling Interests | - | 2,634 | - |
| Total overall result | 7,206,972 | 17,566,180 | (-59.0%) |
| Result per share | 3.6 | 8,78 | - |

The group's operating profit decreased by 19% in 2020, while the consolidated net profit was RON 7,206,972, decreasing by 59% compared to the previous year.

Autonom's assets in 2020

All amounts are expressed in RON, unless otherwise specified

| | Dec. 31 st 2020 | Dec. 31 st 2019 | Evolution |
|-----------------------------------|----------------------------|----------------------------|-------------|
| Fixed assets | 537,640,128 | 532,544,153 | 1.0% |
| Intangible assets | 275,776 | 2,442,166 | (88.7%) |
| Car fleet and equipment for rent | 202,146,510 | 195,664,513 | 3.3% |
| The right to use assets | 323,970,352 | 322,882,415 | 0.3% |
| Other tangible assets | 1,047,470 | 683,698 | 53.2% |
| Real estate investments | 1,591,527 | 1,651,396 | -3.6% |
| Investments in equity instruments | 423,696 | 423,696 | - |
| Trade receivables | 172,554 | 384,713 | (55.1%) |
| Loans to affiliated parties | 8,012,243 | 8,411,556 | (4.7%) |



| | | | |
|--------------------------------------|--------------------|--------------------|----------------|
| Current assets | 103,822,538 | 123,525,967 | (16.0%) |
| Inventories | 1,799,740 | 10,561,590 | (83.0%) |
| Trade receivables | 21,425,893 | 15,963,853 | 34.2% |
| Other receivables and current assets | 4,971,276 | 7,230,612 | (31.2%) |
| Expenses registered in advance | 1,012,467 | 391,778 | 158.4% |
| Cash and cash equivalents | 74,613,162 | 89,378,134 | (16.5%) |
| TOTAL ASSETS | 641,462,666 | 656,070,120 | (2.2%) |

At the end of 2020, the total fleet of Autonom Group comprised of 8,547 cars. The net decrease of the fleet compared to 2019 was 605 cars. The short-term rental fleet has been reduced by 205 cars to adapt to new market demands as part of the cost optimization process.

However, in 2020, Autonom Services SA purchased 303 cars for the rent-a-car division and 1,519 for the operational leasing division.

Of the total assets held, the Group sold in the financial year ended December 2020, 2,378 vehicles.

The tangible and intangible (net) assets of the group amounted to RON 641,462,666. Significant changes (increases / decreases) in the Group's assets were:

- ▶ **Trade receivables:** increased by approximately RON 5.4 million, from RON 15,963,853 in 2019, to RON 21,425,893, in 2020. Between March 15 and May 15, in order to help our clients during the isolation period, extended payment terms were granted, payments will be recovered in installments;
- ▶ **Expenses registered in advance:** increased by 158.4% to reduce client risk and more prudent asset value management;
- ▶ **Cash and cash equivalents:** decreased by 17%: from RON 89,378,134, in 2019, to RON 74,613,162 in 2020, as a result of investments made in assets;
- ▶ **Stocks (cars in the fleet for sale):** decreased by approximately 83%, in 2020, compared to 2019, from RON 10,561,590 to RON 1,799,740, as a result of the increase in sales of used cars, by 72.4%, namely cars from the car rental fleet and from operating lease.



Autonom's equity & liabilities of 2020

All amounts are expressed in RON, unless otherwise specified

| Equity | 2020 | 2019 | Evolution |
|--|--------------------|--------------------|----------------|
| Share capital | 20,000,000 | 20,000,000 | - |
| Other capital reserves | 14,811,431 | 13,485,527 | 9.8% |
| Retained earning | 72,077,807 | 65,780,117 | 9.6% |
| Equity attributable to equity holders of the parent company | 106,889,238 | 99,677,078 | 7,2% |
| Non-controlling interests | - | 7,475 | - |
| TOTAL EQUITY | 106,889,238 | 99,684,553 | 7.2% |
| Non-current liabilities | 379,353,020 | 380,379,524 | (0,3%) |
| Interest-bearing loans and borrowings | 51,508,411 | 90,007,861 | (42.8%) |
| Bonds | 96,622,374 | 95,341,617 | 1.3% |
| Finance lease liabilities | 212,758,855 | 180,880,106 | 17.6% |
| Trade and other liabilities | 3,897,578 | 3,327,317 | 17.1% |
| Deferred revenue | 6,475,814 | 3,800,409 | 70.4% |
| Deferred income tax liability | 8,089,988 | 7,022,214 | 15.2% |
| Current liabilities | 155,220,408 | 176,006,043 | (11.8%) |
| Interest-bearing loans and borrowings | 12,592,511 | 15,134,040 | (16.8%) |
| Finance lease liabilities | 73,432,309 | 76,883,979 | (4.5%) |
| Lease liabilities | 66,055,713 | 81,487,710 | (18.9%) |
| Provisions | 71,400 | 71,400 | - |
| Deferred revenue | 3,068,475 | 2,428,915 | 26.3% |
| TOTAL LIABILITIES | 534,573,428 | 556,385,567 | (3.9%) |
| TOTAL EQUITY AND LIABILITIES | 641,462,666 | 656,070,120 | (2.2%) |

Equity and Liabilities of Autonom in 2020

Significant changes (increases / decreases) in the Group's debts and equity were:

- ▶ **Equity increased by 7%**, as a result of the reinvestment of the profit related to 2019, amounting to RON 17,566,180;
- ▶ **Leasing liabilities:** in 2020, long-term debt increased by 18% and current debt decreased by 19% compared to 2019.

Cash Flow Autonom 2020

Autonom Group ended the year 2020 with cash amounting to RON 74,613,162, a significant contribution having the bond issuance from November 2019, thus ending the year with important reserves to ensure the development of the activity in the next period.

Autonom Group has a diversified structure of sources for financing assets as follows: overdraft facilities at 3 financial institutions, ongoing loans to 12 banks and ongoing leasing contracts with 10 leasing companies.

2021: Perspectives

In 2021, Romania continues to face an increased number of COVID-19 cases in all the regions of the country. Therefore, at the time of publication of this report, Romania is still under the state of alert. If the number of COVID-19 cases starts to grow again at an accelerated pace, there is likely to be a new quarantine period, most probably implemented at the local level, affecting only certain counties or regions that are subject to restrictions.

In December 2020, Romania started the vaccination campaign, and on the date of publication of this report, approximately 10% of the population is completely vaccinated against COVID-19. Based on the decisions taken by the governments from countries that have a higher vaccination rate, it is expected that the restrictions in Romania and neighboring countries will be relaxed as the size of the immunized population increases. At the same time, a decrease in the number of COVID-19 cases is expected.

Despite the increase in the number of COVID-19 cases in Romania since the beginning of the year, in 2021 Autonom registered increases on all business lines. Local companies, as well as international companies have developed a major interest in investing in operating lease services, and on the rent-a-car side, Autonom has recorded a historic rental level. The group continues to work with different case scenarios to be able to adapt quickly to any last-minute changes. The results obtained by the Group in Q1 in 2021 show that the situation is evolving according to the positive scenario rendered by Autonom.

Therefore, the management is confident about the evolution of the business in 2021 and aims at a 2-digit growth rate of revenues and a significantly better profitability than in 2020, maybe even better than in 2019. The company's management intends to strengthen its position in the markets in which Autonom activates, as well as testing new products and markets. A relevant example in terms of continuing the activity to consolidate Autonom's position is the AutoRulate business line - in Q2 2020, the company opened a new location dedicated to the retail market, from which it expects to further accelerate the revenues generated by sales of used cars from the Autonom car rental or operating lease fleets.

In 2021, the company's management will continue to evaluate all opportunities for sustainable growth, both organically and through acquisitions of companies compatible with the company's business model. A similar approach was applied in the case of BT Operational Leasing, which since January 2021 is fully integrated into Autonom Services. Through this merger, Autonom has taken an important step in the development of the Group's operational leasing division, by increasing its client portfolio and assets, and by working closely with the strongest local financial group - Banca Transilvania. The integration has also accelerated the development of Autonom Services by achieving important financial and operational synergies.

Autonom also pays more attention to the market for electric and hybrid cars in the context of



the growing demand for such vehicles, as well as the potential for the development of green fleets for clients. In Romania, in the first three months of 2021, approximately 2,500 new electric cars were sold, over 50% more than in the same period of 2020. Regarding electric cars, more and more companies and individuals believe that they have become much more practical due to improvements in battery technology, greater autonomy in terms of the number of kilometers traveled, and the increase in the number of charging stations. In addition, electric vehicles reduce transportation costs, especially for consumers with regular routes of 100-150 kilometers per day. Given the context in which more and more new and attractive models of electric cars appear, such as Dacia Spring, Ford Puma, Toyota Hybrid, the management believes that this market will continue to progress. Thus, Autonom can benefit from this development by providing green operating lease to companies.

Development options

- ▶ Maintaining the objectives of a sustained growth of business, to a significant extent using the current customer base, as well as a healthy addition of new customers, according to the commercial credit policy;
- ▶ Maintaining a vast portfolio of satisfied customers (significant contract extension rate of over 95% in the last seven years) and long-standing relations with the Group, which will continue to be the foundation of the business;
- ▶ Focus on maintaining targeted profit margins at the individual contract level, even in the conditions for assuming a business advance below the theoretical growth potential;
- ▶ The Group's sustainable competitive advantages (national network of agencies, specific insurance policy and damage management, etc.) will ensure its flexibility in capitalizing opportunities for organic growth in the profile markets, as well as the ability to react in the case of disruptive changes in the mobility market (shared mobility, ride sharing) and in recessionary economic conditions;
- ▶ Increasing the average maturity of financing, through bond issuance, in line with an average maturity of about four years of the operating leases portfolio, which would result in an increase in the Group's flexibility in capitalizing on market opportunities.

Autonom Management: Administrative, management and supervisory bodies

General aspects

The Company is administrated by a Board of Directors comprised of 3 (three) directors appointed by the GSM for a mandate of 4 (four) years. According to the Company's Articles of Association, the majority of the Company's directors shall, at any given moment, be non-executive directors.

The Company's management is delegated by the Board of Directors to a general manager. The Company's general manager is currently Mrs. Mihaela-Angela Irimia (the 'General Manager'), who was appointed to this position on November 1st, 2014, for an unlimited term. The Company is represented in relation to third parties and for justice proceedings by the General Manager. Additionally, in the decision-making process, Mr. Marius Ștefan and Mr. Dan George Ștefan, each acting as Company employees holding the positions of CEOs (COR Code 112028) have a decision-making role and a determining contribution to the Company's development strategy and directions.

The share capital of Autonom Services SA is owned as follows: (i) Autonom International S.R.L. owns 1.960.000 shares, representing 98%, (ii) Marius Ștefan owns 20.000 shares, representing 1%, and (iii) Dan-George Ștefan owns 20.000 shares, representing 1%. Autonom International S.R.L. is an entity controlled in equal percentages (50%) by the brothers Dan-George Ștefan and Marius Ștefan, the two of them exercising the control of the company.

Members of the Board of Directors

| Name and Surname | Capacity | Date of appointment | Term valid until |
|-----------------------|------------------------------------|---------------------------------|---------------------------------|
| Mihaela-Angela Irimia | Chairman of the Board of Directors | Martie 13 th , 2013 | November 1 st , 2022 |
| Elena-Gianina Gherman | Member of the Board of Directors | November 7 th , 2014 | November 1 st , 2022 |
| Dan Iacob | Member of the Board of Directors | November 7 th , 2014 | November 1 st , 2022 |



The business address of each member of the Board of Directors, as well as of the General Manager is in Piatra-Neamț City, 4 Fermelor Street, Neamț County.

Duties of the General Manager

The operative management of the Company is entrusted to the General Manager, who is in charge of taking all the measures related to the management of the Company, thereby complying with the powers granted to the Board of Directors and the GSM.

The General Manager's duties are (i) to hire and dismiss Company staff, (ii) to approve the receipts and payments up to the limit of the amount established as such by the Board of Directors and (iii) to ensure the fulfilment of the decisions of the Board of Directors.

The General Manager is under the obligation to inform the Board of Directors on a regular basis on the operations carried out and on any other aspects taken into consideration, including potential irregularities found while carrying out such duties.

Duties and decisions of the Board of Directors

The Board of Directors supervises the activity of the General Manager, and any member of the Board of Directors is entitled to request from the General Manager information regarding the Company's operative management.

The members of the Board of Directors are in charge of (i) fulfilling all the obligations regarding the reality of the payments made by the Company's shareholders, (ii) the real existence of the paid-up dividends, (iii) the existence of the registries required by the law and the correct maintenance thereof, (iv) the accurate fulfilment of GSM resolutions and (v) the fulfilment of any other duties required by the law or by the Articles of Association.

The Chairman of the Board of Directors coordinates the activity of the Board of Directors and reports before the GSM regarding the activity of the Board of Directors.

The Board of Directors may validly decide in the presence of a majority of its members, with a majority of votes. In case of parity of votes, the vote of the Chairman of the Board of Directors shall be decisive.



The management team

Marius Ștefan

Mr. Marius Ștefan is one of the current shareholders of the Company and its founder. He is the CEO, thus having an essential decision-making power in the management of the Company. He currently holds an MBA in Marketing from the University of Maryland - Robert H. Smith School of Business and he is a graduate of a Master's Degree in Management from SNSPA (2001). He is a graduate of the Academy of Economic Studies in Bucharest, specialized in International Transactions (1999). In 2013 he became a member of Young Presidents Organization, currently a member of the European YPO board. In 2015 he became a board member of Teach for Romania, and in 2017 he became a board member of Entrepreneurship Academy and vice president of the Romanian Business Leaders board.

Dan-George Ștefan

Mr. Dan-George Ștefan is one of the current shareholders of the Company who became part of the Company's shareholders, in 2006. He is a Managing Partner, thus also having an essential decision-making power in the Company management. Mr. Dan-George Ștefan acted as Purchasing Consultant in IAC, Paris, for a period of 4 years. He graduated the 'International Business Master's Degree program, from the University of Paris 1 Sorbonne and 'International Economics' at the University of Orleans and the Academy of Economic Studies in Bucharest, specialized in International Business (2001). He is a member of YPO Romania and a member of the Bittnet Systems Advisory Board (since 2012), of the CEO Clubs Advisory Board (since 2016) and of the Board of Directors of Family Business Network Romania (since 2018). Since 2014, he has been teaching Management at the Romanian-Canadian MBA within the Bucharest Business School.

Mihaela-Angela Irimia

Ms. Mihaela-Angela Irimia is the Chairman of the Board of Directors of the Company and has joined the Company in 2006. She graduated from Alexandru Ioan Cuza University in 2006, with a degree in Statistics and Economic Forecasts. Currently, she coordinates the operational department, managing the activity of car purchases, the relationship with the financing parties, payments' performance and the HR department.

Elena-Gianina Gherman

Ms. Elena-Gianina Gherman is one of the Company directors and has been within the Company since its establishment. She graduated from Petre Andrei University in 2005, holding a degree in Finance - Accounting, and in 2011, she became an expert accountant certified by the Body of



Experts and Chartered Accountants. Prior to joining the Company, she worked as Chief Financial Officer for multiple companies. Currently, she coordinates the accounting department and prepares the financial reports for the senior management.

Dan Iacob

Mr. Dan Iacob is one of the Company directors and has been within the Company since its establishment. He graduated from the Polytechnical University of Bucharest, in 1994, with a degree in Automation and Computers. After graduation, he worked as a consultant for a publishing house, later managing and owning two companies in the field of trading. At present, he coordinated the operational activity for the Company's subsidiary and the companies whereby the Company has minority shareholdings and, together with Mr. Dan Ștefan and Mr. Marius Ștefan, defines the strategic development lines of the Company.

In the last 5 years, none of the members of the Board of Directors or of the Executive Team has been prohibited by a court from acting as member of the Board of Directors or from supervising a company. In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy, or special administration of some companies, of which one of the members of the Board of Directors or the Autonom executive team is a member of the board of directors or supervisor. In the last 5 years there have been no litigations or administrative procedures in which any of the above-mentioned members have been involved, regarding their activity within the company, as well as those regarding their capacity to fulfill their attributions within the company.

AUT24E bonds on BSE



About the securities admitted for trading at Bucharest Stock Exchange

The corporate bonds of Autonom Services S.A., amounting to EUR 20 million, were admitted for trading on the Main Market of Bucharest Stock Exchange, Bonds segment, on December 4th, 2020 and are traded under the symbol AUT24E. The bonds have a nominal value of EUR 1,000, a maturity of five years and a fixed interest rate of 4.45%, p.a., payable annually. Following the private placement, the AUT24E bond issuance had a balanced structure of subscribers, which consisted of both institutional investors and individual investors.

In 2020, 65 transactions were made and 233 AUT24E bonds changed holders. The total traded amount of Autonom shares in 2020 was EUR 231,395 (RON 1,120,885).

In H1 2020, Dan Ștefan, in charge of the management activities at Autonom Services, acquired AUT24E bonds. The issuer reported said transactions on the market, according to the format imposed by art. 19 MAR of the Market Abuse Regulation.

The maturity date of the AUT24E issuance is November 12th, 2024, and the first payment of the coupon took place on November 12th, 2020. The interest payment was made to the holders of AUT24E bonds registered in the Register of Bonds of the Central Depository S.A. on the reference date October 22nd, 2020.

The next payment for the second coupon will take place on November 12th, 2021. The issuer does not foresee any impediment in connection with the payment of the next bond coupon.

On June 3, 2020, Fitch Ratings, one of the top three rating agencies in the world, awarded Autonom Services S.A. IDR (Long-Term Issuer Default Rating) 'B +'. The corporate bond issue, which is traded under the symbol AUT24E, received a separate rating, namely 'B-'.

Company risks

and risk management



Autonom company risks

Risks related to the company activity and the industry in which it operates

■ *Price risk and Liquidity Risk*

In case of the Issuer, the price risk materializes through the fact that car leasing and rental companies are exposed to potential losses from the sale of vehicles if the selling price is lower than the residual value. Any change in the prices on the second-hand car market can, therefore, have a negative effect on the revenues that the company can generate from the sales of used cars.

Liquidity risk is associated with the holding of fixed assets by the company. The company undertakes the risk of the residual value of the vehicles it operates under the operating leasing and short-term rental services. As a rule, in the context of short-term rental activity, the cars are sold at the end of the operating lease contract, respectively, after 27 months of use. The company carries out these sale operations systematically for a significant proportion of the car fleet in its portfolio, thus generating a profit or a loss from these activities. In case of short-term leasing, the amount obtained from the sale of a used vehicle and the risk that the selling price of a second-hand car will be less than the accounting value at the end of the operating lease or period of use is primarily determined by external factors.

■ *Credit risk*

Credit risk is the risk that the Company's debtors will not be able to meet their obligations at maturity, due to the deterioration of their financial statement. The company manages this risk mainly by diversifying business lines, customers, the degree of exposure in a certain industry or a certain geographical area. In addition, the financial flows and statements of receipts and payments for each partner are constantly monitored and controlled while maintaining a real connection with them.

■ *Cash-flow risk*

The company needs a significant amount of cash to service its debt and to carry out planned capital expenditures, and its ability to generate cash or refinance debt depends on many factors beyond its control. The company borrows considerable amounts annually to develop its operations through financial leasing, bank credit and short-term credit facilities to finance purchasing of new cars. To manage these risks, the company has implemented prudent



financial management in order to have significant liquidity reserves, which will ensure enough working capital even in the scenario of late or lowered receipts over a long period.

■ *The company is exposed to risks related to interest rate fluctuations*

Most of the Company's financing contracts provide for a variable interest rate, depending on EURIBOR or ROBOR. Therefore, the Company is exposed to the risk of increasing these interest rates during the financing agreements, which could lead to the payment of a higher interest and could have a significant negative effect on the activity, financial situation and results of the Company's operations.

■ *Risk related to the COVID-19 pandemic*

At the time of publishing this report, Romania continues to face an increased number of COVID-19 cases throughout the country. In 2021, Romania remains under state of alert period and is successively implementing various relaxation measures. However, if the number of COVID-19 cases starts to grow rapidly again, a new quarantine period is likely to be implemented in Romania, including the gradual closure of borders, the restriction or prohibition of the movement of vehicles or persons in / to certain areas. The quarantine could be implemented either at national level affecting the company's activity throughout Romania, or at local level, affecting only the agencies located in certain counties or regions that are subject to restrictions. The rapid adaptation to the new reality, which contributed to diminishing the negative effect of the pandemic on the Autonom activity, has already prepared the management for an adequate response in case a new state of emergency will be declared.

Investors should however consider that such events may have a negative impact on the company's business.

■ *The company activity may be influenced by a negative evolution of the economic conditions*

The dynamics of the Company's business and profitability is sensitive to the general conditions of the Romanian economic environment, and a slowdown or recession of the local economy would be negatively reflected in terms of the vast majority of operational parameters. The impact of COVID-19 on business in 2021 is impossible to assess and will be directly correlated with raising the alert, the period needed to recover the Romanian economy, the measures taken by the state to help local companies and the potential risk of recession. Business dynamics and

group's profitability is sensitive to the general conditions of the Romanian economic environment, and a slowdown or recession in the local economy would be reflected negatively in terms of the vast majority of operational parameters.

Risks related to the decrease of tourism and disturbances in the functioning of the air transport industry

Part of the Group's activity, more specifically the short-term car rental service, is seasonal and may be affected by the evolution of tourism in Romania. In the event of a prolonged state of emergency or alert or general restrictions on air traffic in or to Romania, the rent-a-car business line may be adversely affected. To manage this risk, management constantly monitors the activity of agencies located throughout the country, especially those located in airports, in order to control the operating costs related to their activity.

The company may not be able to sell used cars at the desired prices, which could lead to losses

The company assumes the risk of the residual value of the vehicles it operates in the operating leasing and short-term rental service (rent-a-car) and which it sells at the end of the operating lease.

Part of the Company's activity is seasonal and may be affected by the evolution of tourism, as well as by the government's policies to support the sector in the medium and long term.

The company needs a significant amount of cash to service its debt and to carry out planned capital expenditures, and its ability to generate cash or refinance debt depends on many factors that are beyond its control.

Commitments in financing agreements may restrict the Company's business.

The Company is subject to credit risk.

The company is subject to all risks related to the industry in which it operates

Changes in tax legislation could have a negative impact on the operational results of the Company

The Company's insurance may not be adequate to protect the Company against all potential losses that may affect it.



Risks regarding the investments in bonds

■ *Risk of illiquid bond market*

Bondholders may not be able to sell their bonds easily or at prices that offer them a return comparable to that obtained in the case of similar investments that have developed a secondary market.

■ *The bonds may be suspended or excluded from trading on the Bucharest Stock Exchange*

ASF is authorized to suspend financial instruments from trading or to request BSE to suspend them from trading if the situation of the relevant issuer is such that the continuation of trading would affect the interests of investors.

■ *Bondholders are exposed to the risk that the price of the Bonds will fall as a result of the change in the market interest rate.*

■ *Inflation can reduce the value of future principal and interest payments.*

The market value of the Bonds may be affected by the creditworthiness of the Company as well as a number of additional factors, including fluctuations in the market interest rate and the rate of return of the Bonds, as well as the time remaining until the maturity of the Bonds. The value of the Bonds depends on several factors that include economic, financial, and political events that occur in Romania or elsewhere in the world, including factors that affect the capital markets in general and the market in which the Bonds are traded.

■ *The bonds are subject to most of the Company's liabilities*

The bonds are not guaranteed. In case of bankruptcy of the Company, the claims regarding the Bonds will have a lower rank, with several other receivables to be paid with priority, according to the legislation in force. Therefore, if, in the event of the Company's bankruptcy, the Company's assets are not enough to allow the Company to fully repay the receivables of the creditors with priority rights over the bonds, the bondholders will lose their entire investment in the bonds. On the other hand, given that most of the Company's financial liabilities are secured, and the bonds are unguaranteed, there is a risk that, in the event of the foreclosure of some of the Company's assets, the remaining assets will be insufficient to cover the bondholder's investment. In such a case, the bondholders may obtain only a portion of their investment in the bonds or lose the entire investment.



Other risks

Investors should consider that the risks presented above are the most significant risks that the company is aware of at the time of preparing the report. However, the risks presented in this section do not necessarily include all those risks associated with the issuer's business, and the company cannot guarantee that it covers all relevant risks. There may be other risk factors and uncertainties that the company is not aware of at the time of writing and which may change the issuer's actual results, financial conditions, performance and achievements in the future and may lead to a decrease in the company's share price. Investors should also carry out the necessary prior checks in order to draw up their own assessment of the investment opportunity.

There are no environmental disputes ongoing and no environmental disputes are expected.

For a complete risk assessment and regarding their management by the Issuer, we recommend that investors go through the dedicated section of the listing prospectus, available here: <https://www.autonom.com/assets/uploads/investitori/Autonom-Service-Prospect-admitere-la-tranzactionare-27.11.2019-VF-Ro.pdf>

Risk management

- ▶ The group pays special attention to the selection and monitoring of clients for operating lease services;
- ▶ Major contract renewal rate of over 95% in the last seven years;
- ▶ The management of the decision-making process for financing the clients and the monitoring of their payment behavior is performed by the Finance and Risk Department;
- ▶ Autonom Services received assistance from the EBRD in 2017 to refine its commercial risk policy;
- ▶ Scoring methodology for classification in the risk category, depending on which the financing conditions and the required guarantees are established;
- ▶ Clients are classified into four categories: very low risk (blue-chip), regular low risk, regular medium risk, high risk (not eligible for financing);



- ▶ The risk analysis includes the financial information analysis, as well as specific elements such as management experience, the legal history of associates and Directors, seniority of the client in its field of activity, verification in CIP, verification of debt owed to the state, verification of files as debtor and so on;
- ▶ In the case of clients who are not included in the blue-chip category, the Group ensures that payments are made on time by requesting personal guarantees from the directors and associates through promissory notes endorsed in their name;
- ▶ The group discourages exceeding payment deadlines by charging penalty fees (up to 1% per day after the payment deadline);
- ▶ High clients granularity (average fleet/customer ~ 5 vehicles, the share of top 10 customers, less than 30% in the total operating leasing and rent-a-car turnover);
- ▶ Within a maximum of 2 months delay of payment, the Group repossesses the vehicles;
- ▶ The group decides between the sale or use of vehicles returned in advance from operating leases under rent-a-car services, especially if the event occurred in the first part of an ongoing of the contract;
- ▶ The complementarity of the business lines in terms of the flexibility of moving assets between the two categories of services represents a major competitive advantage for the Group in terms of risk management.



Statement from the management

Based on the data available at the time of publishing for this report, we confirm that the individual and consolidated financial statements hereby included offer the true and accurate situation on the company's financial position, the financial performance and cash-flow as of December 31st, 2020, according to financial and accounting standards applicable to date, and that the Annual Report for the period of January 1st, 2020 to December 31st, 2020 submitted to the market operator - Bucharest Stock Exchange - and to the Financial Supervisory Authority comprises accurate and comprehensive information about the company.

Mihaela Angela Irimia
Chairman of the Board of Directors



Non-financial report



Corporate governance principles

Autonom has a flat three-tier organizational structure: Board of Directors, managers, and employees. All managers report directly to the Board of Directors and there is no middle management. This kind of structure creates a network within the company: each branch is held as a small business, having its own profits and losses, of which the branch manager is in charge of. Almost 90% of decisions are made within those teams, without the intervention of the Board of Directors. The managers report daily achievements to the Board of Directors, they analyze their own performance and discuss with other branch managers and the rest of the team, so that they can be more responsible and motivated by their financial results.

The Board of Directors comprises of 3 directors appointed in the GSM (General Shareholders Meeting), each holding a four-year term. According to the Articles of Association of Autonom, at any given time, most of the company Directors shall be non-executive managers. The Board of Directors supervises the activity of the General Manager, and any Board of Directors' member has the right to ask the General Manager for information regarding the company's activity.

The members of the Board of Directors are responsible for:

- ▶ Fulfilling all the obligations regarding the payments made to the shareholders;
- ▶ The existence of the paid dividends;
- ▶ The existence of the registers required by law and their correct recording;
- ▶ The exact fulfillment of the GSM rulings;
- ▶ Fulfilling other duties required by the Articles of Association or by the law.

The Chairman of the Board of Directors coordinates the activity of the Board of Directors and reports to the GSM on the activity of the Board of Directors. The Board of Directors may validly decide in the presence of a majority of its members, by a majority of votes. In case of parity, the vote of the Chairman of the Board of Directors will be decisive.

The professional headquarters of each member of the Board of Directors, as well as of the General Manager is in Piatra-Neamț Municipality, 4 Fermelor Street, Neamț County.

At the time of preparing this report, the Board of Directors of Autonom consists of the following members:

| Name and Surname | Capacity | Date of appointment | Term valid until |
|-----------------------|------------------------------------|---------------------------------|---------------------------------|
| Mihaela-Angela Irimia | Chairman of the Board of Directors | Martie 13 th , 2013 | November 1 st , 2022 |
| Elena-Gianina Gherman | Member of the Board of Directors | November 7 th , 2014 | November 1 st , 2022 |
| Dan Iacob | Member of the Board of Directors | November 7 th , 2014 | November 1 st , 2022 |

The Group management is assigned to a General Manager by the Board of Directors. Currently, the General Manager of Autonom is Mihaela-Angela Irimia, who was appointed on November 1st, 2014, for an indefinite term. The company is represented in relation to third parties and in court by the General Manager. In the decision-making process, Marius Ștefan and Dan-George Ștefan, each of them acting as Autonom employee, have a decisional role as well as they have a decisive contribution regarding the strategy and development directions of the group.

Autonom's organizational culture and values

Autonom is a family business that operated based on a long term approach. Its success is due to client satisfaction and the evolution of its 500 employees, and the group's vision is to be an authentic business model. Business growth, profitability and financial stability are the natural consequences of this vision. Autonom's core values are:



Honesty and integrity are the foundations of our company's growth.



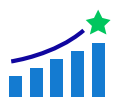
We do what is necessary to help our clients.



We are a team. Respect, common sense, and a smile are our secrets.



We are adaptable and flexible.
Simplicity is our way.



We evolve daily.

The organizational culture of the Autonom group is based on the following four principles:

- ▶ **Supporting employee growth:** The company success is defined by the evolution of all employees. In this sense, the company offers a personalized learning experience through trainings, coaching, courses and support from company leaders. Also, all employees have access to a large library with titles from various fields. It is recognized that in Autonom, reading is a service responsibility, where it is recommended to read at least one book per month.
- ▶ **Supporting flexibility:** Autonom believes in work-life balance to create a great environment for the employees. Depending on the job, there is the possibility to work from home when employees want it, and the flexible schedule allows them to start and finish work at times appropriate to their needs.
- ▶ **Encouraging team involvement in the community:** The Autonom Foundation was created to help those around you and to give group employees the opportunity to initiate and get involved in projects that have a positive impact on the communities they belong to. Frequently implemented projects include: providing the necessary materials to go to school (books, supplies), providing scholarships to young people with the potential to participate in various training programs, participation as an after-school trainer and much more.
- ▶ **Facilitating an innovative spirit:** All Autonom employees are encouraged to freely express their ideas on how the organization would work better. Thus, an internal program was created with the help of which the innovation proposals received from colleagues are gathered, selected and implemented, so that each member of the team has a direct impact on the transformation of the company.

There is no Human Resources Department within Autonom Group. Managers dedicate 30% of their time to the development of employees and human resources activities.

Autonom is the only Romanian company that received the title of Best Employer for 5 consecutive years, and in 2018 it joined the community of 123 organizations recognized by WorldBlu worldwide, which promotes democratic principles and encourages freedom in the workplace.

The company's activity and organizational culture have been recognized over time by partners and employees through various awards.

General principles of the remuneration policy

Transparency is also an essential value in Autonom, because 90% of the information is accessible in the internal system of Autonom and each management decision is derived from the company's values.

The general principles for establishing the remuneration policies of the group's employees are the following:

- ▶ Attracting, retaining and motivating the best professionals;
- ▶ Rewarding the achievement of objectives;
- ▶ Maintaining competitiveness in the remuneration market;
- ▶ Aligning remuneration with recommendations on good governance;
- ▶ Promoting transparency on remuneration and the criteria for setting it.

An essential aspect of the Autonom remuneration policy is that the members of the sales team are remunerated with a fixed salary, without bonuses related to individual performance. The Group has implemented an annual bonus policy at team level, each employee being bonused with a profit share, at the level of the annual financial year. Thus, dividends, without exception, end up in the pocket of every member of the team.

Social initiatives and community involvement

Out of the desire to have a positive impact in the communities Autonom belongs to, in 2013 the Autonom Foundation was born. It was created in order to achieve three main objectives: to participate in the development of education, to provide a favorable environment in which the employees get involved and become volunteers who bring changes in the education of the communities they belong to, thus urging them to form teams as united as possible and have a positive impact on society.

Thus, Autonom employees have a pre-established but flexible budget to support the causes and needs identified in the communities based on simple principles to be followed by any volunteer: the general field should be education, always propose at least three projects that subsequently they can prioritize them in implementation and have a team of at least 2-3 volunteers to carry out the project.

From 2013 until now, Autonom volunteers have been involved in over 500 projects dedicated to education.



Together with the Autonom Foundation, the Autonom company is an active supporter of the development and growth of the quality of the educational process in Romania, being a mobility partner of those who lend a helping hand in this process.

Since the beginning of the COVID-19 crisis in Romania, the Autonom team has communicated its openness to help with its own resources the NGOs, foundations and public institutions that needed mobility during this period of fight against coronavirus. This is how the HELP project was born. In order to capture and process requests for support from all over the country in less than 24 hours, a dedicated team was formed for this project, which kept in constant contact with Autonom volunteers in the field and front-line organizations. Also, a dedicated telephone line was opened and the help.autonom.ro platform was developed, which was made available to those who needed support.

With a dedicated team, Autonom managed to support in March-May 2020, 66 NGOs from all over the country, contributing about 100 vehicles and dozens of volunteers, thus putting their own resources at the service of the community and those affected. The vehicles were used to distribute protective equipment needed by doctors or vulnerable people, to distribute food or a hot meal to those on the front line or those who could not move, to move medical staff safely and to provide assistance in communities.

Among the supported associations are Asociația Nod Maker Space, Vivid, Viziere, StudentPlus, Fundația Comunitară Galați, ImparteBucurie.ro, Fundația Păpădia, Fundația de Sprijin Comunitar, Carpathia, Carusel, Constanța Unita, Fundația Comunitară Cluj, Asociația Copii pentru Viitor, Centru de Resurse pentru Regenerare Urbană, Ator Banatul de Munte, New Romanian Cuisine, Fundația Comunitară Buzău, Asociația SAFCI, Cutia cu Medicamente, Dăruiește Aripi, Asociația Adi Hădean, Help Autism, Asociația Caritabilă Marius și Prietenii, Fundația Comunitară Banatul Montan and others.

Environment and waste use/management

At the time of publication of this report, Autonom is working to reduce paper consumption by issuing invoices in electronic format and encouraging its suppliers to adopt the same behavior. The company also makes efforts to selectively collect and recycle paper, as well as other waste such as cardboard or glass. These actions help Autonom to minimize the use of paper and thus become an eco-friendly company.

Aspects regarding anti-corruption and anti-bribery

A giving bribe or receiving bribe is the giving or offering of a thing of value or advantage, directly or indirectly, to any person, in order to cause that person or any other person to perform an inappropriate function or activity. A bribe may be financial or not, and may include receiving or offering money, loans, contributions or donations, travel, employment offers, refunds, discounts, goods, services or anything else that may be considered valuable. Gifts or entertainment can be interpreted as forms of bribery in certain circumstances.

Autonom prohibits the involvement of employees in bribery and has a zero-tolerance policy on bribery and corruption. Group policy prohibits bribery, offering bribes, as well as soliciting, accepting or receiving bribes. The group also prohibits employees from accepting gifts or services that could influence business decisions.

Mihaela Angela Irimia
Chairman of the Board of Directors



Modern mobility
solutions



**Individual and consolidated financial statements
prepared according to OMFP No. 2844/2016 with
subsequent amendments and completions**

