

Autonom



H1 2020 report

Autonom Services SA



The English version of the administrative report represents a translation of the original report issued in Romanian language

ANNUAL REPORT ACCORDING TO	ANNEX NO. 14 FROM ASF REGULATION NR. 5/2018
FOR FINANCIAL PERIOD	JAN. 1st 2020 - JUN. 30th 2020
REPORT DATE	SEP 30th 2020
ISSUER NAME	AUTONOM SERVICES S.A.*
REGISTERED OFFICE	Fermelor St. no. 4, Piatra-Neamț, Neamț, Romania
TELEPHONE / FAX NUMBER	+40 233 22 96 16 / +40 233 206 143
UNIQUE REGISTRATION CODE	18433260
TRADE REGISTRY NUMBER	J27/280/2006
OBJECT OF ACTIVITY	RENTAL AND LEASING OF CARS AND LIGHT MOTOR VEHICLES (CAEN 7711)
MARKET ON WHICH THE SECURITIES ARE TRADED	BVB, MAIN SEGMENT, BONDS
SUBSCRIBED AND PAID-UP SHARE CAPITAL	20.000.000 RON
SYMBOL	AUT24E
MAIN CHARACTERISICS OF THE SECURITIES ISSUED BY THE COMPANY	20.000 EURO-DENOMINATED CORPORATE BONDS
EMAIL	investors@autonom.com

For the purpose of this report, the Group is composed of Autonom Services SA and BT Operational Leasing SA, with the latter being the subsidiary.



Table of contents

1. Letter from the founders	1
2. Consolidated financial results of Autonom in H1 2020	7
About Autonom Group	8
Autonom in H1 2020	9
H1 2020 Financial Results Analysis	13
3. Important events in H1 2020	18
4. About AUT24E Bonds	19
5. Expectations and risks in H2 2020	20
6. Statement from the management	24

Letter from the founders



Letter

From the founders

Dear Partners,

On the following pages, we present the consolidated results of Autonom Group for the first half of 2020. It was undoubtedly a difficult period - a global pandemic that hit several industries putting businesses everywhere to the test, especially those related to mobility. The global pandemic has challenged companies to find new ways to keep their business moving and to adapt their business model to the new context.

Once again, Autonom's organizational and operational model, based on small teams, sustainability, autonomy, agility and decentralized decisions, allowed us to act quickly to ensure the protection of our colleagues, clients and the company's assets. The autonomy of the teams to find and implement quick solutions, as well as transparent communication, kept the team involved and united in the face of the challenges of this period. We are proud of the Autonom team and satisfied with the performance registered in the first half of this year, especially in the given conditions.

- ↑ Increase of the operational **revenues** with **7.6%** to **147.354.268 RON**;
Increase of **assets** with **20.9%** to **665.272.069 RON**;
Extremely prudent financial management - **liquidities** of **94.181.879 RON**;
- ↓ Decrease of the **revenues** of the Rent a Car division with **27.1%** to **21.657.931 RON**;
Decrease in consolidated **profit** to **4.150.739 RON** (**-74%** compared to H1 2019).

Analyzing the results of the first 6 months of this year, we can say that the decisions taken were the right ones to keep the company's liquidity and profitability in the given context.

Given that the Rent a Car division (the most affected by the pandemic context) registered a decrease of 27.1% in revenues, the rest of the operating revenues (all non-exceptional revenues) increased with 7.6% to 147.354.268 RON and the revenues of the division of operational leasing, the main business line of Autonom, increased in the analyzed period with 5%, generating a turnover of 84.021.846 RON, with a share of 57% in the total revenues of the company.

In the report for the whole year 2019, which we published in May, we estimated the following decrease in activity as a result of the pandemic. We believe it is an interesting exercise to



present below our hypotheses from May and the real evolution of the respective business lines in the first six months of 2020:

- ▶ **Operating lease estimate:** Moderate short-term impact on the cash flow but, in general, an increase in this segment in the course of 2020, of at least 10%.
The real evolution: Although the size of the operating lease fleet slightly decreased, the division's revenues increased by 5%, being close to the estimates made in May.
International context: Public analyzes of the global operating leasing market indicate near-zero growth in 2020.
- ▶ **Rent-a-Car estimate:** A 35% decrease in tourism-related rentals in H1 compared to the budget, and 25-30% decrease for the whole year.
The real evolution: The actual decrease in the volume of short-term rentals was at 27.1% - below our estimates. And here we keep our estimate for the whole year at a decrease of maximum 30%.
International context: Hertz, Avis and Europcar reported decreases in global S1 revenues of between 40% and 43% and estimate larger decreases in the course of 2020.

The main directions we focused on in the first six months of this year were:

1. Preserving and maintaining a positive cash flow, so important for the activity in times of crisis, as well as maintaining the profit margins targeted at the level of individual contracts;
2. Maintaining and growing a healthy portfolio of clients with a prudent credit policy. We have always strived to have a vast portfolio of satisfied clients, a strategy that has paid off and remains the foundation of our business. Throughout this period, we have focused on coming up with solutions to help existing customers to get over this period easier;
3. Adapting services to the new context and developing new market opportunities.

In addition to the above mentioned, the business structure and the diversified portfolio of the Group contributed to the protection of the company during the 2 months of total lock-down in Romania and during the following period. In this context, our Group's sustainable competitive advantages stood out - the national network of agencies, the specific insurance and claims management policy, a good relationship with customers as well as services flexibility. These advantages will also allow us to capitalize on the opportunities for organic growth in the profile markets, as well as the ability to react in the event of disruptive changes in the mobility market, such as shared mobility or ride-sharing, even in recessionary economic conditions.



Another element that gives us confidence in our strategy is the **IDR rating we received from the rating agency Fitch, in June – Long-Term Issuer Default Rating "B+"**. Following the successful listing last year of AUT24E corporate bonds on the Bucharest Stock Exchange, we applied for a rating from Fitch. Transparency and the desire to be an authentic business model were the elements that formed the basis of this decision.

The resilience and agility with which we responded to the new reality brought by the COVID-19 pandemic were also recognized by the rating agency Fitch, and, although "B+" is a speculative rating, it is a very good one for the industries in which we operate. We consider it is an important development, especially for the investors who participated in the private placement for our bonds and must be seen in the context of the period and the sector in which Autonom operates.

We were pleased that Fitch noted that the Autonom rating reflects a relatively small but growing company profile with adequate profitability, reasonable asset quality, an experienced management team and a predominantly guaranteed financing profile. We appreciate the fact that Fitch agency noticed how quickly we adapted our business model amid the crisis caused by the onset of the coronavirus pandemic. We consider the report prepared by the Fitch team a guide that will help us make our activities more financially resilient.

The entrepreneurial mindset and putting the community in the spotlight has always been in our and our team DNA. Therefore, even in the early stages of the pandemic, we launched an initiative to offer cars from the Autonom fleet, up to 3 months with the possibility of extension, to NGOs and public institutions on the front line that needed mobility in their mission to help those affected. With a dedicated team and through our colleagues from all over the country, we managed to support 66 NGOs in Romania, contributing with almost 100 vehicles and dozens of volunteers.

Also, after the state of emergency ended in Romania in mid-May, together with our partners, we launched a guide for entrepreneurs, created to help them navigate easier through the difficulties caused by the coronavirus crisis. Following a survey of Autonom customers about how the pandemic and isolation period affected their businesses, entrepreneurs indicated that one of the biggest challenges was gaining access to financing and maintaining liquidity. Therefore, we selected a variety of concrete solutions to provide a useful source of ideas for business optimization and development. This guide was our idea and our way of supporting local entrepreneurs, offering them a resource to help redefine their business model into a more agile and sustainable one. We invite you to access the guide at the following link: <https://leasingoperational.com/solutii-antreprenori/>

In conclusion, the results presented in the following pages are proof of the resistance of the Autonom Group. While we remain wary about the remaining of the year, as well as the potential onset of a recession, we are optimistic about the development of our company. We are also open to capitalize on possible acquisition opportunities to increase the added value of the services offered by the Group, the effect of economies of scale and post-transaction cost optimizations, as has been the case with all our transactions thus far.

In 2020, the present and the future show more and more VUCA - Volatility, Uncertainty, Complexity and Ambiguity. Companies that thrive in such an environment are adaptable, flexible and have a long-term shared vision. We are confident that Autonom is and will remain such a company.

*Marius Ștefan
Dan Ștefan*

Consolidated financial results

of Autonom in H1 - 2020

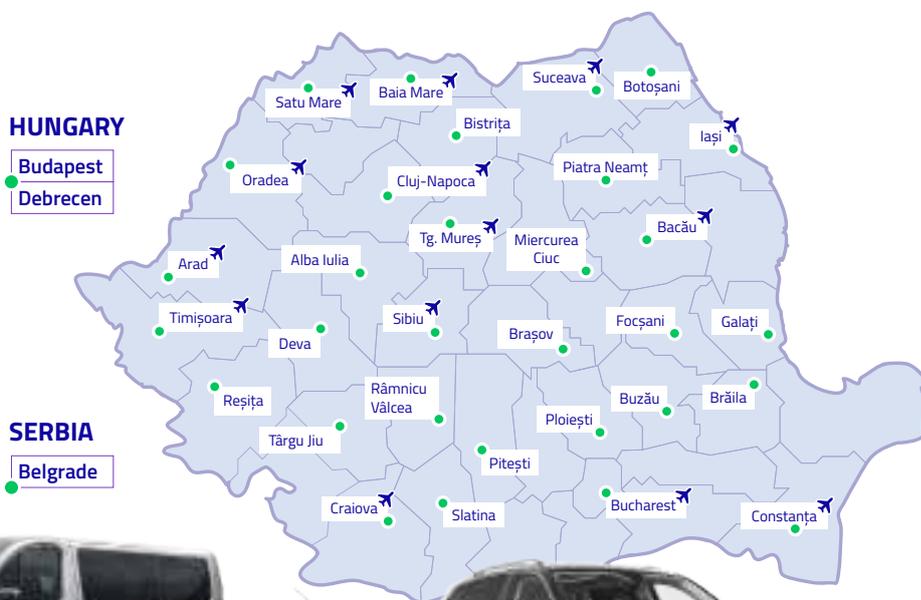


About Autonom group

Autonom Group is the most important independent player with 100% Romanian capital on the operating lease and rent-a-car market in Romania. Autonom is the supplier of integrated modern mobility solutions, adapted to the needs of the clients. The company holds the largest mobility network in Romania and is in the top 5 players, ranked by turnover, in its main areas of activity: **operating lease and rent-a-car**.

- ▶ **Supplier of integrated modern mobility solutions**, for individuals and legal entities;
- ▶ **National network of 43 agencies in 30 cities in Romania**, with a differentiated business model;
- ▶ **Vehicle fleet as of June 30, 2020**: 8.810 vehicles (7.042 under operating lease, 1.768 in rent-a-car fleet);
- ▶ **Average number of employees in H1**: 336
- ▶ **Independent player, with Romanian capital**: Autonom International is the majority shareholder of Autonom Services SA, with a 98% share capital participation. The shareholders of Autonom International are Marius Ștefan and Dan Ștefan, in equal proportions.

**The largest
Mobility
Network
in Romania**



Autonom in H1 2020

The results registered in the first half of 2020, such an atypical and unexpected period, show us once again that the organization of Autonom is anti-fragile in volatile contexts and give us confidence that we will end 2020 profitable, with a positive cash flow and ready for to take advantage of the opportunities that will appear in the 2nd semester and in the next year.

Autonom in H1 2020: consolidated financial results as of June 30, 2020

- ▶ **Total consolidated income operating lease:** 84.021.846 RON (+5% vs H1 2019)
- ▶ **Total consolidated income rent-a-car:** 21.657.931 RON (-27% vs H1 2019)
- ▶ **Total consolidated income used cars sales:** 30.749.296 RON (+74% vs H1 2019)
- ▶ **Consolidated profit:** 4.150.739 RON (-74% vs H1 2019)



▶ Operating lease

Operating Lease works as an outsourcing tool for car fleets. This service helps optimize operational expenses and is suitable for companies with large vehicle fleets as well as small entrepreneurial companies that operate only several vehicles. Operating Lease is the main category of services provided by the Group with a contractual duration of 12 to 57 months.

Total consolidated operating income in H1 2020: 84.021.846 RON (+5% vs H1 2019)

% of the total revenues of Autonom in H1 2020: 57%

Total number of cars: 7042

In the first six months of 2020, Autonom Lease delivered 775 new cars and added 76 new clients to its portfolio. As a result of the pandemic, the division ended the collaboration with 5% of old clients, with a similar percentage of the total fleet. Another 431 cars were returned on time.

Important partnerships have been started with companies in the medical, distribution, telecom and urban mobility fields.

The Autonom Lease sales team expanded during this period with two representatives, based in the West and South West of Romania, thus being closer to the customers located in these areas.





Rent-a-car

The rent-a-car division offers car rental services for short term periods (one day to 12 months). Over 80% of this division's consolidated income is generated by legal entities.

Total consolidated operating income in H1 2020: 21.657.931 RON (-27% vs H1 2019)

% of the total revenues of Autonom in H1 2020: 14.7%

Occupancy: 58.4%

Total number of cars as of 30.06.2020: 1768

Number of agencies in Romania: 43 agencies in 30 cities

The activity of Autonom Rent-a-Car was limited in the first half of the year, primarily because of the emergency state which was in place in Romania between mid-March until mid-May, as well as in the rest of the world. The state of emergency restricted or prohibited the movement of vehicles or persons in / to certain areas, as well as required a complete lockdown of the borders. As a result, the tourism industry, especially the foreign leisure and business travels were significantly limited in H1 2020. This had a direct negative impact on the performance of Autonom Rent-a-Car compared to the same period of last year.

The main target of Autonom Rent-a-Car are corporate clients, whose activity continued even during the isolation period, even if it was below the usual level.

In the current context, most short-term car rental companies are feeling the effects of the corona-crisis. The strongest effect is felt by companies focused on serving individuals – companies that are highly dependent on tourism and travel.

Moreover, the operators of multinational licensing active in the rent-a-car industry primarily are present in a much smaller area than the area in which Autonom operates, being dependent on the activity of airports. Autonom developed a nationwide network of 43 agencies in 30 cities which allowed it to access a diverse clientele.

In order to minimize the losses caused by the limitation of travel, we carefully followed the development prospects of the areas in which we were present. The rents of all the spaces where we are present were renegotiated, especially in the airports, and we decided to temporarily close the Autonom Tulcea agency.





Used cars sales

Vehicles from the car rental and operational lease parks that have reached the end of their amortization period are available for purchase to both individuals and legal entities.

Total used cars sold in H1 2020: 948 (+95% vs H1 2019)

Total consolidated operating income: 30.749.296 RON (+74% vs H1 2019)

% of the total revenues of Autonom Services in H1 2020: 21%

% of cars sold to retail (individuals): 35%

Despite the fact that during the state of emergency the sales activity was limited, the Autonom AutoRulate division welcomed its customers every day and sold 948 cars during the analyzed period, an increase of 95% compared to the same period last year.

The Group has also added a new location on DN1 road (Sos București-Ploiești, no. 64, Sector 1), highly visible and offering great exposure to Autonom AutoRulate.



H1 2020 financial results analysis



Autonom income in H1 2020

At a consolidated level, operating income increased in H1 2020 with 7% compared to the same period of last year. However, the 5% increase in revenues from operating leasing operations, as well as the 74% increase in sales of used cars, helped the Group to change the negative effect of the 27% decrease in revenues recorded by Autonom Rent-a-Car.

Consolidated, we report a decrease in operating income explained by exceptional revenues from the sale of new vehicles in 2019 in the amount of 41.785.799 RON.

All amounts in RON, unless mentioned otherwise.	30.06.2020	30.06.2019	Evolution (%)
Operating lease income	58.137.855	54.206.968	7.3%
Rent-a-car income	21.657.931	29.706.876	-27.1%
Additional services revenue	25.883.991	25.452.373	1.7%
Other operating income	11.212.311	9.940.283	12.8%
TOTAL INCOME FROM SERVICES	116.892.088	119.306.500	-2.0%
Proceeds from sale of cars from rental fleet	30.600.069	17.658.355	73.3%
OPERATING INCOME	147.492.157	136.964.855	7.6%
Exception proceeds from sale of cars	0	41.785.799	-100%
TOTAL OPERATING INCOME	147.492.157	178.750.654	-17.5%

Autonom expenses in H1 2020

With the declaration of the state of emergency, all Autonom teams were involved in finding ways to optimize costs. We have started programs to resize the expenses with the car fleet, personnel, and administrative expenses.

All amounts in RON, unless mentioned otherwise.	30.06.2020	30.06.2019	Evolution (%)
Fleet expenses	(23.854.430)	(24.293.095)	-1.8%
Costul of vehicles sold	(34.219.026)	(19.026.668)	79.8%
Employee benefits expenses	(12.899.542)	(13.428.621)	-3.9%
Administrative expenses	(1.198.941)	(1.108.826)	8.1%

All amounts in RON, unless mentioned otherwise.	30.06.2020	30.06.2019	Evolution (%)
Car fleet amortization	(44.784.363)	(39.389.789)	13.7%
Depreciation, amortization and devaluation of other immobilized assets	(3.686.994)	(2.703.520)	36.4%
Other operating expenses	(7.428.118)	(6.701.103)	10.8%
Other (losses) / gains – net	739.293	(1.658.188)	-144.6%
OPERATING EXPENSES	(127.332.121)	(108.309.810)	17.6%
Costul autovehiculelor vândute	-	(41.318.054)	-100%
TOTAL OPERATING EXPENSES	(127.332.121)	(149.627.864)	-14.9%

Autonom profit in H1 2020

The consolidated profit registered in the first semester of 2020 was 4.150.739 RON, a decrease of 74% compared to H1 2019.

All amounts in RON, unless mentioned otherwise.	30.06.2020	30.06.2019	Evolution (%)
Operating profit	20.160.036	28.958.769	-30.4%
Finance costs	(15.266.450)	(10.332.430)	47.8%
Finance income	503.491	173.524	190.2%
PROFIT BEFORE TAX	5.397.077	18.799.863	-71.3%
Income tax expense	(1.246.338)	(3.104.821)	-59.9%
PROFITUL FOR THE PERIOD	4.150.739	15.695.042	-73.6%

Autonom assets in H1 2020

The tangible and intangible (net) assets of the group amounted to 665.272.069 RON in H1 2020. Significant changes (increases / decreases) in the Group's assets were:

- ▶ **Assets held in financial leasing:** increased by 15% in H1 2020 compared to H1 2019, from 274.111.780 RON to 314.603.844 RON as a measure to protect cash flow and share risk with financial institutions;



- ▶ **Trade receivables:** increased by approximately 9 million RON, from 17.900.549 RON on 30.06.2019 to 26.989.090 RON on 30.06.2020. From March 15 to May 15, 2020, in order to help our customers during the lock-down period, extended payment terms were granted, and payments will be recovered in instalments, by the end of 2020 the latest;
- ▶ **Cash and cash equivalents:** increased approximately 4 times, from 23.724.754 RON on 30.06.2019, to 94.181.879 RON on 30.06.2020, as a result of the corporate bonds issued in the second half of 2019;
- ▶ **Stocks (cars in the sales fleet):** increased by approximately 50% in H1 2020 compared to H1 2019, from 4.341.297 RON to 6.504.542 RON, as a result of measures to optimize the car rental fleet and the return of cars from operating leases.

Assets

All amounts in RON, unless mentioned otherwise.	30.06.2020	30.06.2019	Evolution (%)
Non-current assets	532.558.129	499.229.480	6.7%
Intangible assets	1.250.446	3.657.635	-65.8%
Car fleet	206.464.144	210.505.804	-1.9%
Right-of-use assets	314.603.844	274.111.780	14.8%
Other property, plant and equipment	43.347	2.609.997	-98.3%
Investment properties	1.621.462	1.537.890	5.4%
Investment in equity instruments	423.696	423.696	0.0%
Trade receivables	376.696	633.770	-40.6%
Loans to related parties	7.774.494	5.748.908	35.2%
Current assets	131.734.942	50.019.605	163.4%
Inventories	6.504.542	4.341.297	49.8%
Trade receivables	26.989.090	17.900.549	50.8%
Other receivables and current assets	3.861.198	3.387.783	14.0%
Prepayments	1.177.233	665.222	77.0%
Cash and cash equivalents	93.202.879	23.724.754	292.9%
TOTAL ASSETS	664.293.071	549.249.085	20.9%



Equity and liabilities of Autonom in H1 2020

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

- ▶ **Debts related to leasing:** long-term debts increased by 17.35%, respectively by 31.62% current debts;
- ▶ **Revenues recorded in advance:** increased 3 times as a result of a prudent commercial policy for operating leases.

Equity

All amounts in RON, unless mentioned otherwise.	30.06.2020	30.06.2019	Evolution (%)
Share capital	20.000.000	20.000.000	0.0%
Other capital reserves	13.485.527	7.574.347	78.0%
Retained earnings	70.342.290	70.231.874	0.2%
Equity attributable to equity holders of the parent	103.827.817	97.806.221	6.2%
Non-controlling interests	7.475	7.195	3.9%
Total equity	103.835.292	97.813.416	6.2%

Liabilities

All amounts in RON, unless mentioned otherwise.	30.06.2020	30.06.2019	Evolution (%)
Non-current liabilities	406.060.010	316.258.883	28.4%
Interest-bearing loans and borrowings	95.995.745	136.047.987	-29.4%
Trade and other liabilities	3.523.091	756.089	366.0%
Bonds	96.016.671	-	-
Lease liabilities	200.170.078	170.578.492	17.3%
Deferred revenue	4.090.166	-	-
Deferred income tax liability	6.264.259	8.876.315	-29.4%



Current liabilities

All amounts in RON, unless mentioned otherwise.

	30.06.2020	30.06.2019	Evolution (%)
Current liabilities	154.397.769	135.176.786	14.2%
Trade and other liabilities	16.078.368	16.425.477	-2.1%
Interest-bearing loans and borrowings	67.704.505	65.911.298	2.7%
Lease liabilities	68.240.582	51.846.251	31.6%
Provisions	71.400	71.400	0.0%
Deferred revenue	2.302.914	922.360	149.7%
TOTAL LIABILITIES	560.457.779	451.435.669	24.2%
TOTAL EQUITY AND LIABILITIES	664.293.071	549.249.085	20.9%

Cash flow in H1 2020

The cash and cash equivalents of the Group increased between January 1, 2020 and June 30, 2020 by 4.803.744 RON. Thus, the Group ended the semester with important reserves to ensure the development of the activity in the next period.

Important events in H1 2020

■ *Pandemia și măsurile luate privind reacția la COVID-19 de către Emitent în vederea minimizării impactului financiar asupra afacerii*

The Issuer's management has activated the "business continuity" plan in the financial area. Due to the prudent financial management of the administration, during the first half of the year, the Group maintained significant liquidity reserves, which ensured enough working capital.

In order to minimize the negative financial impact of the current situation on the company, Autonom has taken, during the pandemic, the following immediate measures:

- ▶ Suspended new hire processes that were under way and suspended contracts that were still in probation period;
- ▶ Diminished fuel costs (by reducing displacement) by almost 90%; renegotiated supplier fees and discounts;
- ▶ Requested the suspension of office rental costs in all airport locations;
- ▶ Implemented new measures to reduce repair costs;
- ▶ Reduced external expenses on personal development (cancelling trainings, etc.) and reduced all non-essential expenses by focusing on online trainings and internal resources;
- ▶ Implemented an accelerated program to sell cars from our fleet starting March 6th, 2020;
- ▶ Cancelled or postponed purchasing vehicles for short term rentals.

All of the above measures have helped the issuer in the control over the costs.



About AUT24E bonds

Autonom Services SA corporate bonds in the value of 20 million euro were admitted to trading on the Main Market of the Bucharest Stock Exchange, Bonds segment, on December 4th, 2019. The bonds are tradable under AUT24E symbol, have a nominal value of 1.000 euro, five years maturity and a fixed interest rate of 4.45%, p.a., payable annually.

In the first six months of 2020, 151 AUT24E bonds were traded in 43 transactions, having a total value of 149.683.75 euro. In H1 2020, Dan Stefan, a person in charge of management activities at Autonom Services has purchased AUT24E bonds. The issuer has reported to the market the transactions, in line with the format imposed by Art. 19 MAR of Market Abuse Regulation.

The maturity date of the AUT24E issuance is November 12, 2024. The first coupon is due on November 12, 2020 and the company does not foresee any problem with the payment of the coupon. Coupon payments will be made in accordance with the provisions of the "Making Payments" sub-section of the Memorandum, available on Autonom website.

There were no changes in the rights of the securities' holders in H1 2020.

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

Expectations and risks

in H2 - 2020



Potential risks in H2 2020

Given the instability caused by the global evolution of the COVID-19 pandemic, as well as the high number of cases in Romania, the management will not make detailed predictions about the Group's expected performance in H2 2020. However, the management would like to draw attention to some of the more critical risks as foreseen in H2 2020.

■ *Risk related to the COVID-19 pandemic*

At the time of publication of this report, Romania continues to face the outbreak of COVID-19 throughout the country. Starting with May 15, 2020, Romania was placed under state of alert, which has successively undergone various relaxation measures. Nevertheless, in case that the number of COVID-19 cases starts rapidly growing again, there exists a probability that a new lockdown, including the gradual closing of borders, restricting or prohibiting the movement of vehicles or persons in / to certain areas will be implemented. The quarantine could be implemented either at national level, affecting the company's activity throughout Romania, or at local level, affecting only agencies located in certain counties or regions that are subject to restrictions. The quick adaptation to the new reality which helped to reduce the negative effect of the pandemic on Autonom business, has already prepared the management for an adequate response if a new state of emergency will be declared.

However, this does not mean that the Issuer will be able to achieve the financial results from pre-pandemic levels during 2020. Investors are encouraged to consider that events such a global pandemic may have a negative impact on the company's business.

■ *The risk related to the negative evolution of the economic conditions*

The impact of COVID-19 on the Autonom business in 2020 is yet impossible to assess and will be directly correlated to the lifting of the state of alert, the amount of time that the Romanian economy needs to recover, the measures taken by the state to help local companies and the potential risk of a recession. The dynamics of the Group's business and profitability is sensitive to the general conditions of the Romanian economic environment, and a slowdown or recession in the local economy would be negatively reflected through most of Group's operational parameters.

■ *Risks related to the decrease of tourism and disruptions 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 case of a prolonged state of emergency, state of alert or general restrictions on air traffic from or to Romania, the rent-a-car



business division may be adversely affected. In order to manage this risk, the management is actively monitoring the activity of the agencies located throughout the country, especially those located in the airports in order to control the operating costs related to their activity.

Investors should consider that the risks presented above are the most significant risks for the H2 2020 that the company is aware of at the time of preparing this report. However, the risks presented in this section do not include all the risks associated with the issuer's activity and the Group cannot guarantee that it includes all the relevant risks for H2 2020. There may be other risk factors and uncertainties of which the Group is not aware at the time of preparing this report and which may in future modify the actual results, financial conditions, performances and achievements of the issuer and may lead to a decrease in the price of the Group's shares. Investors should undertake pre-requisite checks to prepare their investment opportunity assessment.

For a complete risk assessment and how the Issuer manages them, we recommend investors to go through the dedicated section of the listing prospectus, available at:

<https://www.autonom.ro/assets/uploads/investitori/Autonom-Service-Prospect-admitere-la-tranzactionare-27.11.2019-VF-Ro.pdf>

Risk management

The group has a complex set of rules related to risk management in place. This system, combined with the prompt and agile response to the crisis caused by the COVID-19 pandemic, helped the Group to monitor and maximize the Group's performance in the first six months of this year.

- ▶ The group pays special attention to the selection and monitoring of clients for operational leasing services;
- ▶ Management of the decision-making process for financing clients and the monitoring of their payment behavior is performed by the Finance and Risk Department;
- ▶ In 2017, Autonom Services received assistance from EBRD to refine its commercial risk policy;
- ▶ The company has a scoring methodology for classification in the risk category, according to 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 analysis of financial information, as well as specific elements such as management experience, the legal history of associates and administrators, 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 customer 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 from the perspective of risk management.



Statement from the management

According to the best information available we confirm that the individual and consolidated financial information included in this report, offer the real and accurate situation of Autonom Services SA's financial position, financial performance and cash-flow as of June 30 2020, according to financial and accounting standards applicable to date, and that the Semi-Annual Report for the period of January 1, 2020 to June 30, 2020 transmitted to the market operator - Bucharest Stock Exchange - and to the Financial Supervisory Authority presents accurate and complete information about the company.

Mihaela Angela Irimia
Chairman of the Board of Directors

