Autonom

Individual and consolidated administrative 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. 15 FROM ASF REGULATION NR. 5/2018
FOR FINANCIAL PERIOD	JAN. 1st 2019 - DEC. 31st 2019
REPORT DATE	MAY 8th 2020
ISSUER NAME	AUTONOM SERVICES S.A.*
REGISTERED OFFICE	Str. Fermelor nr. 4, Piatra-Neamț, Neamț, România
TELEPHONE / FAX NUMBER	+40 233 22 96 16 / +40 233 206 143
UNIQUE REGISTRATION CODE	18433260
TRADE REGISTRY NUMBER	J27/280/206
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.ro

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.

Autonom
Evolve. Daily.

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Activity Summary

Autonom in 2019

2019, short review

Autonom is a supplier of integrated modern mobility solutions. Autonom's services are tailored to best fit customer needs. The company owns 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 Car Rentals.**

The figures below represent consolidated financial results:

- Consolidated EBITDA: **131.969.173 RON**
- Consolidated Profit: **17.566.180 RON**
- Consolidated Net Financial Debt: **435.223.139 RON**
- Consolidated Operating Income: ↑ **35%**
- Consolidated Profit: ↑ **7%**

Consolidated performance measures (December 31st 2019):

- Annualized net financial debt/EBITDA of **3.30**
- Consolidated Interest Coverage Ratio of **9.83%**

Operating Lease

Operating Lease works as an outsourcing tool for car fleets. The service helps optimize operational expenses and is suited for companies with large vehicle fleets as well as small entrepreneurial companies which employ only several vehicles.

Total Consolidated Operating Income: **159.319.545 RON**

Total Number of Cars: **7118**

Total Number of Clients: **1461**

2019, short review

Rent-A-Car

The rent-a-car division offers car rental services for short term periods (up to 12 months). Over 85% of this division's consolidated income is generated by individuals.

Total Consolidated Operating Income: **65.860.025 RON**

Occupancy: **80.27%**

Total number of cars (December 31st 2019): **2034**

National Network of **44** agencies in **31** cities

Used Cars Sales

Vehicles in our rent-a-car and operating lease parks that have reached the end of their amortization period are available for purchase to both individuals and legal entities.

Total Consolidated Operating Income: **93.507.366 RON**

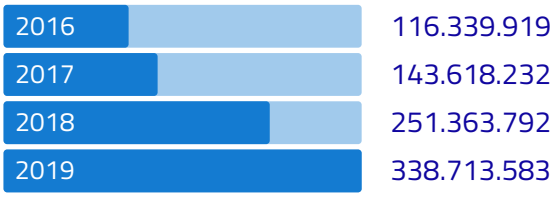
Total used cars sold in 2019: **2215**

Percentage of cars sold to retail (individuals): **33%**

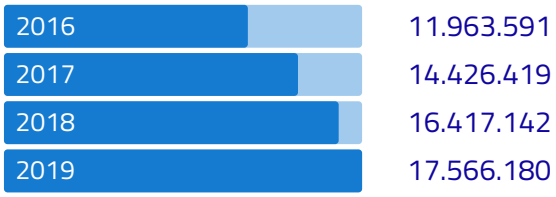
The evolution of Autonom Group

The consolidated results of 2019, as well as those of previous years support our company strategy for long term sustainable development.

- Consolidated operating income (RON)

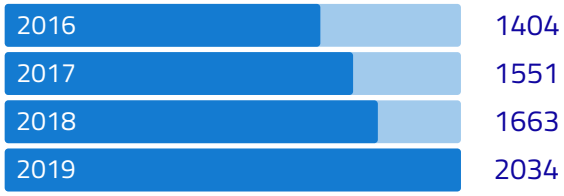


- Consolidated profit (RON)



- Operating Lease fleet

- Rent-A-Car fleet



Development:

- Autonom Rebranding - we adopted a new brand identity consistent with the expanding range of services offered, as well as with organizational structure changes;
- 4 company development consultancy projects - finalized or still under development, in partnership with EBRD;
- Investments for the development of our Used Cars Division;
- Investments in IT solutions for the digitization of the company.

Sustainability:

- Best Employer, for the 5th year in a row;
- Net Promoter Score of 74%;
- 110 projects developed and implemented through the Autonom Foundation all across the communities in which we are active.

Letter from the founders

Letter

From the founders

Dear Partners,

We are sharing with you this report in the time of unprecedented health crisis, accompanied by a sudden and far-reaching economic crisis. The COVID-19 pandemic did not bypass Romania, and the economic and social impact is estimated to be severe. Most issuers of financial instruments were impacted as their markets of activity and forecasts deteriorated. Also, the global capital markets were severely hit in the course of the past two months. We certainly live in times of volatility and uncertainty, in which plans must be adjusted weekly, and where the keywords are resilience and agility.

Fortunately, this is not the first crisis for Autonom. We passed very well through the financial crisis of 2008-2011, at the beginning of which we quickly changed our business model and during which we prospered, reaching a compound annual growth rate of over 50%. During those times, we learned and implemented several principles and policies for risk and opportunities management, designed to ensure both the robustness and "anti-fragility" of our business. We can say that this new crisis, although unforeseen and "virulent", found us well prepared, both in terms of financial resources and the adaptability of the business model. Each severe crisis amplifies "creative destruction" and brings many opportunities for resilient companies. Therefore, we are optimistic about the future of Autonom - we consider that we are in a good position to continue the accelerated development also in 2020.

This report should focus primarily on the past by presenting the results we registered in 2019. But, in the current volatile context, it would be unwise to talk only about what happened, without analyzing the way the current situation will impact this year's financial performance of Autonom. For this reason, in this letter, we will debate the results we achieved last year, treating them as a performance indicator, but also how Autonom currently manages the needs of the markets in which it operates and the expectations for the future. All this to allow our stakeholders to assess the potential and risks ahead correctly.

Looking back at last year's performance, 2019 was the best year in the history of Autonom, for yet another consecutive year. We registered increases on all business lines as well as saw the largest to date profit. Operating income increased by 34%, from 251,363,792 RON to 338,713,583 RON, while operating expenses increased by 33%, from 222,169,195 RON in 2018

to 297,703,660 RON in 2019, with fleet expenses and depreciation of the fleet being the largest contributors. Thus, we ended 2019 with an EBITDA of 131,969,173 RON, a 57% increase compared to 2018 and with a net profit of 17,566,180 RON, a 7% increase compared to the result of 2018.

At the end of 2019, Autonom had 44 agencies located in 31 cities in Romania, a fleet of 9152 cars - an increase of 8% compared to December 2018 and 362 employees, with 4% more than in 2018. All three lines of business activities grew in 2018, but the "star" was the operational leasing activity, which increased by 48%. We have managed to increase our market share without sacrificing long-term profitability.

We have gained new customers and added new services, developed organically as well as through partnerships. The contract renewal rate remained very high (over 90%), and customer satisfaction indicators continued to increase, with atypical values for the industries in which we operate (NPS of 74%). In 2019 we also completed the group integration of BT Operational Leasing into our structure.

Last year also marked a significant milestone of rebranding Autonom at the Group level and consolidation of the services we deliver to our clients. By launching the new brand identity, some of the divisions of the Autonom group were renamed. Thus, we ended 2019 with a renewed image, and easier to understand business structure and an even stronger relationship with our customers and partners.

For several years now, there has been more and more discussion about changes in the markets in which we operate, about the creation of new mobility solutions and the integration of existing ones. Autonom Group is a very relevant example of implementing these trends profitably. Through organic development, but also by acquiring key players in the market, Autonom has become an integrated provider of mobility solutions, where synergies work well and without significant frictions.

We consider last year's result a very good one, and representative for the potential that mobility services have in Romania and the entire CEE region. All our business lines have recorded significant increases as the markets for these individual services, being a short-term rental, operational leasing, or additional services, are still in the process of development and have not yet reached their maturity. In relative and absolute terms, we consider that the most significant

growth potential continues to be the activity of outsourcing car fleets, through the operational leasing service.

The revenue structure is also an essential aspect to underline, as it tells a lot about how the Autonom business has evolved over the years and how stable it is today. Long-term services, such as operational leasing, contribute the most to the revenues generated at the level of our group. This is especially important in the current context of COVD-19 where the car rental market is affected by the decrease in tourist and business travel, with dramatic declines being registered worldwide. The travel restriction will continue to have an impact on short-term rental and chauffeur drive lines, as long as the risk of the pandemic spreading is still present. For most "rent a car" companies, 2020 is a challenging year, in which the demand and revenues have suddenly disappeared, and supply and costs cannot be "scaled down" at the same rate.

In terms of short-term rentals, the largest percentage is represented by rentals to companies. Here we are talking primarily about companies that have mobility needs, and their cars are unavailable or insufficient, rather than companies with specific travel needs. „Corporate" rents are recording a decline, but a much lower rate than the airport rents. The result for 2019 shows that Autonom's overall activity is less and less dependent on the short-term rental business line. Therefore, even if this line will be severely affected in 2020, we are optimistic that due to our diversified business structure, which is based on predominantly recurring revenues, the company will remain stable and will turn up even stronger at the end of this crisis.

The COVID-19 pandemic has required us to amend the plans that we had for the first half of the year. As we mentioned in the bond listing prospectus at the end of last year, one of our goal for the capital raised through corporate bonds was to be invested in the expansion of the Autonom fleet. As in the previous three years, to meet the growing demand, we had planned to add another 1,000 cars to the short-term rental fleet between April and June. The COVID-19 outbreak in Romania has made us revisit these plans. At the current moment, we estimate that we will only purchase up to 20% of these cars. At the same time, the rest of the acquisitions will be put on hold until the situation gets resolved and out activity returns to pre-crisis levels.

Some say that the most critical contributor to the success of a strategy is timing. Looking back at November 2019 when we issued corporate bonds and attracted significant capital with a long maturity, we had perfect timing. By the time the crisis has hit at the beginning of March 2020, we have not yet managed to invest significant amounts of the raised capital. Our financial

strategy has always been prudent, focused on strengthening and capitalizing the business – we did not distribute dividends. This means that at this moment, we are very well capitalized, having ensured access to capital to prudently keep developing the business and adjusting to the current realities.

We hope that this information is enough to ensure all our bondholders regarding the stability of our business, as well as Autonom's ability to pay the coupons of the issuance in full and on time, as our first coupon is due in November 2020.

At the business level, we have been expecting for already a while that the current cycle of economic growth will come to an end. Therefore, already two years ago, we started preparing for a recession and a strong economic contraction. Risk management has become a much more critical part of our strategy. At the commercial level, we did not allow ourselves to be involved in the "chase for market share", and we avoided depending on one single customer or one single market. Since the COVID-19 outbreak, we have been closely monitoring the situation, debating on various scenarios weekly, and adapting our services to the needs of our clients and the market. Moreover, to guarantee business continuity and financial stability, we have taken various decisions to optimize the company's costs and to address new opportunities quickly. For the full list of measures that we have taken in the context of COVID-19 as well as the revised forecasts for 2020, we invite you to read the subchapter "2020: Perspective Elements" where we debate in detail this topic.

Certainly, the performance of some of Autonom's business lines will be negatively impacted in 2020, especially in the second quarter. The main question remains how soon the lockdown measures will be lifted, and how soon the economy will have a chance to adapt. However, regardless of the duration and pace of economic recovery, we consider that the business model of Autonom is a stable one and resistant to economic recessions. We hope that the recession that will follow will reconfirm this statement.

When we have a decision to make where the choice is not very clear, we always return to values. That is why it was evident to us that the order first on our list of priorities during this period was the safety of colleagues, customers, partners and business. Then, we adapted very quickly to a radically changed business environment (proving our adaptability and flexibility), and we were able to make quick decisions at the team level, without the need for additional centralized approvals (autonomy).

The value we hold most dear is "We evolve every day." Every year we set more and more ambitious goals related to the number of training hours per colleague, as well as the training choices. We could not deny the opportunity offered by the crisis to intensify these efforts. Currently, at Autonom, trainings take place almost every day, as an increasing number of our team members want to share with their colleagues their knowledge.

During this very challenging period for most of us, we tried to help those around us as much as possible. We realized that we have two resources that are not used at full capacity: people and assets, namely the cars in the rental fleet. We have thus set up a special rental program for the emergency period, offering free of charge cars for NGOs in need of mobility. Our colleagues, on the other hand, have been involved in local communities, helping with resources, time and connections.

Autonom has always been a company where the degree of engagement of colleagues has been extremely high. Nonetheless, we are deeply impressed by the level of mobilization and action taken by our colleagues and their desire to help.

In conclusion, we remain optimistic about the future and closely follow the current evolutions. We are ready to adapt our business model whenever it is necessary to meet the needs of the markets in which we operate. Although we expect a strong economic recession, we remain dedicated to continuing our investments to develop our business and make it more resilient, however under adapted and more prudent model namely decreased by 15-20% compared to our initial plans. At the same time, we will continue to benefit from the knowledge gained in previous periods of the financial crisis and actively seek to take advantage of new opportunities in the context of economic turmoil, thus laying the foundations for future growth.

Marius Ștefan
Dan Ștefan

About Autonom

and the company strategy

About Autonom

Autonom Group is the most important independent player with 100% Romanian capital on the operating lease and rent-a-car market in Romania.

- Supplier of integrated modern mobility solutions for individual and legal entities;
- A national network of 44 agencies in 31 cities in Romania with a differentiated business model;
- A fleet of 9152 vehicles (7.118 under operating lease contracts and 2.034 offered through the rent-a-car division) as of 31st of December 2019.

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

- Autonom is a company with 100% Romanian capital started in 2006 in Piatra Neamț;
- Autonom Group is in the top 5 players, ranked by turnover, in its main areas of activity: operating lease and rent-a-car;
- In 2018, Autonom purchased BTOL, a company founded in 2001, in order to consolidate its portfolio of clients, to benefit from economies of scale and to optimize costs. The company has thus increased its market share and signed a 5 year distribution agreement with Banca Transilvania;
- Autonom International is a majority shareholder of Autonom Services, with a 98% social capital participation. Marius Ștefan and Dan Ștefan are equal part shareholders of Autonom International;
- In 2018, Autonom became the first Romanian company to be included in the EBRD Blue Ribbon program, which includes 30 companies from 20 countries in which EBRD is present;
- Autonom was selected for the first edition of "Made in Romania", organized by the Bucharest Stock Exchange, as one of the 15 companies that helped in growing the Romanian economy;
- On December 31st 2019, the group was comprised of 362 employees: 353 employees of Autonom Services and 9 employees of BTOL;
- Autonom is the only local company to have received the title of Best Employer (2014-2018) for 5 years in a row, according to the global study developed by AON Hewitt;
- Autonom is one of the 123 organizations recognized globally by WorldBlu that promotes democratic principles and encourages freedom in the workplace.

Main Business Segments

Operating Lease:

- The main category of services offered by the group with a contractual duration of 12 to 57 months;
- Operating Lease is a service of outsourcing the company's car fleet, a full service contract being hard to dismiss as customers develop a strong dependence;
- Careful financial risk management policy through the Financial and Risk departments.
- Increased clientele granularity, focus on SME clients (average fleet/client ~ 5 vehicles);
- The operating lease segment consists of 47.04% of the total income of Autonom Services SA.

Fixed monthly payment components

- Insurance
- Tires
- Door to Door Services
- Maintenance and Repairs
- Vehicle Depreciation
- Financing Expenses
- Car Replacement and Road Assistance
- Taxes and Fees
- Monitoring and Telematics
- Other Administrative Expenses

Client Benefits

- Reduction of operational expenses
- Balance Optimization
- Car fleet cost predictability
- Increased flexibility and focus on core business
- Simplification of internal processes

Rent-A-Car

The rent-a-car division offers car rental services for short term periods (up to 12 months). Over 85% of this division's consolidated income is generated by individuals.
The rent-a-car segment consists of 19.44% of the total income of Autonom Services SA.

Used Cars Sales

A diversified selections of vehicles from our rent a car and operating lease parks: cars and commercial vehicles. Customers are individuals as well as legal entities.
The used cars sales segment consists of 27.61% of the total income of Autonom Services SA.

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

The main means of attracting business is through Autonom's direct sales force. In addition, the company uses the following distribution channels:

- Internet portals designed to educate the market and generate leads, out of which we mention: www.leasingoperational.com, www.leasingoperational.com, www.autonom.ro, www.autonom.com, www.autoinlocuire.ro or www.rentavan.ro. Along side these, the company owns over 200 relevant internet domains in various stages of development.
- Partnerships with financial and banking institutions (for example, Banca Transilvania, importers and car dealers, equipment importers/distributors, finance brokers and insurers).

Company Strategy

The company started its activity in 2006 in Piatra-Neamț. The company activity was focused on the rent-a-car sector (short term car rentals), offering its services mostly towards individuals. The company grew rapidly, initially in the Moldavia region (2006) and subsequently in most of the large cities in the country (2007 - 2008), becoming the first and only company in its field with extended national coverage.

The financial crisis of 2008 - 2009 represented a turning point and a repositioning opportunity in the company's history. Because of the major impact the crisis had on the company's activity in the first months of 2009, the strategy needed to be changed. Due to the increased demand from legal entities undergoing cost reduction strategies and in need of fleet management optimization solutions, the company shifted its services towards satisfying these new needs.

A new stage in the Autonom's development started in 2011 when the company started offering operating lease services (long term rentals). The revenue from this new segment increased yearly, representing the company's main growth factor from 2012 until the present.

Starting with 2014, the Autonom Group started analyzing purchasing opportunities of other companies specialized in similar fields or related to the core business.

Therefore, in 2018, Autonom Services purchased BTOL, with the purpose of consolidating its portfolio of clients and benefiting from economies of scale and cost optimization. The company has consequently increased its market share and signed a 5 year distribution agreement with Banca Transilvania.

In the years since, the Autonom Group has developed its portfolio of services and is presently offering its clients, individuals and legal entities, various transportation and mobility solutions, adapted to their needs.

The same diversification strategy is applied in the case of its client portfolio. None of the business segments has developed a strong dependency to any client or client groups. This can also be observed from the following statistics which present the top 3 Autonom customers for the rent-a-car and operating lease segments in 2019.

Rent-a-Car
Autonom Services SA

(Operating Income in 2019 of 65.860.025 RON)	Value (RON)	%
Client 1	7.609.176	12%
Client 2	2.472.532	4%
Client 3	2.362.260	4%

Operating Lease
Autonom Services SA

(Operating Income in 2019 of100,652,930 RON)	Value (RON)	%
Client 1	4.482.524	4%
Client 2	4.109.597	4%
Client 3	2.220.310	2%

The company positioning

Autonom is the national supplier of integrated modern mobility solutions to whom companies can completely or partially outsource their mobility services.

The company has a unique and valuable position ensuring various mobility solutions to SME and entrepreneurial companies with fleets of over 100 passenger or commercial vehicles through its network of 44 agencies in 31 cities in Romania.

The markets in which Autonom is active in Romania

The operating lease and rent-a-car markets are dominated by multinational companies. The Autonom Group is the most important independent operator on these markets in Romania.

The Operating Lease market in Romania

- According to ASLO, the number of vehicles utilized through operating lease contracts has had an accelerated growth. From 9.600 in December 2007, to over 65.000 in December 2017;
- The Group estimates that the number of vehicles utilized through operating lease contracts has crossed the 82.000 units threshold at the end of 2019, representing a market share of approximately 9%;
- The percentage of newly registered vehicles financed through operating lease contracts in 2017 was between 10% and 20%.
- Like in any mature market, the main players are global operators (Arval, ALD Automotive, LeasePlan), local and regional banking groups (Unicredit, Erste-BCR), as well as car manufacturers captive companies of (Porsche, Renault).

The Rent-A-Car market in Romania

- The car rental services market in Romania is also dominated by specialized multinational groups present in all mature markets in Europe and the United States (Avis, Europcar, SIXT, Hertz, Enterprise);
- The Group estimates that the corporate sector (with a major contribution from the car replacement service) has a comparable quota to that of the retail segment of the rent-a-car market;
- The operators owning multinational licenses which are active in the rent-a-car industry in Romania have, almost exclusively, targeted airport locations, while Autonom has developed national rental network in 31 cities across the country, gaining access to a diversified client base.

- We estimate that according to the information at our disposal, the car rental market in 2019 is around 11.000 units, and the total value of this market is close to 80.000.000 €.
  This means that the company could register a market share of 15-20% of the rental car market at the end of 2019.

In the current context, most short-term car rental companies are feeling the effects of the crisis generated by the spread of the corona virus. The decrease in activity is mostly felt by companies that rely the most on individuals and are dependent on tourism and on the travel of their target client base.
Retail rentals, aimed at individuals, represent only a small percentage of the total income of Autonom Services.

The used cars market

- The used cars market is extremely fragmented - there exist sales made through dedicated websites, specialized suppliers, car dealers, leasing and rent-a-car companies as well as peer to peer sales. The import of used cars is also a big factor in Romania. These factors make it difficult to estimate a realistic market share for Autonom in this market.

- According to information taken from the market, in 2019, the number of newly registered used cars in Romania was over 444.601 units representing a decrease in imports of over 6%, in comparison with 473.616 units imported in 2019.

Autonom employees

The Autonom Services team has reached, in 2019, an average number of 358 employees reporting on December 31st 2019 an exact number of 362 employees (353 Autonom Services employees and 9 BTOL employees). From the Autonom Services employees, 100% are persons with higher education. The company pays very close attention to the education of its employees. In this respect, the company offers each employee a personalized learning experience through trainings, coaching sessions, classes and support from the company leadership. For more information about the organizational culture please consult the Non-financial report section.

The Autonom employees are not organized in unions.

Financial results analysis

Autonom 2019

The results of 2019 are evidence of a sustainable growth strategy developed over all these years by Autonom. 2019 was the company's best year to date, reporting a 35% increase in consolidated operating income and 7% in consolidated profit.

With the growing appreciation of outsourcing solutions to the detriment of ownership, the company's main driver for growth was the operational leasing segment. We have added new customers and services, tailored to the needs of our customers, organically developed or through partnerships.

All of Autonom's divisions increased the previous year as a result of the development of markets and the existence of Autonom in the top preferences of its customers. The appreciation for Autonom's services can be seen through the above average NPS (74%) compared to the industry and through the high contract renewal rate (over 90%).

Autonom income in 2019

All amounts in RON, unless mentioned otherwise.	2019	2018
Operating lease income	107,933,439	73,230,370
Additional services revenue	51,386,106	34,020,597
Rent a-car-income	65,860,025	57,592,905
Revenue from sale of vehicles	47,454,242	46,053,910
Proceeds from sale of cars from rental fleet	46,053,124	34,534,061
Other operating income	20,026,647	5,931,949
Total operating income	**338,713,583**	**251,363,792**

The operating income of the Group increased in 2019 by 35% as a result of the increase in the portfolio of customers and cars provided through operating leases, as well as the increase in customer trust in the services provided by the company, in a context of continuous development of markets in which Autonom activates.

Autonom expenses in 2019

All amounts in RON, unless mentioned otherwise.	2019	2018
Fleet expenses	(58,030,728)	(45,018,205)
Cost of vehicles sold	(46,796,426)	(45,484,278)
Cost of cars from rental fleet sold	(50,397,385)	(38,412,112)
Employee benefits expenses	(28,230,206)	(20,778,851)
Administrative expenses	(2,783,101)	(4,435,897)
Depreciation and impairment of rental fleet and equipment assets	(90,858,724)	(54,393,197)
Other operating expenses	(12,037,360)	(9,270,932)
Other (losses) / gains – net	(8,469,730)	(4,375,723)
Total operating expenses	**(297,703,660)**	**(222,169,195)**

The operating expenses of the Group increased in 2019 by 34% as a result of the increase of the number of cars in administration as well as the increase in the average income.
Of the total operating expenses in 2019, amounting to RON 297,703,660, the percentage of the main cost categories was as follows:

- Fleet expenses: 19% - expenses for repair, spare parts, fuel, insurance, parking, car wash and other expenses; up by 29% compared to the previous year, considering a fleet increase of 9%;
- Employee benefits expense: 9%, up by 36% compared to the previous year, determined by a personnel increase of 4% and an increase of salary;
- Administrative expenses, down by 37,5% compared to the previous year, the decrease being generated by the restatement of the administrative rent expenses according with IFRS 16.
- Depreciation and impairment of rental fleet and equipment assets up by 63%, with a weighting of 29 % of the total operating expense; the growth is determined by the increase in the investment in fleet and equipment, and also by the transition to IFRS 16.

Autonom profit 2019

All amounts in RON, unless mentioned otherwise.	2019	2018
Operating profit	**41,009,923**	**29,194,597**
Bargain purchase gain	-	165,570
Finance costs	(21,726,236)	(10,750,147)
Finance income	507,193	173,470
Profit before tax	**19,791,406**	**18,783,490**
Income tax expense	(2,225,226)	(2,366,348)
Profit for the period	**17,566,180**	**16,417,142**
Attributable to:		
Equity holders of the parent	17,563,546	16,416,571
Non-controlling interests	2,634	571
Total comprehensive income	**17,566,180**	**16,417,142**
EPS	**8,78**	**8,21**

The profit of the Autonomous Group increased by 7% as a result of attracting new customers, diversifying the service portfolio and achieving economies of scale following the successful integration of BTOL.

Autonom Assets in 2019

All amounts in RON, unless mentioned otherwise.	Dec. 31st 2019	Dec. 31st 2018
Non-current assets	**532,544,153**	**439,117,120**
Intangible assets	2,442,166	4,952,149
Rental fleet and rental equipment	195,664,513	424,265,600
Right-of-use assets	322,882,415	-
Other property, plant and equipment	683,698	2,579,109
Investment properties	1,651,396	1,566,839
Investments in equity instruments	423,696	423,686
Trade receivables	384,713	677,689
Loans to related parties	8,411,556	4,652,048

	Dec. 31st 2019	Dec. 31st 2018
Current assets	**123,525,967**	**65,573,579**
Inventories	10,561,590	28,594,931
Trade receivables	15,963,853	17,530,572
Other receivables and current assets	7,230,612	8,450,618
Prepayments	391,778	1,010,542
Cash and cash equivalents	89,378,134	9,986,916
TOTAL ASSETS	**656,070,120**	**504,690,699**

Autonom's Group total fleet increased in 2019 by 787 cars, net, representing the main category of assets owned by the company.

Autonom Services SA registered a fleet increase for the operational leasing division of 36.97% and for the rent-a-car of 27.96%.

Autonom Group recorded an increase of the fleet for the operational leasing division of 4.8%, and for the rent-a-car of 27.96% .

Autonom Services SA purchased 1247 cars for the rent-a-car division and 1601 for the operational leasing division, 1755 at group level.

Of the total assets held, the Group sold 2215 cars in the financial year ended December 2019 and Autonom Services SA 1178 cars;

The average age of the autonomous services SA car park was at the end of 2019:

- Rent-a-car: 1.52 years;
- Operational lease: 1.9 years;
- Autonom Group: 2.14 years.

Of the total net value held by the group, 62% is funded by leasing and 38% is funded by cash or credit. In the case of Autonom Services SA, 79% is funded by leasing and 21% is funded by cash or credit.

Equity and Liabilities of Autonom 2019

All amounts in RON, unless mentioned otherwise.

Owned capital	Dec. 31st 2019	Dec. 31st 2018
Share capital	20,000,000	20,000,000
Other capital reserves	13,485,527	6,651,922
Retained earnings	66,191,551	55,461,611
Equity attributable to equity holders of the parent	**99,677,078**	**82,113,533**
Non-controlling interests	7,475	4,841
Total equity	**99,684,553**	**82,118,374**
Non-current liabilities	**380,379,524**	**259,410,019**
Interest-bearing loans and borrowings	90,007,861	130,076,235
Bonds	95,341,617	-
Finance lease liabilities	-	120,697,749
Lease liabilities	180,880,106	-
Trade and other liabilities	3,327,317	755,201
Deferred revenue	3,800,409	-
Deferred income tax liability	7,022,214	7,880,834
Current liabilities	**176,006,043**	**163,162,306**
Interest-bearing loans and borrowings	15,134,040	44,777,984
Finance lease liabilities	76,883,979	82,828,381
Lease liabilities	-	34,343,615
Trade and other liabilities	81,487,710	-
Provisions	71,400	71,400
Deferred revenue	2,428,914	1,140,926
Total liabilities	**556,385,567**	**422,572,325**
Total equity and liabilities	**656,070,120**	**504,690,699**

The Autonom Group concluded 2019 with cash and cash equivalents of 89.378.134 RON, a significant contribution having the bond issue from November 2019.

The Autonom Group has a diversified structure of financing sources for it's assets, as follows: overdraft facilities at 3 financial institutions, loans outstanding at 12 banks and leases outstanding with 14 leasing firms.

2020: Perspective elements

Towards the end of February 2020, the first cases of coronavirus were registered in Romania. As the infection spread, a state of emergency was declared, significantly impacting commercial operations of small and large companies, including Autonom.

Below, the issuer presents a number of measures implemented in the entire company, as well as the potential effects that the current situation will have on the group's activities in 2020.

1. Measures taken regarding the reaction to COVID-19 by the issuer in order to ensure the protection of employees, customers and suppliers.

In the context of the situation caused by the COVID-19 pandemic, the issuer would like to inform all its stakeholders that all the measures to protect employees, customers and suppliers as well as measures to ensure business continuity have been taken. The measures implemented and continuously respected are the following:

- All rental and operating lease vehicles are disinfected after every pick-up or drop-off, paying particular attention to every door handle, steering wheel, dashboard, gear shifter and trunk.
- After disinfecting, each rental car will stay in the parking lot for a period of 24 hours for neutralization, before being handed to another client.
- The cars picked up from D2D clients are disinfected before pick-up and once more at the Autonom agency before delivery. We further recommend that the car remains unused by the client for at least 24h after delivery.
- All the car keys and documents are disinfected and neutralized before any pick-up by subsequent clients.

- To prevent the spread of the virus, most of our colleagues that are able are working from home ensuring normal operational continuity. With the aid of remote technology, the issuer has ensured that all Autonom customers have complete and uninterrupted access to all services, including Customer Service.
- Autonom Employees which work in agencies are bound to wear new surgical gloves when handling vehicles and have been instructed to maintain social distancing protocols when interacting with customers.

The issuer continues to monitor the current situation as well as to respect all recommendations issued by public health authorities. In case there are changes in the way Autonom agencies will operate, the issuer will notify the market through another current report.

2. Measures taken regarding the reaction to COVID-19 by the issuer in order to minimize the financial impact on the business.

The issuer's management has activated the a business continuity financial plan. Due to the prudent financial management done by the administration, at the moment, the issuer has important liquidity reserves which will ensure a sufficient working capital even in case of delayed or diminished customer payments for a long period of time.
It is clear that some of the issuer's activities are more affected at this time than others, especially those connected with the tourism market, but those areas represent a minor percentage of the company's activities. Therefore, management expects, based on conservative financial projections that the issuer will remain profitable in 2020.

To minimize the negative financial impact of the current situation on the company, the issuer has taken the following measures, which have been applied immediately:

- Suspending new hire processes currently under way and suspending contracts still in probation period;
- Diminishing fuel costs (reducing displacement) by almost 90%; renegotiating supplier fees and discounts;
- Requesting the suspension of office rental costs in all airport locations;
  Implementing new measures to reduce repair costs;
- Reducing external expenses regarding personal development (cancelling trainings, etc.) and reducing all non essential expenses, focusing on online trainings and internal resources;

- The implementation of an accelerated program to sell cars from our used cars park starting March 6th 2020;
- Cancelling or postponing vehicle purchasing for short term rentals.

If the situation persists, the management is prepared to take supplementary measures.

3. Impact analysis of the situation on the group's business

At the moment, it is too soon for the management to evaluate the impact the current context will have over the activity of Autonom Services S.A. However, at present, the company wishes to disclose the following developments:

- On the rent-a-car side, management expects tourism-related rentals to decrease by 35% in H1 compared to the budget, by 25-30% for the total year. A slow return of activity is expected from June, the company being in a good position compared to the competition, which will allow ,by the end of the year, to return to the monthly parameters of 2019.

- Car rental and other mobility services are expected to decrease by 20% in H1 and by 10-15% in 2020. Significant growth on the line is still expected for the RCA replacement business line. About 20% of the rent-a-car line income is tourism, the rest is corporate.

- Regarding the operational leasing activity, the management estimates that in the short run will be a moderate impact on cash flow, generated especially by the extension of payment terms . An increase in this segment is expected this year as well, of at least 10%, taking into account the fact that the division's fleet increased by 30% from January 2019 to December 2019 (from a average fleet of 3401 to 4471); cars from the rent-a-car fleet will be offered to customers , which will lead to the optimization of the rent-a-car fleet and a reduction in costs for the customer.

While investment in 2020 will decline, management expects that new opportunities for efficiency through outsourcing will appear , which brought very high increases to the company in the previous economic contraction. Management closely follows the current evolution and is ready to adapt the business model whenever it is necessary to respond to market requirements.

If there are significant changes to the situation mentioned above, the Issuer will publish a current report to the market.

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 large portfolio of satisfied customers (significant contracts replacement rate over 95% in the last seven years) and with seniority in 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;

- Openness in capitalizing on possible acquisition opportunities of new companies in order to grow the added value of the services offered by the Group, the effect of economies of scale and post-transaction costs optimizations (the case of BTOL acquisition in June 2018);

- Increasing the average maturity of financing, through bond issue, in agreement 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.

Administrative, management and supervisory bodies

General aspects

The Company is administrated by a Board of Directors comprised of 3 (three) directors appointed by the GMS for a mandate of 4 (four) years. According to the Company's Articles of Incorporation, 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 1 November 2014 for an unlimited period. 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 Stefan and Mr. Dan George Stefan, 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 Stefan owns 20.000 shares, representing 1%, and (iii) Dan-George Stefan owns 20.000 shares, representing 1%. Autonom International S.R.L. is a entity controlled in equal percentages (50%) by the brothers Dan-George Stefan and Marius Stefan, the two exercising control of the company.

Members of the Board of Directors

Name and Surname	Capacity	Date of appointment	Date of mandate expiry
Mihaela-Angela Irimia	Chairman of the Board of Directors	March 13th 2013	November 1st 2022
Elena-Gianina Gherman	Member of the Board of Directors	November 7th 2014	November 1st 2022
Dan Iacob	Member of the Board of Directors	November 7th 2014	November 1st 2022

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

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 GMS resolutions and (v) the fulfilment of any other duties required by the law or by the Articles of Incorporation.

The Chairman of the Board of Directors coordinates the activity of the Board of Directors and reports before the GMS 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 Stefan is one of the current shareholders of the Company and its founder in 2005, being at the same time, an essential decision-making factor in the management of the Company by holding the CEO position. At present 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 at SNSPA (2001), being 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 Stefan is one of the current shareholders of the Company and became part of the Company's shareholding in 2006, being also an essential decision-making factor in the management of the Company by holding the position of managing partner. Mr. Dan-George Stefan held the position of Purchasing Consultant in IAC, Paris, for a period of 4 years. He is a graduate of the "International Business" masters degree, University of Paris 1 Sorbonne and "International Economics" at the University of Orleans and the Academy of Economic Studies in Bucharest, specialized in International Trading (2001). He is a member of YPO Romania and is 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 is a professor of 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 the Alexandru Ioan Cuza University in 2006, with a degree in Statistics and Economic Forecasts. At present she coordinates the operational department, managing the activity of cars purchase, the relationship with the financing parties, payments' performance and the HR department.

Elena-Gianina Gherman

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

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

Dan Iacob

Mr. Dan Iacob is one of the directors of the Company and has joined it since its establishment. He graduated the Politehnica 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 coordinates the operational activity for the Company's subsidiary and the companies whereby the Company has minority participations and together with Mr. Dan Ștefan and Mr. Marius Ștefan, defines the strategic development directions of the Company.

Bonds - AUT24E on Bucharest Stock Exchange

About the financial instruments admitted to trading on the Bucharest Stock Exchange

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 euros, five years maturity and a fixed interest rate of 4,45%, p.a., payable annually.

Following the private placement, the AUT24E bonds issuance had a balanced structure of subscribers which consisted of both institutional investors, as well as retail investors. Since floating on the Main Market, the bonds were traded above the nominal value, however with small trading activity. Between the listing date of December 4th and the last day of the year, 7 trades were performed as 15 AUT24E bonds changed their holders.

The maturity date of the AUT24E issuance is November 12th 2024 and the first coupon payment will take place on November 12th 2020.

The coupon payments will be made in accordance with the provisions of the sub-section „Efectuarea Plăților", of the Memorandum, available on Autonom's website.

Company risks and risk management

Autonom company risks

Risk related to the COVID-19 pandemic

At the time of publishing this report, Romania is facing the outbreak of COVID-19 (coronavirus) and the country will be under the state of emergency until May 15th, 2020. Because of the pandemic and the emergency state, the Issuer's financial performance has been affected since March 2020, as explained in detail in the "2020 Perspectives" chapter of this report. The full impact of COVID-19 on business activity in 2020 is still impossible to assess. However, it is important to underline that it will be dependent on the measures taken after lifting of the state of emergency, the duration of the period necessary for the recovery of the Romanian economy, the steps taken by the state to help local companies as well as with the potential risk of looming recession.

Risks related to the activity of the company 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 assumes the risk of the residual value of the vehicles it exploits 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 a risk that the Company's debtors will not be able to meet their obligations at maturity, due to the deterioration of their financial situation. The company manages this risk mainly by diversifying business lines, customer portfolio, and the degree of exposure per industry or a specific geographical area. In addition, financial flows and statements of receipts

and payments for each partner are continuously monitored and controlled while maintaining constant contact with the client.

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's activity may be influenced by an unfavorable evolution of 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 a recession of the local economy would be negatively reflected in most operational parameters.

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 exploits under the operating leasing and short-term rental service (rent-a-car), which are sold at the end of the operating lease contract.

Part of the Company's activity is seasonal, and it 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.

Short-term leases depend on the dynamics of the air transport industry, and disruptions in its operation could adversely affect the Company's business.

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 financing agreements, which could lead to the payment of higher interest and could

have a significant adverse effect on the activity, financial situation and results of the Company's operations.

- ***The company needs a significant amount of cash to service its debt and to carry out planned capital expenditures. Its ability to generate cash or refinance its debt depends on many factors 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 significant negative impact on the results of the Company's operations.***
- ***The Company's insurance may not be adequate to protect the Company against all potential losses that may affect it.***
- ***The Group is subject to and may be subject to investigations and complaints concerning competition matters.***

The Company's Significant Subsidiary, BT Operational Leasing, is being investigated by the Competition Council regarding allegedly coordinating commercial policies and maintaining its market position through pricing fixing and / or sharing the market as a result of a commercially sensitive exchange of information with competing companies on the market for operating leasing, actions carried out between 2011 and 2017. The risk that BTOL will receive a fine was assumed under certain circumstances and is subject to limitations by the seller, BT Investments SRL, through the sales contract concluded by the Company, as a buyer. In the event of such a fine, the Company's reputation could be affected, which could have a significant negative impact on the Company's prospects, its business results and its financial situation.

Risks regarding the investment in bonds

Risk of illiquid bond market.

Bondholders may not be able to sell bonds quickly or at prices that give them a return comparable to one obtained in the case of similar investments performed on developed, secondary markets.

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

ASF is authorized to suspend bonds from trading or to request the market operator to suspend them from trading if the continuation of their 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 a change in the market interest rate.

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

Risks concerning the market value of the bonds.

The market value of the Bonds may be affected by the creditworthiness of the company as well as additional factors, including fluctuations in the market interest rate and the bond yield rate, time remaining until the maturity date 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 on which the Bonds are traded.

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

The bonds are unguaranteed. 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 writing this report. However, the risks presented in this section do not necessarily include all those risks associated with the issuer's activity, and the company cannot guarantee that it includes all relevant risks. There may be other risk factors and

uncertainties that the company is not aware of at the time of preparing this report and which may change the actual results, financial conditions, performance and achievements of the issuer in the future and may lead to a decrease in the company's bond price. Investors should also carry out the necessary prior checks to draw up their assessment of the investment opportunity.

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 here:
https://www.autonom.com/assets/uploads/investitori/Autonom-Service-Prospect-admitere-la-tranzactionare-27.11.2019-VF.pdf

Risk management

- The group pays special attention to the selection and monitoring of clients for operational leasing services;
- Significant contracts renewal rate was over 95% in the last seven years;
- 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 here offer the real and accurate situation on the company's financial position on December 31st 2019, on the financial performance and cash-flow, according to financial and accounting standards applicable to date, and that the Annual Report for the period of January 1st 2019 to December 31st 2019 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 Board of Directors

Non-financial report

Corporate governance principles

Autonom has a flat tree tier organizational structure: Board of Directors, managers, and employees. All the 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 organized as a small business, having its own profits and losses of which the branch manager is responsible. Almost 90% of decisions are made within those teams, without the intervention of the Board of Directors. The managers report to the Board of Directors the daily achievements, 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 is concluded of 3 administrators named in the GAS (General Assembly of the Shareholders), each with a four-year term. According to the Constitutive Act of Autonom, at any given time, most of the company administrators will be non-executive administrators. 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 of:

- Fulfilling all the obligations regarding the payments made to the shareholders.
- The existence of the payed dividends.
- The existence of the books required by law.
- The exact fulfillment of the GAS rulings.
- Fulfilling other duties required by the Constitutive Act or by law.

The President of the Board of Directors is responsible of coordinating its activity. The President reports to the GAS the Boards activity. The Board of Directors can make decisions if the majority is present, and with a majority of votes. In case of a tie in votes, the President has the final say.

The headquarters of each member of the Board of Directors, and of the General Manager is in Piatra Neamț, Str. Fermelor, Nr. 4, Neamț county.

At the time of writing this report, the Board of Directors of Autonom has the following members:

Name and Surname	Capacity	Date of appointment	Date of mandate expiry
Mihaela-Angela Irimia	Chairman of the Board of Directors	March 13th 2013	November 1st 2022
Elena-Gianina Gherman	Member of the Board of Directors	November 7th 2014	November 1st 2022
Dan Iacob	Member of the Board of Directors	November 7th 2014	November 1st 2022

The leadership of the group if appointed by the Board of directors to the General Manager. Currently, the General Manager of Autonom is Mihalea-Angela Irimia, who has been named in this position on November 1st, 2014 for an unlimited period. Marius Ștefan and Dan Ștefan are also involved in the decision-making process. They are employees of Autonom, but they have a crucial role and a decisive contribution with respects to the growth strategy of the group.

Autonom's organizational culture and values

Autonom is a family company, with a long-term vision. Our success is a direct consequence of our clients satisfaction and the evolution of our colleagues. The vision of the company group is to be an authentic business model. Business growth, profitability and financial stability are natural results 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 Autonom Group is based on the following 4 principles:

- Encouraging employee growth – The success of a company is defined by the evolution of all its employees. In this respect, the company offers custom a learning experience which includes trainings, coaching, classes, and easy access to the company management for support. All employees have access to a vast library of books from various domains / on various topics. It is a known fact that in Autonom reading is in the job description. Each employee is recommended to read at least a book a month.
- Encouraging flexibility – Autonom believes in work-life balance to create a great environment for the employees. Depending on the job, there is the possibility of working from home whenever employees want, and the flexible schedule allows them to work according to their needs.
- Encouraging social and community involvement – Autonom Foundation was created to help people around us and to offer our employees the opportunity of discovering and implementing different types of projects with positive impact in their local communities. Among the most common types of project, we list the following: providing school supplies for children in need (book, stationary), giving scholarships to students with potential to personal or professional development programs, holding classes for different after schools and many others.
- Encouraging an innovative spirit – All employees, who have thoughts on how to improve the way things are done in our company, can share their ideas freely. With the help of an internal program we collect, select, and implement all the ideas our colleagues sent. Each team member has a direct impact on the company's transformation.

Autonom does not have a typical HR department. Managers allocate 30% of their time to employee development and HR activities.

Autonom is the only Romanian company which was awarded the Best Employer award for five consecutive years. In 2018 the company joined the WorldBlu community, in which all 123 organizations promote democratic principles and encourage freedom at work.

The company's activity and cultural organization have been recognized throughout time by partners and employees with different awards.

General principles of the remuneration policy

Transparency is also an important value in Autonom. 90% of the information are accessible in our internal system and every management decision is driven by our company's values.

The general principles of establishing the remuneration policy of our employees are the following:

- Attracting, engaging, and motivating the professionals.
- Rewarding achieved objectives.
- Keeping the competitiveness in the remuneration market.
- Aligning remuneration with the recommendation of good governance.
- Promoting transparency regarding remuneration and the criteria behind it.

An important aspect of Autonom's remuneration policy is that our sales team members have a fixed salary, without any individual performance bonuses. The group has implemented an annual team bonus – each employee receives a part of the profit, at the end of the fiscal year. This way, the dividends are transferred directly to the employees.

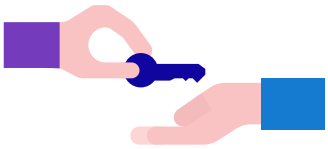
Social initiatives and community involvement

In 2019 Autonom has offered mobility services to 27 non-governmental organizations so that they can implement their projects.

Autonom Foundation has supported 110 projects which were implemented with the help of our colleagues.

- 50 projects – Educational supplies
- 22 projects – ONGs partnerships
- 15 projects – Mentoring and creation
- 8 projects – Charitable and diverse
- 6 projects - Trips
- 4 projects – Olympic and gifted students
- 4 projects - Robotics
- 1 project – Ecology

27 organizations



Environment and waist 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 bribe or 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 otherwise 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.

Autonomously prohibits the involvement of employees in bribery and has a zero tolerance policy on bribery and corruption. Group policy prohibits bribery, offering or 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 Board of Directors

Individual and consolidated financial situations prepared according OMFP nr. 2844/2016 with subsequent changes and amendments

Ernst & Young Assurance Services SRL
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Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Autonom Services S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Autonom Services S.A. (the Company) and its subsidiary (together referred to as "the Group") with official head office in Piatra Neamt, Strada Fermelor, no.4, identified by sole fiscal registration number 18433260, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants(including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter relating to Corona virus developments

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a Going Concern. The situation changes on a daily basis giving rise to inherent uncertainty. The impact of these developments on the Group is disclosed in Note 31 to the consolidated financial statements. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit matter

1. Assessment of the residual values and useful lives of rental fleet, including rental fleet under right of use assets, and specific impairment analysis of such assets

The rental fleet assets, either owned by the Group, amounting to RON 171,874 thousand, or under lease contracts classified as right of use assets - contracts with a transfer of ownership or purchase option, for which IAS 16 is applied in terms of depreciation - amounting to RON 314,035 thousand as at 31 December 2019 are measured at cost less accumulated depreciation and any impairment. The management is required to assess the residual value and the useful life of an asset at least at each financial year- end and evaluate if there are any specific impairment adjustments required. Depending of the results of such analysis, changes may be accounted as a change in accounting estimate through prospective depreciation or as a specific impairment. The determination of any impairment adjustment with regard to operating lease assets is primarily dependent on how the residual value achievable at the end of the lease is affecting the recoverable value.

The future residual values are mostly influenced by number of kilometres driven, class of the asset and manufacturer, overall state of the vehicle, as well as the evolution of the used-vehicles markets at the date when the vehicles are sold. The residual values for the vehicles operated by the Group varies depending on the type of asset, thus, the future valuation as performed by the management is based on a number of estimations and judgmental assumptions.

The Group revised the residual values of the rental fleet as of 31 December 2019, considering both external and internal factors to the Group such as: actual sales of used vehicles throughout the year, correlation of such values at the balance sheet date with the estimated number of km driven, asset class and manufacturer, potential use of the car for cancelled operation lease contracts, etc. Based on the analysis performed, the management identified a decline in value for certain categories of used vehicles of its subsidiary. A full review of the subsidiary's vehicles portfolio was made and an impairment of RON 5.672 thousand has been recorded.

Due to the significance of the value of the rental fleet assets, the significance of the estimation uncertainty involved in determining the residual values of the assets, their useful lives as well as any specific impairment adjustments required, we consider the measurement of the rental fleet, including the rental fleet under right of use assets to be a key audit matter.

The Group's disclosures are included in notes 2.3.7, 3, 14 and 15 to the consolidated financial statements.

How our audit addressed the key audit matter

Our work was focused on, but was not limited to, the following procedures:

- We obtained an understanding of the rental fleet risk management framework as designed and implemented at Group level.

- We have assessed the management's impairment triggering event analysis of leased assets, with focus on categories of vehicles sold at a loss throughout the year in order to evaluate whether a decline of the market was noted for the respective category of assets. We have discussed with management and assessed also whether there were any changes in the market that could affect the selling price of used cars and implicitly the residual value on a prospective basis and whether any specific impairment adjustment is required as of 31 December 2019

- We have discussed and reviewed management's analysis of the impact on the residual value considering the number of cars' kilometres incurred as of 31 December 2019.

- We have evaluated the information and data included in the operational database used for the evaluation of the residual value and fair value of cars by comparing with the actual signed contracts for a sample of contracts concluded during the year and followed up on those vehicles which did not have an operational lease contract active at the balance sheet date.

- When it comes to the rental fleet owned by the subsidiary BT Operational Leasing SA, we have reviewed the impairment exercise performed by the management at car unit level, sources for the selling prices estimated. We have assessed the appropriateness of the impairment model used and key parameters applied by management in the context of IAS 36 i.e. individual assets impairment for the subsidiary's rental fleet, by assessing the recoverable value of assets based on their fair value at the balance sheet date.

- We have performed subsequent to year end a review of the used cars' selling prices and assessed whether a specific or a more general impairment is necessary as of the balance sheet date.

We further assessed the adequacy of the disclosure in the consolidated financial statements.

Other information

The other information comprises the Consolidated and Individual Directors' Report, but does not include the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management of the Group is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Consolidated Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the consolidated and individual Directors' Report, we have read the consolidated and individual Directors' Report and report that:

a) in the consolidated and individual Directors' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at December 31, 2019;
b) the consolidated and individual Directors' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 points 15 – 19;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the consolidated financial statements as at December 31, 2019, we have not identified information included in the consolidated and individual Directors' Report that contains a material misstatement of fact.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Group by the General Shareholders' Meeting on 24 May 2019. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 5 years, covering the financial periods end December 31, 2015 till December 31, 2019.

Consistency with Additional Report to Those Charged with Governance- Board of Directors

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Board of Directors, which we issued on 8 May 2020. As of 31 December 2019, the Company does not have an audit committee.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Group and we remain independent from the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the consolidated financial statements, no other services were provided by us to the Company, and its controlled undertakings.

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA77

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: Gavrila Felicia Viorica
Registrul Public Electronic: AF1513

Name of the Auditor/ Partner: Gavrila Felicia Viorica
Registered in the electronic Public Register under No. AF1513

Bucharest, Romania
8 May 2020

AUTONOM SERVICES SA

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with regulations of OMFP no. 2844/2016, with subsequent changes and amendments

31 DECEMBER 2019

The English version of this Consolidated Financial Statements represents a translation of the original Consolidated Financial Statements issued in Romanian language.

Contents

AUTONOM SERVICES SA
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
All amounts in RON, unless specified otherwise

	Note	31 December 2019	31 December 2018
Operating lease income		107,933,439	73,230,370
Additional services revenue	5	51,386,106	34,020,597
Rent a-car-income		65,860,025	57,592,905
Revenue from sale of vehicles		47,454,242	46,053,910
Proceeds from sale of cars from rental fleet		46,053,124	34,534,061
Other operating income	6	20,026,647	5,931,949
Total operating income		**338,713,583**	**251,363,792**
Fleet expenses	7	(58,030,728)	(45,018,205)
Cost of vehicles sold		(46,796,426)	(45,484,278)
Cost of cars from rental fleet sold		(50,397,385)	(38,412,112)
Employee benefits expenses	8	(28,230,206)	(20,778,851)
Administrative expenses	9	(2,783,101)	(4,435,897)
Depreciation and impairment of rental fleet and equipment assets	14.15	(85,288,349)	(52,308,172)
Depreciation, amortisation and impairment of other non-current assets	14, 15, 16	(5,670,375)	(2,085,025)
Other operating expenses	10	(12,037,360)	(9,270,932)
Other (losses) / gains – net	11	(8,469,730)	(4,375,723)
Total operating expenses		**(297,703,660)**	**(222,169,195)**
Operating profit		**41,009,923**	**29,194,597**
Bargain purchase gain	4	-	165,570
Finance costs	12.1	(21,726,236)	(10,750,147)
Finance income	12.2	507,193	173,470
Profit before tax	13	**19,791,406**	**18,783,490**
Income tax expense	13	(2,225,226)	(2,366,348)
Profit for the period		**17,566,180**	**16,417,142**
Attributable to:			
Equity holders of the parent		17,563,546	16,416,571
Non-controlling interests		2,634	571
Other comprehensive income			-
Total comprehensive income		**17,566,180**	**16,417,142**
EPS	29	**8.78**	**8.21**

These consolidated financial statements from page 3 to page 63 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia
Name
Chairman of the Board of Directors

SC AVH CONSULTING SRL
Name: Huian Angelica
Professional body reg. no.5138

AUTONOM SERVICES SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
All amounts in RON, unless specified otherwise

	Notes	31 December 2019	31 December 2018
Assets			
Non-current assets		**532,544,153**	**439,117,120**
Intangible assets	17	2,442,166	4,952,149
Rental fleet and rental equipment	14	195,664,513	424,265,600
Right-of-use assets	15	322,882,415	-
Other property, plant and equipment	14	683,698	2,579,109
Investment properties	16	1,651,396	1,566,839
Investments in equity instruments		423,696	423,686
Trade receivables	21	384,713	677,689
Loans to related parties	26	8,411,556	4,652,048
Current assets		**123,525,967**	**65,573,579**
Inventories	20	10,561,590	28,594,931
Trade receivables	21	15,963,853	17,530,572
Other receivables and current assets	21	7,230,612	8,450,618
Prepayments	21	391,778	1,010,542
Cash and cash equivalents	22	89,378,134	9,986,916
Total assets		**656,070,120**	**504,690,699**
Equity and liabilities			
Equity			
Share capital	23	20,000,000	20,000,000
Other capital reserves	23	13,485,527	6,651,922
Retained earnings	23	65,780,117	55,461,611
Equity attributable to equity holders of the parent		**99,677,078**	**82,113,533**
Non-controlling interests		7,475	4,841
Total equity		**99,684,553**	**82,118,374**
Non-current liabilities		**380,379,524**	**259,410,019**
Interest-bearing loans and borrowings	18	90,007,861	130,076,235
Bonds	18	95,341,617	-
Finance lease liabilities	25	-	120,697,749
Lease liabilities	15	180,880,106	-
Trade and other liabilities	24	3,327,317	755,201
Deferred revenue		3,800,409	-
Deferred income tax liability	13	7,022,214	7,880,834
Current liabilities		**176,006,043**	**163,162,306**
Interest-bearing loans and borrowings	18	76,883,979	82,828,381
Finance lease liabilities	18	-	34,343,615
Lease liabilities	15	81,487,710	-
Trade and other liabilities	24	15,134,040	44,777,984
Provisions		71,400	71,400
Deferred revenue		2,428,915	1,140,926
Total liabilities		**556,385,567**	**422,572,325**
Total equity and liabilities		**656,070,120**	**504,690,699**

These consolidated financial statements from page 3 to page 63 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia
Name
Chairman of the Board of Directors

SC AVH CONSULTING SRL
Name: Huian Angelica
Professional body reg. no.5138

The accompanying notes 1 to 31 are an integral part of these financial statements

	Share capital	Other capital reserves	Retained earnings	Total equity	Non-controlling interest	Total equity
As at 1 January 2019	**20,000,000**	**6,651,922**	**55,461,611**	**82,113,533**	**4,841**	**82,118,374**
Profit for the year	-	-	17,563,546	**17,563,546**	2,634	**17,566,180**
Increase in legal reserves and other reserves	-	6,833,605	(6,833,605)	-	-	-
At 31 December 2019	**20,000,000**	**13,485,527**	**66,191,551**	**99,677,078**	**7,475**	**99,684,553**

	Share capital	Other capital reserves	Retained earnings	Total equity	Non-controlling interest	Total equity
As at 1 January 2018	**20,000,000**	**1,820,194**	**43,876,768**	**65,696,962**	-	**65,696,962**
Profit for the year	-	-	16,416,571	**16,416,571**	571	**16,417,142**
Increase in legal reserves and other reserves	-	4,831,728	(4,831,728)	-	-	-
Acquisition of a subsidiary (Note 5)	-	-	-	-	4,270	**4,270**
At 31 December 2018	**20,000,000**	**6,651,922**	**55,461,611**	**82,113,533**	**4,841**	**82,118,374**

The increases in "Other capital reserves" refer to the set-up of the legal reserve and the set-up of the re-invested profit tax facility reserve (refer to Note 23).

The reserve for re-invested profit tax facility is non-distributable. Group does not intend to distribute the reserves in balance as at 31 December 2019.

The legal reserve is set in accordance with the provisions of the Romanian Company Law, which requires that 5% of the annual accounting profit before tax is transferred to the legal reserve until the balance of this reserve reaches 20% of the share capital of an entity.

These consolidated financial statements from page 3 to page 63 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia

Name
Chairman of the Board of Directors

SC AVH CONSULTING SRL

Name: Huian Angelica
Professional body reg. no.5138

AUTONOM SERVICES SA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
All amounts in RON, unless specified otherwise

	Notes	2019	2018
Operating activities			
Profit before tax		**19,791,406**	**18,783,490**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of other property, plant and equipment	14	5,670,375	2,085,025
Depreciation of rental fleet and rental equipment	14,15	85,288,349	52,308,172
Net foreign exchange differences		5,782,874	37,232
Bargain purchase gain		-	(165,570)
Loss on disposal of property, plant and equipment		1,070,716	2,673
Loss on disposal of rental fleet - own resources		4,344,261	3,878,051
Finance income	12.2	(507,193)	(173,470)
Interest expense	12.1	14,747,668	9,774,466
Movement in current assets allowances	11	7,490,422	4,219,220
Working capital adjustments:			
Increase in trade and other receivables and prepayments		(3,648,428)	(4.636.911)
Increase/Decrease in inventories		17,511,532	14,219,811
Increase in other receivable		1,220,006	(36,446,013)
Increase/(decrease) in deferred revenue		5,088,397	(262,833)
Increase / (decrease)in trade and other payables		(10,363,397)	32,631,184
Purchase of rental fleet and rental equipment		(46,106,239)	(37,562,201)
Amounts received for disposal of rental fleet and rental equipment		45,191,411	30,656,010
Interest received		97,251	2,941
Interest paid	19	(14,453,748)	(9,025,196)
Income tax paid		(3,387,603)	(1,401,636)
Net cash flows from operating activities		**134,828,060**	**78,924,445**
Investing activities			
Acquisition of subsidiary, net of cash acquired	4	-	(27,459,204)
Purchase of intangible assets		(101,759)	(558)
Purchase of other property, plant and equipment		(1,247,789)	(766,750)
Purchase of investment property		-	(372,562)
Loans granted to related parties	26	(5,077,192)	(2,809,074)
Proceeds from borrowings granted to related parties		442,950	217,551
Acquisition of equity investments			-
Net cash flows used in investing activities		**(5,983,790)**	**(31,190,597)**
Financing activities			
Payment of finance lease liabilities	19	(86,235,908)	(63,978,867)
Proceeds from borrowings	19	26,662,271	59,158,973
Repayment of borrowings	19	(75,635,180)	(65,037,506)
Issuance of bonds	19	94,186,057	-
Net cash flows used in financing activities		**(41,022,760)**	**(69,857,400)**
Net increase / (decrease) in cash and cash equivalents		**87,821,509**	**(22,123,552)**
Cash and cash equivalents at 1 January	22	**(7,046,640)**	**15,076,912**
Cash and cash equivalents at 31 December	22	**80,774,870**	**(7,046,640)**

These consolidated financial statements from page 3 to page 63 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia
Name
Chairman of the Board of Directors

SC AVH CONSULTING SRL
Name: Huian Angelica
Professional body reg. no.5138

The accompanying notes 1 to 31 are an integral part of these financial statements

1. CORPORATE INFORMATION

These consolidated financial statements are prepared by Autonom Services SA ("the Company") and comprise its activities and those of its subsidiary, together referred hereinafter as "Autonom" or "the Group". The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the directors on 8 May 2020.

Autonom Services SA is a privately owned, joint stock company with the main activity of renting and leasing of motor vehicles and light motor vehicles. The company has its headquarters in Piatra Neamt, Fermelor street, no. 4 with points of business in several cities: Alba Iulia, Arad, Bacau, Baia Mare, Bistrita Nasaud, Botosani, Braila, Brasov, Bucharest, Otopeni, Buzau, Cluj, Constanta, Craiova, Deva, Focsani, Galati, Iasi, Miercurea Ciuc, Oradea, Piatra Neamt, Pitesti, Pipera-Voluntari , Ploiesti, Resita, Ramnicu Valcea, Satu Mare, Sibiu, Slatina, Suceava, Targu Mures, Targu Jiu, Timisoara, Tulcea.

Autonom Services SA is controlled by Autonom International SRL and ultimately by Stefan Dan George and Stefan Marius.

On 30 June 2018, Autonom Services SA acquired control over BT Operational Leasing SA ("BTOL", "the Subsidiary"), after completing the purchase of a 99.85% interest in its share capital. BTOL was previously a member of the Banca Transilvania Financial Group and was incorporated as a joint stock company in 2001. The Subsidiary's main activity consists of renting and leasing of motor vehicles and light motor vehicles and has its headquarters at 131-135 Calea Floreasca, 7th floor, Sector 1, Bucharest.

For more details regarding the acquisition of BTOL, refer to Note 4.

On December 4, 2020, the Company issued corporate bonds in amount of EUR 20 million which were admitted to trading on the Main Market of the Bucharest Stock Exchange, Bonds segment, and which are traded under the symbol AUT24E. The bonds have a nominal value of 1,000 euros, a maturity of five years and a fixed interest rate of 4.45%, p.a. payable annually (refer to Note 18).

The Group's number of employees at 31 December 2019 is 358 (31 December 2018 was 322).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of Compliance

The financial statements of the Group have been prepared in accordance with Order no. 2.844/2016 for approving the Accounting Regulations in accordance with International Financial Reporting Standards, with subsequent amendments and additions. These provisions are in accordance with International Financial Reporting Standards applicable to financial reporting as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) (IFRS), except as provided in IAS 21 The Effects of Changes in Foreign Exchange Rates on functional currency.

The financial statements have been prepared on a historical cost basis, except for equity investments measured at fair value through profit or loss. The financial statements are presented in Romanian New Lei ("RON"), which is also the Group's functional currency, and all values are rounded to the nearest thousand RON, except when otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

These financial statements are prepared on a going concern basis. The Management believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The management based their assessment on the Group's detailed cash flow projections for the period up to 31 December 2020 prepared using assumptions which include the estimated impact of Covid 19 pandemic considering developments up to the end of April 2020. These projections take into account the current available cash resources of the Group as of 31 December 2019, the contracts in place in relation to operating lease income, anticipated additional operating income from new lease agreements to be concluded during the period covered by the projections, as well as contracted debt financing and the current classification of loans at the reporting date, rental fleet investments, and other commitments.

Further details on the Group's response to the Covid-19 pandemic can be found in Note 31 Events after the reporting period.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2019.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements.

2.3.1 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.2 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.3 Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the relevant notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;

Or

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period".

2.3.4 Revenue recognition

Revenue includes vehicle rental income (operating lease, rent-a-car and equipment rental income), fees from services incidental to operating lease, sales of goods and other rental income.

A) Operating lease income, rent-a-car and equipment renting income and other operating lease income

Vehicle and equipment rental income

Rental income from operating lease agreements is accounted for on a straight-line basis over the lease terms, based on the total of the contractual payments divided by the number of months of the lease term.

Rent-a-car income is recognized proportionally over the period (number of days of rental in the accounting period) in which the vehicles are rented out based on the terms of the rental contract.

End of contract / termination fees consist of fees charged to clients upon early termination of the lease contracts and are included within this revenue stream.

Other operating lease income

Other rental income is recognised on a straight-line basis over the term of the rental agreement.

B) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from services incidental to vehicle rental

Services incidental to vehicle rental include fees charged for repair and maintenance services, tyre changes, replacement car, damage and insurance services and other contract components. Such services qualify as separate performance obligations and are generally recognized over the term of the contracts, based on the monthly lease instalment as the vehicle is continuously available to the customer and the service is utilized continuously or the customer will have access to the service during the contract term, except for tyre changes, which are recognized at a point in time, when such services are provided.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue* from *sale of vehicles

Revenue from sale of vehicles refers to cars purchased for resale and is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the car.

Revenue from sale of cars from rental fleet

Revenue from sale of cars from the rental fleet (operating lease contracts and rent-a-car contracts) is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the car.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables represent unpaid, current lease receivables under existing operating lease contracts or receivables related to inventory sales.

Refer to accounting policies of financial assets in section 2.3.13 Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier) in the Advances from customers line. Contract liabilities are recognised as revenue when the Group performs under the contract. For the Group, advances from customers for cars to be sold qualify as contract liabilities, in accordance with the provisions of IFRS 15.

2.3.5 Foreign currencies

The Group's consolidated financial statements are presented in RON, which is also the functional currency of its parent and subsidiary.

Transactions in foreign currencies are translated into RON by applying the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at year-end are translated to RON at the exchange rates prevailing on that date. Realized and unrealized exchange gains and losses are recognized in profit or loss:
2.
The exchange rate RON – EUR and RON – USD as at 31 December 2019 and 31 December 2018 was:

	31 December 2019	31 December 2018
RON – EUR	4.7793	4.6639
RON – USD	4.2608	4.0736

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.6 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in Romania, the country where the Group companies operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for: all deductible temporary differences: the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and any unused tax losses that can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, no deferred tax is recognized, and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax (VAT and similar taxes)

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.7 Rental fleet and other own use property, plant and equipment

The rental fleet, leased equipment, as well as property, plant and equipment for own use are measured at cost less accumulated depreciation and impairment losses.

Cost consists of the purchase price and directly attributable costs.

The assets subject to operating leases and rent-a-car agreements are presented in the balance sheet according to the nature of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation method

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

	Years
Rental Vehicles*	4
Leased Equipment and machinery	3 -10
Other furniture, fittings and equipment	3 - 24

*Rental vehicles are depreciated on a straight-line basis up to their estimated residual values at their expected date of disposition, after giving effect to anticipated conditions in the used car market.

The residual values, useful lives and methods of depreciation of rental fleet, leased equipment and property, plant and equipment, as applicable, are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is de-recognised.

Upon termination of the lease or rental contract, when the Company obtains ownership of these fleet with a management decision to sell, the relevant assets are reclassified to the caption "Inventories" at their carrying amount, as per IAS 16 paragraph 68A recommendations.

The depreciation policy for depreciable leased assets (under contracts with a transfer of ownership or purchase option) is consistent with the Group's normal depreciation policy for similar assets.

2.3.8 Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost, less accumulated depreciation and impairment.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.3.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease.

That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets – see below. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The period ranges from 1.5 years to 4 years.

The lease term was considered to be the non-cancellable period in the contract.

Leased assets, under finance lease arrangements, are depreciated over the shorter of the lease term and their useful lives.

If ownership of the leased asset (vehicles and equipment) transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, the Right-of-use assets (vehicles and equipment) are depreciated following the depreciation method and estimates applied for owned similar items – please refer to paragraph 2.3.7.

Similar to own rental fleet, upon termination of the lease or rental contract and management decision to sell the vehicles, the relevant assets from right-of-use assets are reclassified to the caption "Inventories" at their carrying amount, as per IAS 16 paragraph 68A recommendations, presumably as simultaneously the vehicle becomes the ownership of the Group.

Right-of-use assets are subject to impairment, disclosed in Note 2.3.12. Refer to the accounting policies in section Impairment of non-financial assets.

- **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Subleases**

The Group acts as an intermediate lessor in transactions for which an underlying asset is sub-leased by the Group to a third party and the lease between the head lessor and the Group remains in effect.

The Group classifies a sublease as a finance lease or an operating lease as follows:

a. if the head lease is a short-term lease, the sublease is classified as an operating lease;
b. otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease.

For subleases classified as an operating lease, the Group continues to account for the lease liability and right-of-use asset on the head lease like any other lease. The lease payments from operating subleases are recognized as income on a straight-line basis.

As of 31 December 2019, the Group does not have finance subleases.

- **Short-term leases**

The Group applies the short-term lease recognition exemption to its short-term leases of vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The main provisions of the accounting policy applicable to the *Group (as a lessee)* under IAS 17, applicable for the reporting periods up to 31 December 2018 and based on which the comparative reporting figures have been prepared, are as follows:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is or contains a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subleases

When determining the accounting treatment of subleases in which the Group acts as an intermediate party, the Group considers the substance of the series of transactions. The Group has analysed its population of sublease contracts and concluded that in substance the Group does not transfer the risks and rewards incidental to ownership, thus the Group acts as lessee to the original lessor and lessor to the ultimate lessee.

Group as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease income are added to the carrying amount of the leased asset and depreciated over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The carrying amount of property and equipment under operating lease and rental fleet is depreciated during the lease term or the useful life of the asset. Depreciation is recognised in the statement of profit or loss. The operating lease instalments are recognised in the financial statements in their entirety on a straight-line basis over the lease term. The instalments are classified and presented in the 'Operating lease income' revenue category of the statement of profit or loss and other comprehensive income. The Group leases assets to its clients for durations that normally range between three to four years. In all cases, the leased assets are returned to the Group at the end of the contract term.

2.3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisations periods are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Software, licenses and similar assets are depreciated using the linear method over a three-year period by the Group. Customer relationship is amortised over a period of two and half years.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.12 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication of impairment for property, plant and equipment (rental fleet and rental equipment), right-of-use assets, intangible assets and investment properties. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the recoverable amount, which is determined as the higher of an asset's or CGU's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognised as an expense (impairment loss) in the consolidated statement of profit or loss and other comprehensive income.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.3.13 Financial instruments

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

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group's financial assets are represented solely by loans to related parties and trade and lease receivables and cash and cash equivalents.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date on which the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and is represented by loans granted to related parties and trade and lease receivables.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in "Finance income" in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

This category includes non-listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established.
2.
De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset;

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Impairment of financial assets

Disclosures relating to impairment of financial assets are summarised in the following notes:

- Financial instruments risk management (Note 19)
- Trade receivables (Note 21)

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
2.
The provision rates are based on actual historical collection of receivables in relevant aging buckets. The following steps are considered in determining the provision rates:

a) Identification of invoices issued in a specific calendar month,
b) Identification of collections related to those invoices, including identification of the timing of those collection (e.g., collection was performed no later than the due date, collection was performed when the related invoice was overdue by 1 to 30 days, 31 to 60 days, 61 to 90 days, 91 to 120 days, more than 121 days),
c) losses are calculated as the difference between invoiced amounts and collected amounts, generally a one year observation period was considered (i.e. invoices not collected within the observation period are considered as further uncollectible),
d) considering the timing of collections and the lost (i.e. uncollectible) amounts, loss percentages are calculated for each relevant bucket,
e) average loss percentages for 12 months of invoices issued are used to determine the provision matrix as at the reporting date (e.g. for December 2019 the above calculation was repeated for month July 2018 to June 2019 and the average loss rates was calculated, etc.).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities measured at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include only trade and other payables and loans and borrowings, including bank overdrafts and finance lease liabilities.

Subsequent measurement

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables with a maturity of 12 months or less are not discounted.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.3.14 Inventories

Inventories, which include vehicles for resale, spare parts, consumables and materials in the form of small inventory, are stated at the lower of cost or net realisable value. At the end of the lease or rental contract the relevant assets become the property of the Group and they are reclassified from 'Rental fleet" or Right of use assets to the caption 'Inventories' at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense and reported as a component of cost of sales or as part of fleet and other operating costs in the consolidated statement of comprehensive income in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the same component of the consolidated statement of profit or loss and other comprehensive income or, in the period the write-down or loss occurs, under the line Other (losses)/ gains - net.

2.3.15 Cash and cash equivalents

Cash, cash equivalents and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.3.16 Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepayments to acquire current assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group.

Prepayments to acquire property, plant and equipment are classified as other receivables and current assets. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in profit or loss.

2.3.17 Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Dividends

The Company recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Romania, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.3.18 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

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

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.19 Employee benefits

The Group, in the normal course of business, makes payments on behalf of its employees for pensions (defined contribution plans), health care, employment and personnel tax which are calculated according to the statutory rates in force during the year, based on gross salaries and wages. Food allowances, travel expenses and holiday allowances are also calculated according to the local legislation.

The cost of these payments is charged to the consolidated statement of profit or loss and other comprehensive income in the same period as the related salary cost. Accruals are created for holiday allowances if there are non-used holidays according the local legislation.

The Group does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions.

2.4 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2019; out of these new standards and amendments, IFRS 16 Leases had a material effect on the Group's financial statements.
The Group has not early adopted any other standards, interpretations or amendments that have been issued but were not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'). The Group did not have lease contracts for which the underlying asset is of low value ('low-value assets').

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The effect of adoption IFRS 16 as at 1 January 2019 (increase / (decrease)) is as follows:

	1 January 2019
Assets	
Right of use assets	205,646,527
Less property, plant and equipment	(199,069,882)
Total assets	**6,576,645**
Liabilities	
Lease liabilities	161,618,009
Less finance lease liabilities	(155,041,364)
Total liabilities	**6,576,645**

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of buildings and vehicles. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

- **Leases previously classified as finance leases**

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

- **Leases previously accounted for as operating leases**

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases.

The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Based on the foregoing, as at 1 January 2019:

- Right-of -use assets of RON 205,646,527 were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RON 199,069,882 that were reclassified from Property, plant and equipment;
- Additional lease liabilities of RON 6,576,645 were recognized on lease liabilities from the transition to IFRS 16.

The lease liabilities as at 1 January 2019, can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Weighted average interest rate on additional loans granted by financial institutions Rapporteur starting with January 1, 2019

Operating lease commitments as at 31 December 2018	**7,873,974**
Weighted average interest rate for additional loans granted by financial institutions starting on 1 January 2019	4%
Discounted operating lease commitments at 1 January 2019	7,318,144
Less:	
Commitments relating to short term leases	(741,499)
Add:	
Commitments relating to leases previously classified as finance leases	155,041,364
Lease liabilities as at 1 January 2019	**161,618,009**

The new accounting policy for leasing is disclosed in note 2.3.9.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)

The Amendments relate to whether the measurement, in particular impairment requirements, of long-term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. Management has assessed that the application of these amendments does not have any impact on the financial position or performance of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. Management has assessed that this interpretation does not have a significant impact on the financial position or performance of the Group.

IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)

The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. Management has assessed that the application of these amendments does not have any impact on the financial position or performance of the Group.

IFRS 9: Prepayment features with negative compensation (Amendment)

The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. Management has assessed that the application of this amendment does not have any impact on the financial position or performance of the Group.

The IASB has issued the **Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. Management has assessed that the application of these improvements does not have any impact on the financial position or performance of the Group.

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements**: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business;
- **IAS 12 Income Taxes**: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized;
- **IAS 23 Borrowing Costs**: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the application of this amendment will not have any impact on the financial position or performance of the Group.

- **Conceptual Framework in IFRS standards**

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020. The changes to the Conceptual Framework are not expected to have a significant impact on the financial position or performance of the Group.

- **IFRS 3: Business Combinations (Amendments)**

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. Management has assessed that the application of these amendments will not have any impact on the financial position or performance of the Group.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU.

Management has assessed that the application of these amendments will not have any impact on the financial position or performance of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The Group does not use hedging accounting.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. Management has assessed that application of these amendments will have no significant impact on the financial position of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Due to the uncertainty inherent to all measurement processes, these estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Classification of lease agreements – Group as a Lessor

The Group has entered into rental agreements on its vehicles portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the vehicles and the present value of the minimum lease payments not amounting to substantially all of the fair value of the vehicle, that it retains all the significant risks and rewards of ownership of the vehicles and accounts for the contracts as operating leases.

The same judgment is applicable for the portfolio of equipment agreements.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Review of useful lives and residual values of rental fleet assets.

The basis for the depreciation of an item of property, plant and equipment under operating lease contract is the investment value at cost less the estimated residual value, in combination with the estimated useful life of the item.

The management is required to assess the residual value and the useful life of an asset at least at each financial year-end and evaluate if there are any specific impairment adjustments required. Depending of the results of such analysis, changes may be accounted as a change in accounting estimate through prospective depreciation or as a specific impairment. The determination of any impairment adjustment with regard to operating lease assets is primarily dependent on how the residual value achievable at the end of the lease is affecting the recoverable value. These estimates may have a material impact on the amount of the carrying values of leased assets (property and equipment) and on depreciation recognised in profit or loss.

The Group closely monitors changes in the contractual residual values used in operating lease contracts, both rental fleet owned or under right of use assets.

Residual values are estimated based on the selling value at the end of the contracts and are mostly influenced by number of km driven, manufacturer, state of the vehicle, as well as the situation of the used-vehicles markets at the date when the vehicles are returned / sold, etc. As of 31 December 2019, the range of residual values for the vehicles is between 31% and 63% of the initial cost.

Similar estimates are made for vehicles that are obtained under lease contracts (Group as lessee) for which the Group has the right to obtain ownership at the end of the lease contracts and intends to exercise this right. Such right-of-use assets are depreciated on similar policy as the one described above, with similar estimates when it comes to residual value and estimated useful lives of the items.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment losses on cars from rental fleet

In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists, an analysis is performed to assess whether the carrying value of the asset under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use is determined as the present value of the future cash flows expected to be derived from the item or cash generating unit.

For further details please see Note 14.

Inventories – cars – net realizable value
The inventories are valued considering their net realizable value. Such values are determined based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. After reclassification from Property, Plant and Equipment or from Right-of-Use Assets, the impairment is recorded under Other gains/losses – net.

Impairment losses on lease and trade receivables

The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Judgement is required from management for applying appropriate models and setting assumptions for the measurement of ECL.

The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly by management. Details about the assumptions and estimation techniques used in measuring ECL for operating lease receivables and trade receivables from operating lease contracts are further provided in section "Credit risk" in Note 19. The impairment models are subject to annual review to ensure they remain current and fit for purpose and the use and performance continue to meet the Group's standards.

Taxes

All amounts due to State authorities for taxes have been paid or accrued at the balance sheet date. The Romanian tax system undergoes a consolidation process and is being harmonized with the European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation that may result in additional taxes and penalties payable. Where the State authorities have findings from reviews relating to breaches of Romania's tax laws, and related regulations these may result in: confiscation of the amounts in case; additional tax liabilities being payable; fines and penalties (those are applied on the total outstanding amount). As a result the fiscal penalties resulting from breaches of the legal provisions may result in a significant amount payable to the State.

4. BUSINESS COMBINATIONS

	Fair value recognized on acquisition
Assets	
Rental fleet	194,794,632
Other property, plant and equipment	1,264,209
Customer relationships	6,157,000
Intangible assets	113,314
Inventories	14,145
Trade receivables	8,657,795
Other receivables and current assets	1,783,209
Prepayments	3,149,448
Cash and cash equivalents	836,121
Total Assets	**216,769,873**
Liabilities	
Trade payables (non-current)	339,536
Interest-bearing loans and borrowings (non-current)	117,923,043
Finance lease liabilities (non-current)	1,666,190
Deferred tax liabilities	2,447,635
Trade and other payables	5,800,826
Interest-bearing loans and borrowings	58,110,029
Finance lease liabilities	613,691
Provisions	71,400
Deferred revenue	1,332,359
Total Liabilities	**188,304,708**
Total identifiable net assets at fair value	**28,465,165**
Purchase consideration transferred	28,295,325
Less cash and cash equivalents of the entity acquired	(836,121)
Total purchase consideration transferred	**27,459,204**
Non-controlling interest measured at the proportionate share of the acquiree's identifiable net assets	4,270
Bargain gain arising on acquisition	(165,570)

Autonom Services has acquired BT Operational Leasing SA on 30 June 2018 for the initial purpose of merging the two entities and benefiting from the synergies. Due to operational reasons related to the different counties the two entities operate in, that required changing vehicle id cards (administrative procedures that need to be completed with the State's authorities and required imobilizing the entire fleet of BT Operational Leasing SA for several days), BT Operational Leasing SA continued its own operations.

The price paid for a 99.85% share holding interes was in amount of RON 28,295,325. The fair value of the subsidiary's identifiable net assets at the date control was obtained amounted to RON 28,465,165, leading to the recognition of a bargain purchase gain of RON (165,570) in the statement of profit or loss and other comprehensive income mainly in relation to the tax amortization benefit that the Group will be able to use.

The Group has elected to measure the non-controlling interests in the acquiree at their proportionate share of the acquiree's identifiable net assets.

The deferred tax liability mainly comprises the tax effect of the fair value uplift in property, plant and equipment and intangible assets.

From the date of acquisition to 31 December 2018, BT Operational Leasing SA contributed RON 48,917,034 of revenue and RON 5,432,320 to profit before tax of the Group. If the combination had taken place at the beginning of the year 2018, revenue would have been RON 74,986,539 and profit before tax for the Group would have been in amount of RON 8,395,795.

5. ADDITIONAL SERVICE REVENUE

	2019	2018
Insurance and road and other taxes	36,954,290	23,440,772
Maintenance and other contract components	14,431,816	10,579,825
Total	**51,386,106**	**34,020,597**

6. OTHER OPERATING INCOME

	2019	2018
Income from penalties	10,184,687	2,645,915
Other income	9,506,302	2,909,516
Other rental income	335,658	376,518
Total	**20,026,647**	**5,931,949**

Other income refers to various sundry amounts re-invoiced to customers.

During 2019 the Group was reimbursed an amount of RON 6,085,087 representing road taxes paid in prior years.

7. FLEET EXPENSES

	2019	2018
Fuel	7,905,978	6,768,503
Expenses with spare parts	15,755,743	11,500,412
Repair, maintenance and refurbishment	15,917,766	9,884,299
Rental fleet expenses	4,523,583	4,421,479
Insurance	9,967,708	10,185,324
Expenses with other consumables	284,767	577,814
Registration services, commissions for cars	1,798,595	887,488
Car wash	1,614,871	707,365
Parking	261,717	85,521
Total	**58,030,728**	**45,018,205**

8. EMPLOYEE BENEFITS EXPENSE

	2019	2018
Salaries	26,634,045	19,828,240
Social security contributions and other related taxes	740,115	540,293
Meal tickets	856,046	410,318
Total	**28,230,206**	**20,778,851**

9. ADMINISTRATIVE EXPENSES

	2019	2018
Telecom costs	593,185	260,992
Head office costs	538,134	825,721
Sales and marketing costs	1,370,220	1,088,961
Administrative rent expenses	281,562	2,260,223
Total	**2,783,101**	**4,435,897**

The 2019 administrative rent expenses refers to branch locations rented by the Group across Romania.

10. OTHER OPERATING EXPENSES

	2019	2018
Other third-party services (Note10.1)	2,491,900	3,176,692
Commissions and fees	341,760	276,139
Transport on goods and personnel	2,544,260	1,618,819
Travel	869,134	1,135,125
Bank commissions and similar charges	1,033,625	729,268
Other taxes, duties and similar expenses	2,856,896	1,489,855
Miscellaneous expenses	795,892	75,151
Gifts and subsidies granted	887,011	701,804
Other expenses	216,882	68,079
Total	**12,037,360**	**9,270,932**

10.1 OTHER THIRD PARTY SERVICES

	2019	2018
Trainings	384,915	604,844
IT services	479,528	263,362
Legal services	364,161	299,438
Medical services	172,401	141,932
Protocol	15,553	141,685
Roadside assistance	155,488	68,703
HR services	54,236	45,046
Audit and consultancy	688,223	629,858
Security	117,013	11,662
Other	60,382	970,162
Total	**2,491,900**	**3,176,692**

11. OTHER LOSSES / (GAINS)-NET

	Note	2019	2018
Net (gain) / loss on disposal of fixed assets		1,070,716	66,909
Allowance for inventories	20	521,809	146,317
Net change in other provisions		(87,449)	(56,723)
Impairment of fixed assets		(3,959)	-
Impairment of trade receivables	21	6,968,613	4,219,220
Total		**8,469,730**	**4,375,723**

Allowance for inventories represents the amount recognized for lower of cost and net realizable value for vehicles to be sold.

12. FINANCE COSTS / INCOME

12.1 Finance costs

	2019	2018
Interest expense for loans	7,224,016	4,456,473
Interest expense for leasing	-	5,317,993
Interest on lease liabilities under IFRS 16	7,523,191	-
Foreign exchange losses, net	6,979,029	975,681
Total finance costs	**21,726,236**	**10,750,147**

Interest expense variation from 2018 to 2019 is in regard of the higher number of vehicles that Autonom Services has obtained finance as at 31 December 2019 and due to the acquisition of BT Operational Leasing in 2018.

Foreign exchange losses are in regard of the fact that both entities have loans denominated in EUR and Autonom Services has a large balance of leases most of which are denominated in EUR, which are revalued to functional currency at the end of the period. While EUR/RON average exchange rate had a steady increase in 2018 and 2019, EUR/RON spot exchange rate as at 31 December 2019 significantly increased compared to prior year.

Exchange rate / Date	31 December 2019	31 December 2018
Spot	4.7793	4.6639
Variance		0.1%
Average	4.7452	4.6535
Variance		1.9%

12.2 Finance income

	2019	2018
Interest income	507,193	173,470
Total finance income	**507,193**	**173,470**

13. INCOME TAX

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	2019	2018
Current income tax:		
Current income tax charge	(3,083,846)	(2,096,788)
Deferred tax:		
Relating to origination and reversal of temporary differences	858,620	(269,560)
Income tax expense reported in the statement of profit and loss and other comprehensive income	**(2,225,226)**	**(2,366,348)**

A reconciliation between tax expense and the product of accounting profit multiplied by Romania's domestic tax rate for the years ended 31 December 2019 and 2018 is as follows:

	2019	2018
Accounting profit before income tax	**19,791,406**	**18,783,490**
At statutory income tax rate of 16%	(3,166,625)	(3,005,358)
Non-taxable income	139,589	348,385
Effect of non-taxable bargain gain	-	26,491
Non-deductible expenses for tax purposes	(822,416)	(1,107,204)
Legal reserve deduction	140,429	133,618
Other profit tax reductions	756,697	565,146
Sponsorship reductions	727,100	672,574
Income tax reported in statement of profit and loss and other comprehensive income	**(2,225,226)**	**(2,366,348)**

Reconciliation of deferred tax liabilities, net	**Note**	**2019**	**2018**
1 January		**(7,880,834)**	**(5,163,639)**
Tax expense/ credit during the period recognised in profit or loss		858,620	(269,560)
Deferred taxes acquired in business combinations	4	-	(2,447,635)
31 December		**(7,022,214)**	**(7,880,834)**

Deferred tax

Deferred tax reconciliation with corresponding items in the statement of financial position and consolidated statement of comprehensive income is as follows:

	Statement of financial position		Statement of comprehensive income	
	31 December 2019	31 December 2018	2019	2018
Property, plant and equipment	(2,400,005)	(7,501,646)	(5,101,641)	363,863
Right-of-use assets tax depreciation	(6,849,525)	-	6,849,525	-
Intangible assets	(372,288)	(771,776)	(399,488)	(213,344)
Impairment of trade receivables	1,226,131	203,943	(1,022,188)	211,639
Deferred income	881,448		(881,448)	
Other	492,025	188,645	(303,380)	(92,598)
Deferred tax benefit			**(858,620)**	**269,560**
Net deferred tax liabilities	**(7,022,214)**	**(7,880,834)**		

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

14. PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2019, the gross book value of fully depreciated property, plant and equipment that were still in use is of RON 271,480 (31 December 2018: RON 371,563 respectively).

	Land	Buildings	Furniture and fittings	Rental fleet and rental equipment	Constructions in progress (CIP)	Total
Cost						
1 January 2018	**564,542**	**570,386**	**1,911,753**	**235,723, 628**	**-**	**238,770,309**
Additions of vehicles held by subsidiaries at acquisition date	-	-	-	194,794,632	1,264,209	**196,058,841**
Additions	-	139,809	629,615	131,601,882	-	**132,371,305**
Transfers to inventories				60,005,383		**60,005,383**
Disposals	-	-	10,977	-	1,264,209	**1,275,186**
Balance as of 31 December 2018	**564,542**	**710,195**	**2,530,391**	**502,114,760**	**-**	**505,919,888**
Additions	-			51,064,567		**51,064,567**
Transfer to inventories			-	58,946,260		**58,946,260**
Transfer to right-of-use assets			695,397	250,814,510	-	**251,509,907**
Transfer to investment properties	-	710,195	-	-	-	**710,195**
Balance as of 31 December 2019	**564,542**	**-**	**1,834,994**	**243,418,557**	**-**	**245,818,093**

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Furniture and fittings	Rental fleet and rental equipment	Constructions in progress (CIP)	Total
Accumulated depreciation and impairment						
1 January 2018	-	**119,348**	**506,811**	**47,134,259**		**47,760,418**
Cumulated depreciation of vehicles held by subsidiaries at acquisition date				-	-	-
Depreciation expense	-	132,100	476,063	52,308,172	-	**52,916,335**
Transfers to inventories	-	-	-	21,593,272	-	**21,593,272**
Disposals	-	-	8,303	-	-	**8,303**
Balance as of 31 December 2018	-	**251,448**	**974,571**	**77,849,160**	-	**79,075,179**
Depreciation expense	-	119,682	741,267	39,449,631		**40,310,580**
Impairment expense – related to subsidiary rental fleet				5,672,422		**5,672,422**
Transfers to inventories	-	-	-	22,777,144		**22,777,144**
Transfer to investment properties	-	371,130	-	-		**371,130**
Transfer to right-of-use assets	-	-	-	52,440,025		**52,440,025**
Disposals	-	-	-	-		-
Balance as of 31 December 2019	-	-	**1,715,838**	**47,754,044**		**49,469,882**
Net book value as of 31 December 2018	**564,542**	**458,747**	**1,555,820**	**424,265,600**	-	**426,844,709**
Net book value as of 31 December 2019	**564,542**	-	**119,156**	**195,664,513**	-	**196,348,211**

Out of the total rental fleet and rental equipment balance, RON 23,792 thousand represent lease equipment and RON 171,874 represent rental fleet.

Impairment of property, plant and equipment of subsidiary

The management of the Autonom Group acknowledged that the evolution of BTOL subsidiary profitability, due to loss of contracts and decrease of certain vehicles market value at disposal might indicate that certain non-current assets of the subsidiary may be impaired.
As a result, an impairment tests was performed for the rental fleet of BTOL, at item level, considering the fair value of each vehicle from the rental fleet as of 31 December 2019 vs. their carrying amount as of that date and an impairment of RON 5,672,422 was recorded. No further adjustments were identified for Autonom's vehicles.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Summary of depreciation, amortization and impairment of non-current assets for the financial years 2019 and 2018 is included in the following table:

	2019	2018
Depreciation of rental fleet and equipment assets	39,449,631	52,308,172
Impairment of rental fleet	5,672,422	-
Depreciation of right-of-use assets	40,166,296	-
Depreciation and impairment of rental fleet and equipment assets	**85,288,349**	**52,308,172**
Depreciation of investment properties	85,764	45,985
Depreciation of buildings	2,112,611	-
Depreciation of other assets	860,258	608,163
Amortization of customer relationships	2,496,800	1,333,400
Amortization of other intangibles	114,942	97,477
Depreciation, amortization and impairment of other non-current assets	**5,670,375**	**2,085,025**
Total	**90,958,724**	**54,393,197**

As of 31 December 2019, the amounts pledged are of RON 481,421,108 (31 December 2018: RON 411,429,414 respectively, covering also assets transferred to Right of Use assets in 2019).

15. RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-Use Assets			Lease liabilities
	Buildings	Vehicles	Total	
As at January 1, 2019	**6,207,112**	**199,439,415**	**205,646,527**	**155,041,364**
Recognized on adoption of IFRS 16	-	-	-	6,576,645
Additions	745,499	187,872,777	**188,618,277**	188,618,277
Depreciation expense	(2,112,611)	(40,166,296)	**(42,278,907)**	-
Transfer to inventories (net)	-	(25,315,535)	**(25,315,535)**	-
Disposals	(21,310)		**(21,310)**	
Interest expense	-	-	-	7,523,191
Early termination of lease agreements		(3,766,637)	**(3,766,637)**	(3,766,637)
Foreign exchange rate				1,840,155
Payments	-	-	-	(93,465,179)
As at December 31, 2019	**4,818,690**	**318,063,726**	**322,882,415**	**262,367,816**
Out of which:				
Current				81,487,710
Non-current				180,880,106

The Group recognized rent expense from short-term leases of RON 4,805,145. No leases of low-value assets nor variable lease payments for the year ended 31 December 2019.

At the end of the lease contracts, vehicles recorded under right-of-use assets become the property of the Group and subsequently used for rent-a-car activity or transferred to inventories in order to be sold.

The assets acquired under finance lease are pledged in favour of the leasing companies.

Out of the total Vehicles column, RON 314,035 thousand represent leases for vehicles from contracts with a transfer of ownership or purchase option.

The undrawn amounts of lease contracts signed with lease financial institutions as of 31 December 2019 amount to EUR 12,969 thousand.

16. INVESTMENT PROPERTIES

	Investment properties
Cost	
At 1 January 2018	1,301,922
Additions	372,563
Disposals	-
At 31 December 2018	**1,674,485**
Transfers from property, plant and equipment	339,065
Disposals	281,085
At 31 December 2019	**1,732,465**
At 1 January 2018	**61,661**
Depreciation charge	45,985
Disposals	-
At 31 December 2018	**107,646**
Depreciation charge	85,764
Disposals	112,341
At 31 December 2019	**81,069**
Net book value	
At 31 December 2018	**1,566,839**
At 31 December 2019	**1,651,396**

The fair value of the investment property at 31 December 2019 is in amount of RON 1,340,145 for Buildings (at 31 December 2018: RON 1,315,693 and RON 458,747 for the Construction in Progress.

Investment properties refer to buildings rented to related parties of the Group. Rental income from investment property is presented in Note 7 "Other operating income", within "Other rental income". Investment properties are depreciated on a straight-line basis over a period between of 32-60 years.

Fair value of investment properties was determined using the income approach, with the most significant unobservable inputs being the rent per square meter (ranging between EUR 2 – 3,15) and the discount rate used of 12%.

Investment property is pledged in favour of certain banks as a guarantee for the financing received.

17. INTANGIBLE ASSETS

	Customer relationships	Licences and other intangibles	Total
Cost			
At 1 January 2018	-	511,105	511,105
Acquisition of subsidiary	6,157,000	405,785	6,562,785
Additions	-	-	-
Disposals	-	-	-
At 31 December 2018	6,157,000	916,890	7,073,889
Additions	-	101,759	101,759
Disposals	-	-	-
At 31 December 2019	6,157,000	1,018,649	7,175,649
Accumulated amortisation			
At 1 January 2018	-	398,393	398,393
Acquisition of subsidiary	-	292,471	292,471
Amortisation charge	1,333,400	97,477	1,430,877
Disposals	-	-	-
At 31 December 2018	1,333,400	788,341	2,121,741
Amortisation charge	2,496,800	114,942	2,611,742
Disposals	-	-	-
At 31 December 2019	3,830,200	903,283	4,733,483
Net book value			
At 31 December 2018	4,823,600	128,549	4,952,149
At 31 December 2019	2,326,800	115,366	2,442,166

In 2018, an intangible asset of RON 6,157,000 (mainly including customer relationships) was recognised following the business combination with BTOL (refer to Note 4). These are amortized over a period of 30 months.

Additions during 2019 consisted mainly in acquisition of software licenses.

18. INTEREST-BEARING LOANS AND BORROWINGS

	31 December 2019	31 December 2018
Non-current		
Long-term loans banks	90,007,861	130,076,235
Bonds – unsecured fixed rate	95,341,617	-
Sub -Total	185,349,478	130,076,235
Current		
Accrued interest for bond	115,781	-
Current bank loans and accrued interest	76,768,198	82,828,381
Sub- Total	76,883,979	82,828,381
Total Interest-bearing loans and borrowings	262,233,457	212,904,616

18. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Bank	Type	Maturity	Balance in bank currency at 31 December 2019	Currency	Balance in RON at 31 December 2019	Short term	Long term
Bank D	Overdraft	04.04.2020	7,439,612	RON	7,439,612	7,439,612	-
Bank D	Investment loans	84 months from the date of signing the contract but not later than 10.07.2025	2,481,481	EUR	11,859,744	11,859,744	-
Bank J	Overdraft	10.10.2020	1,163,651	RON	1,163,651	1,163,651	-
Bank D	Investments loan	31.01.2020	2,151,875	EUR	10,284,456	10,284,456	-
Bank E	Equipment line	02.08.2024	3,569,259	RON	3,569,259	777,835	2,791,424
Bank H	Equipment line	03.03.2023	1,272,466	EUR	6,081,498	2,705,880	3,375,618
Bank G	Investments loan	05.07.2022	2,490,455	RON	2,490,455	854,009	1,636,445
Bank G	Investments loan	05.07.2022	137,502	EUR	657,164	117,701	539,463
Bank B	Car purchase line	2020	4,958,701	RON	4,958,701	1,488,947	3,469,754
Bank K	Car purchase line	15.01.2020		EUR			
		15.01.2021					
		15.01.2020	237,085		1,133,098	1,133,098	-
Bank F	Credit facility	15.12.2023	9,958,850	RON	9,958,850	9,958,850	-
Bank A	Credit facility	20.06.2020	57,276	EUR	273,738	273,738	-
Bank C	Unfunded credit facility, revolving	36 months /48 months from the date of each use expressed by the application for use and reimbursement	385,498	RON	385,498	375,536	9,963
Bank I	Credit facility	13.01.2022	1,538,600	RON	1,538,600	738,528	800,072
Bank M	Credit line revolving	19.07.2023	3,824,426	RON	3,824,429	1,625,888	2,198,539
Bank S	Bonds	05.11.2024	20,000,000	EUR	95,701,781	115,781	95,586,000
Bank B	Credit facility	30.11.2023	21,378,055	EUR	102,172,139	25,970,723	76,201,416
Less deferred loan origination fees					(1,259,216)		(1,259,216)
Total:				**RON**	**262,233,457**	**76,883,979**	**185,349,478**

18. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Bank	Type	Maturity	Balance in bank currency at 31 December 2018	Currency	Balance in RON at 31 December 2018	Short term	Long term
Bank D	Overdraft	04.04.2019	4,771,627	RON	4,771,627	4,771,627	-
Bank D	Investment loans	84 months from the date of signing the contract but not later than 10.07.2025	4,095,926	EUR	19,102,989	13,646,226	5,456,763
Bank J	Overdraft	10.10.2019	3,762,518	RON	3,762,518	3,762,518	-
Bank E	Overdraft	06.09.2019	1,148,494	EUR	5,356,463	5,356,463	
Bank E	Investment loans	02.08.2024	2,597,483	RON	2,597,483	-	2,597,483
Bank H	Equipment line	03.03.2023	9,739,593	RON	9,739,593	-	9,739,593
Bank G	Investment loans	26.04.2019	1,500,000	RON	1,500,000	1,500,000	-
Bank G	Car purchase line	05.07.2022	3,929,549	RON	3,929,549	-	3,929,549
Bank B	Overdraft	09.08.2019	2,193,366	RON	2,193,366	2,193,366	-
Bank B	Car purchase line	2020	257,446	RON	257,446	37,539	219,907
Bank K	Car purchase line	15.01.2020		EUR			
		15.01.2021	543,184		2,533,356	-	2,533,356
		15.01.2020	949,586	RON	949,586	949,586	-
Bank F	Overdraft	15.03.2019	498,072	RON	498,072	498,072	-
Bank F	Credit facility	30.07.2020	6,548,616	RON	6,548,616	6,548,616	-
Bank F	Credit facility	15.12.2023	186,567	EUR	870,130	-	870,130
Bank A	Credit facility	20.6.2020		RON			
Bank C	Unfunded credit facility, revolving	36 months /48 months from the date of each use expressed by the application for use and reimbursement	973,319		973,319	973,319	-
Bank I	Credit facility	13.01.2022	2,120,203	RON	2,120,203	-	2,120,203
Bank M	Credit line revolving	19.07.2023	1,139,800	RON	1,139,800	-	1,139,800

18. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Bank	Type	Maturity	Balance in bank currency at 31 December 2018	Currency	Balance in RON at 31 December 2018	Short term	Long term
Bank N	Loan for leasing operations	16.04.2019	3,712	RON	3,712	3,712	-
Bank N	Loan for leasing operations	16.04.2019	3,701	EUR	17,261	17,261	-
Bank N	Loan for leasing operations	30.09.2019	24,879	EUR	116,033	116,033	-
Bank N	Revolving ceiling for VAT on leasing operations	04.01.2020	3,327,144	RON	3,327,144	3,326,567	574
Bank N	Multivalued ceiling for leasing operations	22.03.2022	2,102,549	RON	2,102,549	848,560	1,253,990
Bank N	Loan for leasing operations	30.11.2019	6,116	EUR	28,524	28,524	-
Bank N	Loan for leasing operations	30.11.2019	32,168	EUR	150,028	150,028	-
Bank N	Multivalued ceiling for leasing operations	22.03.2022	3,618,981	EUR	16,878,565	7,171,730	9,706,837
Bank N	Loan for leasing operations	30.03.2021	703,452	EUR	3,280,830	1,765,336	1,515,492
Bank N	Loan for leasing operations	16.06.2021	1,281,559	EUR	5,977,063	3,108,049	2,869,012
Bank N	Multivalued ceiling for leasing operations	04.03.2024	21,459,868	EUR	100,086,678	31,002,517	69,084,158
Bank N	Multivalued ceiling for leasing operations	04.03.2024	7,443,000	RON	7,443,000	2,214,552	5,228,447
Bank N	Loan for leasing operations	27.02.2024	958,799	EUR	4,471,744	693,169	3,778,575
Bank N	Loan for leasing operations	11.12.2021	163,838	EUR	764,124	334,479	429,644
Less deferred loan origiantion fees							(586,750)
Total				**RON**	**212,904,616**	**82,828,381**	**130,076,235**

18. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured Corporate Bonds

In November 2019, the Group issued a EUR 20 million unsecured Eurobond. The five-year euro-denominated Bond matures on 5 November 2024 and carries a fixed interest rate of 4.45%.
Financial covenants on unsecured fixed rate bonds are calculated using the financial information from the consolidated financial statements of the Group and include the Consolidated Interest Coverage Ratio, with minimum value of 4% and Net Financial Debt / EBITDA which should be at least equal or less than 3.5.

The financial covenants related to the bond are met as of 31 December 2019.

Interest rate:

The interest rates for the borrowings in local currency are ROBOR 1M and ROBOR 3M plus fixed margin as negotiated with the bank and for the borrowings denominated in foreign currency are EURIBOR 3M and EURIBOR 6M plus fixed margin negotiated with the banks.

Interest bearing loans and borrowings Covenants (other than Bonds):

The Group's borrowing arrangement with the Banks contain several covenants related to Autonom Services SA standalone financial statements, while other are referring to the consolidated financial statements of the Group. Main ratios are of quantitative nature (including, without being limited to: total interest-bearing loans/EBITDA, net debt/equity, debt service coverage ratio, solvency ratio (respectively total equity plus shareholder loans/total assets)).

Breaches in meeting the covenants would permit the Banks to immediately call loans and borrowings.

As of 31 December 2019, certain breaches of loan covenants were observed under the contractual framework in place with several banks which led to a reclassification of long term loans instalments to short term as of the balance date, in an amount of RON 24,720 thousand (representing four contract loans from the table above).

The main ratios outside the ranges provided by the borrowing arrangements, assessed on the Parent's Company financial information as of 31 December 2019 are:

- Net financial debt/EBITDA,
- Total Debt/EBITDA,

with targeted values different from one bank to another.

At the same time, one borrowing arrangement provides for Net debt/Equity assessed based on consolidated financial information, at a range that is outside the level indicated in the loan contracts. The long term balance of this loan has also been reclassified and is included in the amount disclosed above.

Pledges:

Loans with the banks are secured with pledges on: property, plant and equipment (Note 14), investment Property (Note 16), (cash and cash equivalents (Note 22) and receivables (Note 21).

At 31 December 2019, the Group had available undrawn committed borrowing facilities in amount of RON 46,901,048 and EUR 6,211,314 (31 December 2018: RON 4,069,589) thus being able to respond to any unforeseen higher cash outflow needs.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, including finance leases and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets are represented by loans to related parties and shareholder, trade and other receivables and cash and short-term deposits that derive directly from its operations, as well as long-term deposits to guarantee rent payables.

The Group's is exposed to interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's management ensures that the Group's financial risk activities are performed under appropriate procedures and that financial risks are identified, measured and managed in accordance with Group's risk appetite.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Trade and other receivables and payables are non-interest-bearing financial assets and liabilities. The borrowings are usually exposed to interest rate risk through market value fluctuations of interest-bearing long-term and short-term credit facilities. Interest rates on the Group's debt finance are variable. The interest rates on credit facilities of the Group are disclosed in Note 18. Changes in interest rates impact primarily loans and borrowings by changing their future cash flows (variable rate debt). Management policy is to resort mainly to variable rate financing. However, at the time of rising new loans or borrowings management uses its judgment to decide whether it believes that fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Group's profit before tax and equity are affected through the impact on floating rate borrowings, as follows:

	Increase in basis points	Effect on profit before tax
2019	1%	**(4,789,585)**
RON		(225,354)
EUR		(4,564,231)
2018	1%	**(3,685,328)**
RON		(538,576)
EUR		(3,146,752)

The Group does not hedge its interest rate risk.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment. An equal decrease of the interest rate would have the same effect but of opposite impact.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's financing activities, loans and leases, as the financing contracted by the Group is Euro based. The vast majority of revenues, expenses, trade and other receivables and payables is in RON.

The Group monitors the currency risk by following changes in exchange rates in currencies in which its intercompany balances and external debts are denominated. The Group does not have formal arrangements to mitigate its currency risk.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EUR exchange rate. The Group's exposure to foreign currency changes for all other currencies is not material. With all other variables held constant the Group's profit before tax and equity are affected as follows:

	Change in EUR rate	Effect on profit before tax
31 December 2019	1%	(4,564,231)
31 December 2018	1%	(3,146,726)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily lease and trade receivables) and from its investing activities, including deposits with banks and financial institutions.

The Group's credit risk is primarily attributed to lease and trade receivables, loans to related parties and balances with banks. The carrying amount of trade receivables and loans to related parties, net of allowance for impairment (Note 21) plus balances with banks (Note 18) represent the maximum amount exposed to credit risk. Management believes that there is no significant risk of loss to the Company beyond the allowance already recorded.

The Group invests cash and cash equivalents with highly reliable financial institutions. The Group has only plain vanilla deposits with reputable banks, none of which has experienced any difficulties in 2019 or up to the date of these financial statements.

There is no significant concentration of credit risk in respect of lease and trade receivables, as the Group has a large portfolio of customers.

To identify exposure to credit risk, the Group performs assessments of the financial position of the contracting parties. The Group has internal rules and procedures regarding the analysis and approval of operational leasing contracts, differentiated by the level of the exposures.

The Group has internal rules and procedures for monitoring the concentration of exposures by sectors of activity, by type of clients, by geographic areas, by type of funded assets, by risk categories, etc.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the history of collections from the respective customer. Outstanding customer receivables and contract assets are regularly monitored and collection or recovery plans are discussed with customers as soon as significant payments become overdue.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on actual historical collection of receivables in relevant aging buckets. Generally, a 12 months observation period was used, however shorter periods were used for particular portfolios where 12 months of historical data was not available. The client base of entities within the Group was found to be homogenous from a credit risk characteristics perspective, hence the following criteria was used for segmenting the trade receivables:

- Group entity (i.e., trade receivables and contract assets were analysed in separate segments for each entity based on a similar expected credit loss estimation methodology); and
- relevant aging buckets.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group does not hold collateral as security. Moreover, there are no credit enhancements obtained by the Group that would significantly alter credit risk or impact the booked allowance for credit risk.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

	Trade Receivables						
	Days past due						
31 December 2019	**Current**	**1 to 30**	**31 to 60**	**61 to 90**	**91 to 120**	**above 120**	**Total**
Expected credit loss rate	3.67%	3.73%	30.61%	48.34%	62.88%	99.91%	
Gross carrying amount	7,936,008	6,021,530	1,450,951	723,869	500,422	14,297,725	**30,930,505**
Expected credit loss	291,679	224,517	444,150	349,905	314,671	14,285,436	**15,910,358**

	Trade Receivables						
	Days past due						
31 December 2018	**Current**	**1 to 30**	**31 to 60**	**61 to 90**	**91 to 120**	**above 120**	**Total**
Expected credit loss rate	3.90%	5.13%	17.19%	21.86%	23.02%	83.86%	
Gross carrying amount	8,359,208	5,910,194	1,889,581	634,817	439,438	9,239,079	**26,472,317**
Expected credit loss	326,376	303,006	324,878	138,744	101,139	7,747,601	**8,941,745**

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk

The Group has adopted a prudent financial liquidity management approach, assuming that sufficient cash and cash equivalents are maintained, and that further financing is available from guaranteed funds from credit lines. The tables below summarize the maturity profile of the Group's financial liabilities, including principal amounts and future interests according to contractual terms, at 31 December 2019 and 31 December 2018, based on contractual undiscounted payments.

31 December 2019	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing loans and borrowings and financial leases	33,323,740	13,426,628	36,511,441	224,377,404	-	307,639,212
Lease liabilities	1,431,969	22,395,742	64,898,107	189,934,144	-	278,659,961
Trade and other payables	1,839,992	13,294,048	-	-	3,327,317	18,461,357
Total:	**36,595,701**	**49,116,418**	**101,409,548**	**414,311,548**	**3,327,317**	**604,760,530**

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

31 December 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing loans and borrowings and financial leases	1,426,198	5,413,568	120,164,322	179,141,609	97,437,047	403,582,744
Trade and other payables	1,227,614	7,101,850	-	883	-	8,330,347
Total:	**2,653,811**	**12,515,419**	**120,164,322**	**179,142,492**	**97,437,047**	**411,913,091**

At 31 December 2019, the Group had available undrawn committed borrowing facilities in amount of RON 46,901,048 and EUR 6,211,314 (31 December 2018: RON 4,069,589) thus being able to respond to any unforeseen higher cash outflow needs.

Undiscounted lease payments to be received on an annual basis maturity analysis is as following (no amount is currently scheduled above 5 years):

31 December 2019	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	Total
Total:	**145,018,349**	**105,715,236**	**64,028,820**	**27,520,054**	**7,343,394**	**349,681,852**

Capital management

Capital includes the equity attributable to the equity holders.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The Group may monitor capital using a gearing ratio, which is net financial debt divided by total equity– please refer to Note 28.
The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. For the covenants in force as at 31 December 2019 and 31 December 2018 please refer to Note 18.

Fair values

The Company has no financial instruments carried at fair value in the statement of financial position except for non-listed equity investments.
The carrying amount of the interest-bearing loans and borrowings approximate their fair value. Management estimates that the margin applicable over Robor or Euribor at the balance sheet date would be similar to the ones at the dates of each previous withdrawal, due to the fact that the Company maintained over the past years a stable financial condition, and also based on the statistics published by the National Bank of Romania. Financial instruments which are not carried at fair value on the statement of financial position also include deposits to guarantee rent, trade and other receivables, cash and cash equivalents, and trade and other payables. The carrying amounts of these financial instruments are considered to approximate their fair values, due to their short-term nature (in majority) and low transaction costs of these instruments.

Changes in liabilities arising from financing activities

	Leasing	Short term loan	Long term loan	Total
Balance at 1 January 2019	**155,041,364**	**82,828,381**	**130,076,235**	**367,945,980**
Recognised on adoption of IFRS16	6,576,645	-	-	6,576,645
Withdrawals	188,618,277	-	26,662,271	215,280,548
Issuance of bonds	-	-	95,009,617	95,009,617
Transactions costs – bond related	-	-	(823,560)	(823,560)
Interest expense	7,523,191	1,857,085	5,367,392	14,747,668
Early termination of lease agreements	(3,766,637)	-	-	(3,766,637)
Reclassification to short term	-	24,720,476	(24,720,476)	-
Repayments	(86,235,908)	(39,838,487)	(44,226,982)	(170,301,379)
Interest paid	(7,229,271)	(1,857,085)	(5,367,392)	(14,453,748)
Withdrawals overdraft	-	8,603,264	-	8,603,264
Foreign exchange movement	1,840,155	570,345	3,372,373	5,782,875
Balance at 31 December 2019	**262,367,816**	**76,883,979**	**185,349,478**	**524,601,273**

	Leasing	Short term loan	Long term loan	Total
Balance at 1 January 2018	**124,062,815**	**20,012,124**	**20,197,266**	**164,272,205**
Amounts from subsidiaries from acquisition date	2,279,881	58,110,029	118,020,979	178,410,889
Withdrawals	92,775,473	10,292	59,148,681	151,934,446
Repayments	(63,978,867	(1,466,887)	(63,570,619)	(129,016,373)
Withdrawals overdraft	-	2,405,517	-	2,405,517
Foreign exchange movement	(97,936)	-	37,232	(60,704)
Balance at 31 December 2018	**155,041,364**	**82,828,381**	**130,076,235**	**367,945,980**

20. INVENTORIES

	31 December 2019	31 December 2018
Cars for sale	11,229,716	28,738,797
Other inventories	-	2,451
Less allowances for inventories	(668,126)	(146,317)
Total inventories	**10,561,590**	**28,594,931**

Inventories are represented mainly by cars for sale and the proceeds for these sales are pledged under the financing contracts that the Group has in place with the banks.

21. TRADE RECEIVABLES AND OTHER RECEIVABLES, CURRENT ASSETS AND PREPAYMENTS

Trade receivables	31 December 2019	31 December 2018
Trade receivables	30,930,505	24,501,047
Trade receivable from related parties	943,706	1,602,276
Less allowance for impairment of trade receivables	(15,910,358)	(8,941,745)
Trade receivables, net	**15,963,853**	**17,161,578**
Unbilled receivables	-	368,994
Guarantees – non-current	384,713	677,689
Total	**16,348,566**	**18,208,261**
Other receivables and current assets		
VAT and other taxes	3,350,473	5,669,524
Advance to suppliers	3,754,782	2,396,424
Other receivables	125,357	384,670
Total	**7,230,612**	**8,450,618**
Prepayments	**391,778**	**1,010,542**

Terms and conditions relating to related party transactions are described in Note 26.

Trade receivables are non-interest bearing and 70-80% are on terms of 10 - 40 days and the remaining 20-30% have its due dates higher than 40 days.

Allowance for expected credit losses	**Total**
At 1 January 2018	**1,594,382**
Acquisition of subsidiary	3,128,143
Charge for expected credit losses	4,904,886
Unused amounts reversed	(685,666)
At 31 December 2018	**8,941,745**
At 1 January 2019	**8,941,745**
Charge for expected credit losses	7,777,175
Unused amounts reversed	(808,562)
At 31 December 2019	**15,910,358**

22. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash at bank in RON	60,749,454	2,650,120
Overnight deposit	3,577,435	2,461,066
Cash at banks in foreign currency	24,826,048	4,717,062
Cash on hand in RON	173,934	116,041
Cash on hand in foreign currency	19,769	16,703
Other cash equivalents	31,494	25,924
Total	**89,378,134**	**9,986,916**
Overdraft	(8,603,264)	(17,033,556)
Cash and cash equivalents for the purpose of the cash flow statement	**80,774,870**	**(7,046,640)**

Except for an amount of RON 222,001 all cash accounts are pledged in favour of banks (remaining amount of cash accounts that were not pledged in favour of banks as at 31 December 2018 is of RON 151,373).

23. ISSUED CAPITAL and EQUITY RESERVES

The shareholding structure at 31 December 2019 and 31 December 2018 is:

Shareholders	No. of shares	Amount (RON)	%
Stefan Dan George	20,000	200,000	1
Stefan Marius	20,000	200,000	1
Autonom International	1,960,000	19,600,000	98
Total:	**2,000,000**	**20,000,000**	**100**

The amount of authorized capital at 31 December 2019 was 20,000,000 RON (31 December 2018: RON 20,000,000) representing 2,000,000 shares (31 December 2018: 2,000,000 shares). All shares are common, subscribed and paid in full on 31 December 2019. All shares have the same voting right and have a nominal value of 10 RON / share (31 December 2018: 10 RON / share).

The shares of Autonom International are also held by the two individual shareholders in Autonom Services (ie: Stefan Dan George and Stefan Marius each owns 50% of the shares in Autonom International).

Equity reserves and profit distribution

For the year ended 2019, the Board of Directors approved the following distribution of the net profit of the Company:

- Setting up the legal reserves in accordance with the statutory regulations in amount of RON 877,680;
- Setting up a tax reserve in accordance with tax regulations in amount of RON 4,729,357. Such reserve cannot be distributed.
- The residual profit is to be allocated to retained earnings.

24. TRADE AND OTHER LIABILITIES

	31 December 2019	31 December 2018
Trade payables of goods of services	6,307,973	5,031,194
Trade payables of fixed assets	1,515,304	2,496,712
Accruals	668,165	2,169,581
Trade and other payables to related parties	604,837	939,146
Salaries and other employee related liabilities	1,449,009	101,127
Employee related taxes and contributions	971,006	762,769
VAT and taxes payables	1,082,321	355,498
Other liabilities	-	73,435
Advances from customers	1,722,333	32,227,113
Lease deposits and guarantees, out of which:	4,140,408	1,376,610
Current portion	*813,091*	*621,410*
Non-current portion	*3,327,317*	*755,200*
Total	**18,461,357**	**45,533,185**

As at 31 December 2018, advances from customers refer to prepayments made by customers, especially from Quadriga for sales of cars. These advances were fully realised in 2019 through the delivery of vehicles to the customers.
Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 days;
- Terms and conditions relating related party transactions are described in Note 26.

25. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Group as lessee (before 1 January 2019)

The Group has entered into operating lease agreements for the vehicles and locations rented.

Future minimum rentals payable under non-cancellable operating leases are, as follows:

	31 December 2019	31 December 2018
Within one year	-	3,019,054
After one year but not more than five years	-	4,854,919
Total	**-**	**7,873,974**

25. COMMITMENTS AND CONTINGENCIES (continued)

Finance lease

The Group has finance leases for vehicles. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments are, as follows:

	31 December 2019		31 December 2018	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	-	-	38,852,667	34,343,615
After one year but not more than five years	-	-	129,870,458	120,697,749
Total minimum lease payments	-	-	**168,723,125**	**155,041,364**
Less amounts representing finance charges	-	-	(13,681,761)	-
Present value of minimum lease payments	-	-	**155,041,364**	**155,041,364**

Competition Council investigation

Starting 2017, the Competition Council announced an investigation on the operational leasing market regarding the legality of the exchange of information between leasing companies (one of the companies investigated being BT Operational Leasing).
As of this date, the investigation is in progress and there are no clear indications about its results, thus it cannot be reasonably assessed whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation nor a reliable estimate can be made of the amount of the obligation, if any. Consequently, no provisions were recorded in this respect.

Taxation

All amounts due to State authorities for taxes have been paid or accrued at the balance sheet date. The tax system in Romania undergoes a consolidation process and is being harmonised with the European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation that may result in additional taxes and penalties payable. Where the State authorities have findings from reviews relating to breaches of tax laws, and related regulations these may result in: confiscation of the amounts in case; additional tax liabilities being payable; fines and penalties (that are applied on the total outstanding amount). As a result, the fiscal penalties resulting from breaches of the legal provisions may result in a significant amount payable to the State. The Group believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent.

Transfer Pricing

According to the applicable relevant Romanian tax legislation, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle"). It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the Romanian tax payer.

26. RELATED PARTY DISCLOSURES

During the period from 1 January 2019 to 31 December 2019, the Group has carried out transactions with the following related parties:

Related party	Country of incorporation	Nature of relationship	Nature of transactions
ELS Retail SRL	Romania	entity under common control	Sale / acquisition of goods and services
Standard Marketing SRL	Romania	entity under common control	Sale / acquisition of goods and services
Stefan Autoservice SRL	Romania	entity under common control	Sale / acquisition of goods and services
Stefan si Compania SRL	Romania	entity under common control	Sale / acquisition of goods and services, loans provided
United Properties SRL	Romania	entity under common control	Sale / acquisition of goods and services
Autonom International SRL	Romania	shareholder	Sale / acquisition of goods and services, loans provided
Autonom Hungary KFT	Hungary	entity under common control	Sale / acquisition of goods and services
VMS (Vehicle Management Solution)	Romania	entity under common control	Sale / acquisition of goods and services, loans provided
CMS (City Shuttle Management Services)	Romania	entity under common control	Sale / acquisition of goods and services,
Carcentric SRL	Romania	entity under common control	Sale / acquisition of goods and services
Proasissta Auto SRL	Romania	entity under common control	Sale / acquisition of goods and services
Clockwise SRL	Romania	entity under common control	Sale / acquisition of goods and services, loans provided

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Related party	**2019**				
Stefan si Compania SRL		-	7,201,057	-	422,044
Autonom Hungary KFT		283,055	-	35,779	-
Autonom International		-	-	-	-
VMS		1,248,407	1,962	273,722	3,519
CMS		4,158,315	228,041	608,090	2,528
Proasistta Auto		616,080	646,677	-	57,913
Stefan Autoservice SRL		148,657	350,833	-	57,569
Carcentric SRL		234,455	560,555	1,048	61,264
Marius Stefan		142,707	-	-	-
Dan Stefan		156,190	-	-	-
Standard Marketing		21,076	-	-	-
Total		**7,093,039**	**8,989,125**	**943,706**	**604,837**
Related party	**2018**				
Stefan si Compania SRL		374	6,786,481	374	558,260
Autonom Hungary KFT		927,573	-	165,251	-
Autonom International		-	27,897	-	27,897
VMS		1,556,337	5,143	249,215	1,183
CMS		4,366,804	374,769	1,109,125	50,338
Proasistta Auto		78,825	26,775	78,311	22,565
Stefan Autoservice SRL		139,320	429,852	-	100,366
Carcentric SRL		191,586	592,812	-	163,722
Marius Stefan		-	-	-	5,465
Dan Stefan		-	-	-	9,350
Standard Marketing		34,116	-	-	-
Total		**7,294,935**	**8,243,729**	**1,602,276**	**939,146**

26. RELATED PARTY DISCLOSURES (continued)

The Company has granted one interest loan to Autonom International SRL.

	31 December 2019	31 December 2018
Loan carrying amount		
Autonom International SRL	8,411,556	4,320,502
Stefan si Compania SRL	-	331,546
Total	**8,411,556**	**4,562,048**

Compensation of key management personnel of the Group:

	2019	2018
Short-term employee benefits	704,141	739,333
Fees paid to management entities	43,409	22,950
Total compensation paid to key management personnel	**747,550**	**762,283**

The amounts disclosed in the table are the amounts recognised as an expense during each reporting period.

27. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on the independent activities carried out by each Group entity and has two reportable segments, as follows:

- Autonom Services;
- BT Operational Leasing.

The Board of Directors monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment net profit and segment EBITDA.

Inter-segment revenues are eliminated and reflected in the "Eliminations" column.

27.SEGMENT REPORTING (continued)

Capital expenditure (CAPEX) consists of additions of property, plant and equipment, intangible assets and investment properties, excluding assets from the acquisition of subsidiaries.

Year ended 31 December 2019	Autonom Services SA	BT Operational Leasing SA	Total segments	Adjustments and eliminations	Consolidated
Revenue					
Revenues from external customers	203,467,742	115,219,195	318,686,937	-	318,686,937
Inter-segment revenues	4,482,330	752,061	5,234,391	(5,234,391)	-
Total revenue	**207,950,072**	**115,971,256**	**323,921,328**	**(5,234,391)**	**318,686,937**
Operating profit	**19,512,016**	**7,398,433**	**26,910,449**	**14,100.000**	**41,009,923**
Dividend income	13,018,088	-	13,018,088	(13,018,088)	-
Interest expense	11,779,051	2,968,617	14,747,668	(461)	14,747,207
Depreciation and amortization	50,544,805	40,413,919	90,958,724	-	90,958,724
Income tax expense	2,524,102	(298,876)	2,225,226	-	2,225,226
Net profit	**15,029,503**	**6,935,835**	**16,483,742**	**1,082,437**	**17,566,179**
EBITDA (Note 28)	**84,157,345**	**47,811,827**	**131,969,172**		**131,969,172**
Total segment assets	512,871,039	124,591,405	637,462,444	-	637,462,444
Total segment liabilities	436,589,227	106,473,403	543,062,630	-	543,062,630
Cost of investment impairment	14,100,000	-	14,100,000	(14,100,000)	-
Impairment of assets		5,672,422	5,672,422		5,672,422
CAPEX	**46,699,870**	**4,162**	**46,699,870**	**-**	**46,704,032**

Year ended 31 December 2018	Autonom	BTOL	Total segments	Adjustments and eliminations	Consolidated
Revenue					
Revenues from external customers	198,464,459	46,967,384	245,431,843	-	245,431,843
Inter-segment revenues	1,253,681	167,305	1,420,986	(1,420,986)	-
Total revenue	**199,718,140**	**47,134,689**	**246,852,829**	**(1,420,986)**	**245,431,843**
Interest expense	7,856,733	1,917,733	9,774,466	-	9,774,466
Depreciation and amortization	35,514,244	18,878,953	54,393,197		54,393,197
Income tax expense	1,097,963	1,268,385	2,366,348	-	2,366,348
Net profit	**12,446,552**	**3,805,020**	**16,251,572**	**165,570**	**16,417,142**
EBITDA (Note 28)	**57,597,917**	**25,989,877**	**83,587,794**	**165,570**	**83,753,364**
Bargain purchase gain	**-**	**-**	**-**	**(165,570)**	**(165,570)**
Normalised EBITDA	**57,597,917**	**25,989,877**	**83,587,794**	**-**	**83,587,794**
Total segment assets	279,617,229	186,593,693	466,210,922	-	466,210,922
Total segment liabilities	233,526,410	179,952,755	413,479,165	-	413,479,165
CAPEX	**128,265,948**	**31,431,058**	**159,697,006**	**-**	**159,697,006**

27.SEGMENT REPORTING (continued)

Reconciliation of assets	2019	2018
Total segment assets	**637,462,444**	**466,210,922**
Investments in equity instruments	423,696	423,686
Inventories	10,561,590	28,594,931
Other receivables and current assets	7,230,612	8,450,618
Prepayments	391,778	1,010,542
Total reconciling assets items	**18,607,676**	**38,479,777**

Reconciliation of liabilities		
Total segment liabilities	**543,062,630**	**413,479,165**
Provisions	71,400	71,400
Deferred revenue	6,229,324	1,140,926
Deferred income tax liability	7,022,214	7,880,834
Total reconciling liabilities items	**13,322,938**	**9,093,160**

28. EBITDA AND OTHER NON-GAAP MEASURES

EBITDA is one of the key performance measures monitored by senior management. EBITDA would be normalized to exclude any significant one-off items (either revenues or expenses). Only one such exclusion was necessary for the year ended 31 December 2018, in relation to the bargain purchase gain, none was necessary for the year ended 31 December 2019.

In addition, the Group presents below three other alternative performance measures: Interest Coverage Ratio (computed as EBITDA/total interest expense), Net financial debt/EBITDA and Gearing Ratio (computed as Net financial debt / Equity) as these may prove useful for potential investors.

As a result of transition to IFRS 16, EBITDA has been impacted by the reclassification of leases previously accounted for as operational leases (note 2.4. and 15). The depreciation expense recorded in 2019 for right of use assets of such nature amounts to RON 4,419 thousand.

28. EBITDA AND OTHER NON-GAAP MEASURES (continued)

Consolidated EBITDA is reconciled to the consolidated statement of profit or loss and other comprehensive income, as follows:

	Note	2019	2018
Net profit		**17,566,180**	**16,417,142**
Adjustments to bridge net profit to EBITDA:			
Finance costs minus finance income	12	21,219,043	10,576,677
Income tax expense	13	2,225,226	2,366,348
Depreciation, amortisation and impairment of non-current assets	14	90,958,724	54,393,197
EBITDA		**131,969,172**	**83,753,364**
Bargain purchase gain		-	(165,570)
Normalised EBITDA		**131,969,172**	**83,587,794**
Interest expense	13	**14,747,207**	**9,774,466**
Interest coverage ratio		**9.83**	**8.55**

	2019	2018
Interest-bearing loans and borrowings	166,891,840	212,904,616
Bonds	95,341,617	-
Finance lease liabilities	262,367,816	155,041,364
Cash and cash equivalents	89,378,134	9,986,916
Net financial debt	**435,223,139**	**357,959,064**
Net financial debt to EBITDA	**3.30**	**4.28**
Equity	**99,684,553**	**82,118,374**
Net financial debt to Equity Ratio (Gearing ratio)	**4.37**	**4.36**

29. EARNINGS PER SHARE

	31 December 2019	31 December 2018
Profit attributable to ordinary equity holders of the parent	17,566,180	16,417,142
Number of ordinary shares	2,000,000	2,000,000
Earnings per share, basic and diluted (RON / share)	**8.7831**	**8.2086**

There are no dilutive instruments to be considered.

30. AUDITOR'S FEES

The auditor of the Group is Ernst & Young Assurance Services SRL.

The fee for the statutory audit of the consolidated and standalone financial statements as of 31 December 2019 of Autonom Services SA prepared in accordance with MOF 2844/2016 and of the statutory audit of the financial statements as of 31 December 2019 of BT Operational Leasing SA in accordance with MOF 1802/2014 was of RON 263 thousand (excluding VAT).

Other services issued to the Company in 2019 refer to capital markets services related to the bond issuance amounted RON 671 thousand (excluding VAT) and other non-assurance services of RON 86 thousand.

31. EVENTS AFTER THE REPORTING PERIOD

Loans and borrowings

Up to the date of approval of the financial statements, the Group contracted a new loan of EUR 2 million and additional addendums to the existing loan contracts were concluded.

As a result of these negotiations, during the period, the Group made additional loan drawings of RON 32 million and lease drawings of RON 28 million. Overall repayments made during the period are of RON 52 million.

Undrawn borrowings as of the date of approval of the financial statements following negotiations during the period amount to RON 66 million and EUR 7 million.

Other aspects

The coronavirus outbreak occurred at a time close to reporting date and the situation has continued to evolve throughout the period to the consolidated financial statements approval date.

Management assessment is that the measures taken by various authorities in 2020 represent a non-adjusting event and should not be reflected in the measurement of assets and liabilities of the Group as at 31 December 2019. Being in the early stages of the outbreak, the high level of uncertainties due to the unpredictable outcome of this disease and the measures taken to contain it make it difficult to estimate the financial effects of the outbreak.

The Romanian authorities have also taken a number of measures to combat the spread of the epidemic, including the declaration of a state of emergency, starting on 16 March 2020 that will continue until 15 May 2020 (based on current government statements) and also proposed a government stimulus program as a response to Covid-19.

31. EVENTS AFTER THE REPORTING PERIOD (continued)

Currently, there are certain decreases in volumes regarding the Rent-a-Car line of business (60% decrease of rent a car income in April 2020 vs. the monthly average of Q1 2020). No significant cancelation of contracts when it comes to operating lease income were noted up to the date of approval of the financial statements.

Internally, the Group makes all the efforts necessary to diminish the effects of the pandemic at the level of the economic activity and to reduce to the minimum the risk of employees getting sick in the company and, ensuring the proper disinfection of vehicles to be rented.

The high level of uncertainty caused by the coronavirus outbreak will lead to a highly volatile market environment in the following months and the measures imposed by the authorities will also potentially adversely impact the overall current operations and the Group's results for the next period.

Actions taken or in progress to be taken by the Group in order to maintain the viability of the group and its business lines include, without being limited to, reducing operational expenses while maintaining the operational lease income at the prior year level, ongoing negotiations with suppliers of services in order to suspend or significantly reduce the fees for their services if not essential. Ongoing discussion have been initiated with banks for increasing available liquidity to the Group, in the event the current crisis will extend for a longer period.

The Management's position is that the currently taken measures will ensure the business continuity and thus the going concern principle remains applicable for these financial statements (please refer to Note 2.1 Going concern).

These consolidated financial statements from page 3 to page 63 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia

Name
Chairman of the Board of Directors

SC AVH CONSULTING SRL

Name: Huian Angelica
Professional body reg. no.5138

The English version of this Consolidated Financial Statements represents a translation of the original Consolidated Financial Statements issued in Romanian language.

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Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Autonom Services S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Autonom Services S.A. (the Company) with official head office in Piatra Neamt, Strada Fermelor, no.4, identified by sole fiscal registration number 18433260, which comprise the statement of financial position as at December 31, 2019, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter relating to Corona virus developments

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a Going Concern. The situation changes on a daily basis giving rise to inherent uncertainty. The impact of these developments on the Company is disclosed in Note 30 to the financial statements. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit matter

1. Recoverability of the carrying value of Investment in subsidiary

The carrying value of the Investment in subsidiary BT Operational Leasing SA (herein to referred as "BTOL") amounts to RON 14,195 thousand as at 31 December 2019, net of impairment adjustment.

Under International Financial Reporting Standards, an entity is required to assess, at the end of each reporting period, whether triggers for potential impairment of its assets exist. The assessment of whether there is an indication of impairment and the determination of the recoverable amount of the Company's investment in its subsidiary involves significant judgment, and relies on management's estimates of future cash flows with respect to the subsidiary's performance, as well as management's strategy in respect to this subsidiary.

Since the acquisition date, the management's intention was that, gradually, customers would be transferred to Autonom Services (parent entity) as existing lease contracts end in the subsidiary.

As of 31 December 2019, indicators of impairment of the investment in the subsidiary were identified as certain lease contracts in place at the date of the acquisition ended earlier than initially estimated and certain vehicles suffered a decline in their fair value. An impairment test was performed with the assistance of an independent valuer which resulted in an impairment adjustment to the cost of investment amounting to RON 14,100 thousand, which was recorded as of 31 December 2019.

Due to the uncertainty of forecasting future cash flows, the significant estimates and the level of judgement involved as well as the significant value of the Company's investment in the subsidiary as at 31 December 2019, the recoverability of the investment is considered a key audit matter.

The Company's disclosures around the investment in subsidiary and the related impairment analysis, are included in Note 2.2.13, 13 and 17 to the financial statements.

How our audit addressed the key audit matter

Our audit work was focused on, but was not limited to, the following procedures:

- We analysed the management's assessment of the existence of impairment indicators (the triggering events analysis);

- We assessed the methodology used by the independent valuer to determine the recoverable value of the investment in subsidiary, considering also assumptions provided by management.

- We incorporated valuation specialists in our audit team to assist us in evaluating the Company's and the valuer's key assumptions and estimates such as the discount rate, working capital needs as well as the appropriateness of the model applied. Our evaluation specialists assisted us also to evaluate the competence, capability and objectivity of the independent valuer;

- In this context, we evaluated whether or not certain assumptions on which the valuation was based, individually and taken as a whole, considered: i) the economic environment of the industry to which the Company belongs; ii) existing market information; iii) the forecasted profitability for the period 2020-2023 of the Company, including Company's management expectations and strategy in respect to the subsidiary's operations (comparing the operational lease income forecasted with the database of active contracts in place, actual selling prices for cars with revenues assessed from disposal of cars, correlation of decrease of operational expenses vs. operational income) ; iv) the risks associated with the cash flows, including the potential variability in the amount and timing of cash flows and the related effect on the discount rate; v) specific requirements of IFRS;

- We assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance and to prior year, and reviewed whether loss of contracts has been reflected in the forecasted cashflows;

- We tested the mathematical accuracy of the discounted cash flow computation;

- We reviewed the management's sensitivity analysis over key assumptions in the future cash flow model in order to assess the potential impact of a range of possible changes in key assumptions.

We further assessed the adequacy of the disclosures in the financial statements about the Company's Investment in subsidiary and impairment test performed.

Key Audit matter

1. Assessment of the residual values and useful lives of rental fleet, including rental fleet under right of use assets, and specific impairment analysis of such assets

The rental fleet assets, either owned by the Company, amounting to RON 64,295 thousand, or under lease contracts classified as right of use assets - contracts with a transfer of ownership or purchase option, for which IAS 16 is applied in terms of depreciation - amounting to RON 314,035 thousand as at 31 December 2019 -are measured at cost less accumulated depreciation and any impairment. The management is required to assess the residual value and the useful life of an asset at least at each financial year-end and evaluate if there are any specific impairment adjustments required. Depending of the results of such analysis, changes may be accounted as a change in accounting estimate through prospective depreciation or as a specific impairment. The determination of any impairment adjustment with regard to operating lease assets is primarily dependent on how the residual value achievable at the end of the lease is affecting the recoverable value.

The future residual values are mostly influenced by number of kilometers driven, class of the asset and manufacturer, overall state of the vehicle, as well as the evolution of the used-vehicles markets at the date when the vehicles are sold. The residual values for the vehicles operated by the Company varies depending on the type of asset, thus, the future valuation as performed by the management is based on a number of estimations and judgemental assumptions.

The Company revised the residual values of its rental fleet as of 31 December 2019, considering both external and internal factors to the Company such as: actual sales of used vehicles throughout the year, correlation of such values at the balance sheet date with the estimated number of kilometers driven, asset class and manufacturer.

Due to the significance of the value of rental fleet assets, the significance of the estimation uncertainty involved in determining the residual values of the assets, their useful lives as well as any specific impairment adjustments required, we consider the measurement of the rental fleet, including the rental fleet under right of use assets to be a key audit matter.

The Company's disclosures are included in Note 2.2.6 , Note 3, Note 13 and Note 14 to the financial statements.

How our audit addressed the key audit matter

Our audit work was focused on, but was not limited to, the following procedures:

- We obtained an understanding of the rental fleet risk management framework as designed and implemented at Company level.

- We have assessed the management's impairment triggering event analysis of leased assets, with focus on categories of vehicles sold at a loss throughout the year in order to evaluate whether a decline of the market was noted for the respective category of assets. We have discussed with management and assessed also whether there were any changes in the market that could affect the selling price of used cars and implicitly the residual value on a prospective basis and whether any specific impairment adjustment is required as of 31 December 2019.

- We have discussed and reviewed management's analysis of the impact on the residual value considering the number of cars' kilometers incurred as of 31 December 2019.

- We have evaluated the information and data included in the operational database used for the evaluation of the residual value and fair value of cars by comparing with the actual signed contracts for a sample of contracts concluded during the year and followed up on those vehicles which did not have an operational lease contract active at the balance sheet date.

- We have performed subsequent to year end a review of the used cars' selling prices and assessed whether a specific or a more general impairment is necessary as of the balance sheet date.

We further assessed the adequacy of the disclosures in the financial statements.

Other information

The other information comprises the Consolidated and Individual Directors' Report, but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Directors' Report, we have read the Directors' Report and report that:

a) in the consolidated and individual Directors' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at December 31, 2019;
b) the consolidated and individual Directors' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 points 15 – 19;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the financial statements as at December 31, 2019, we have not identified information included in the consolidated and individual Directors' Report that contains a material misstatement of fact.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Company by the General Shareholders Meeting on 24 May 2019. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 5 years, covering the financial periods end December 31, 2015 till December 31, 2019.

Consistency with Additional Report to Those Charged with Governance- Board of Directors

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the Board of Directors, which we issued on 8 May 2020. As of 31 December 2019, the Company does not have an audit committee.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.
In addition to statutory audit services and services disclosed in the financial statements, no other services were provided by us to the Company, and its controlled undertakings.

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA77

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: Gavrila Felicia Viorica
Registrul Public Electronic: AF1513

Name of the Auditor/ Partner: Gavrila Felicia Viorica
Registered in the electronic Public Register under No. AF1513

Bucharest, Romania
8 May 2020

AUTONOM SERVICES SA

SEPARATE FINANCIAL STATEMENTS

Prepared in accordance with regulations of OMFP no. 2844/2016, with subsequent changes and amendments

31 DECEMBER 2019

The English version of this Separated Financial Statements represents a translation of the original Separated Financial Statements issued in Romanian language.

Contents

AUTONOM SEVICES SA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
All amounts in RON, unless specified otherwise

	Note	31 December 2019	31 December 2018
Operating lease income		68,437,126	48,246,386
Additional services revenue	4	32,215,804	22,704,181
Rent a-car-income		65,860,025	57,592,905
Revenue from sale of vehicles		10,422,160	46,053,910
Proceeds from sale of cars from rental fleet		31,014,955	25,120,758
Other operating income	5	8,922,507	3,370,115
Total operating income		**216,872,578**	**203,088,255**
Fleet expenses	6	(45,608,617)	(38,092,920)
Cost of vehicles sold		(10,041,604)	(45,484,278)
Cost of cars from rental fleet sold		(32,677,025)	(28,116,087)
Employee benefits expenses	7	(27,056,815)	(19,738,929)
Administrative expenses	8	(3,192,735)	(4,309,691)
Depreciation and impairment of rental fleet and equipment assets	13,14	(47,422,291)	(34,787,659)
Depreciation, amortisation and impairment of other non-current assets	13,14	(3,122,514)	(726,585)
Other operating expenses	9	(9,341,944)	(7,782,946)
Other (losses) / gains – net	10	(4,797,017)	(1,819,170)
Total operating expenses		**(183,260,562)**	**(181,004,582)**
Operating profit		**33,612,016**	**22,083,673**
Dividend income	17	13,018,088	-
Impairment of investment in subsidiary	17	(14,100,000)	-
Finance costs	11.1	(15,479,931)	(8,710,462)
Finance income	11.2	503,432	171,304
Profit before tax	12	**17,553,605**	**13,544,515**
Income tax expense	12	(2,524,102)	(1,097,963)
Profit for the period		**15,029,503**	**12,446,552**
Other comprehensive income			-
Total comprehensive income		**15,029,503**	**12,446,552**
EPS	28	**7.51**	**6.22**

These financial statements from page 3 to page 61 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia
Name
Chairman of the Board of Directors

SC AVH CONSULTING SRL
Name: Huian Angelica
Professional body reg. no.5138

AUTONOM SEVICES SA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
All amounts in RON, unless specified otherwise

	Notes	31 December 2019	31 December 2018
Assets			
Non-current assets		**431,000,874**	**289,280,622**
Intangible assets	16	73,991	40,275
Rental fleet and rental equipment	13	84,908,591	251,279,033
Right-of-use assets	14	320,484,704	-
Other property, plant and equipment	13	683,698	2,579,109
Investment properties	15	1,651,396	1,566,839
Investments in equity instruments		423,696	423,686
Investment in subsidiary	17	14,195,325	28,295,325
Trade receivables	22	167,917	444,307
Loans to related parties	26	8,411,556	4,652,048
Current assets		**110,374,554**	**27,679,573**
Inventories	20	6,502,263	4,135,621
Trade receivables	21	11,168,332	11,828,647
Other receivables and current assets	21	7,179,846	4,093,576
Prepayments		82,637	175,522
Cash and cash equivalents	22	85,441,476	7,446,207
Total assets		**541,375,428**	**319,960,195**
Equity and liabilities			
Equity			
Share capital	23	20,000,000	20,000,000
Other capital reserves		13,086,682	6,253,077
Retained earnings		60,086,334	51,890,437
Equity attributable to equity holders of the parent		**93,173,016**	**78,143,514**
Non-controlling interests		-	-
Total equity		**93,173,016**	**78,143,514**
Non-current liabilities		**302,318,041**	**161,635,798**
Interest-bearing loans and borrowings	18	14,224,410	36,796,247
Bonds	18	95,341,617	-
Finance lease liabilities	14	-	119,354,243
Lease liabilities		179,911,425	-
Trade and other liabilities	24	3,063,285	414,273
Deferred revenue		3,800,409	-
Deferred income tax liability	12	5,976,895	5,071,035
Current liabilities		**145,884,371**	**77,180,883**
Interest-bearing loans and borrowings	18	50,797,475	32,047,865
Finance lease liabilities	14	-	33,848,775
Lease liabilities		81,079,642	-
Trade and other liabilities	24	12,291,996	11,284,243
Provisions		-	-
Deferred revenue		1,715,258	-
Total liabilities		**448,202,412**	**238,816,681**
Total equity and liabilities		**541,375,428**	**316,960,195**

These financial statements from page 3 to page 61 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia
Name
Chairman of the Board of Directors

SC AVH CONSULTING SRL
Name: Huian Angelica
Professional body reg. no.5138

The accompanying notes 1 to 30 are an integral part of these financial statements

AUTONOM SEVICES SA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
All amounts in RON, unless specified otherwise

	Share capital	Other capital reserves	Retained earnings	Total equity	Non-controlling interest	Total equity
As at 1 January 2019	**20,000,000**	**6,253,077**	**51,890,437**	**78,143,514**	**-**	**78,143,514**
Profit for the year	-	-	15,029,503	**15,029,503**	-	**15,029,503**
Increase in legal reserves and other reserves	-	6,833,605	(6,833,605)	**-**	-	**-**
At 31 December 2019	**20,000,000**	**13,086,682**	**60,086,335**	**93,173,017**	**-**	**93,173,017**

	Share capital	Other capital reserves	Retained earnings	Total equity	Non-controlling interest	Total equity
As at 1 January 2018	**20,000,000**	**1,820,194**	**43,876,768**	**65,696,962**	**-**	**65,696,962**
Profit for the year	-	-	12,446,552	**12,446,552**	-	**12,446,552**
Increase in legal reserves and other reserves	-	4,432,883	(4,432,883)	**-**	-	**-**
Acquisition of a subsidiary (Note 5)	-	-	-	**-**	-	**-**
At 31 December 2018	**20,000,000**	**6,253,077**	**51,890,437**	**78,143,514**	**-**	**78,143,514**

The accompanying notes 1 to 30 are an integral part of these financial statements

The increases in "Other capital reserves" refer to the set-up of the legal reserve and the set-up of the re-invested profit tax facility reserve (refer to Note 23).

The reserve for re-invested profit tax facility is non-distributable. The Company does not intend to distribute the reserves in balance as at 31 December 2019.

The legal reserve is set in accordance with the provisions of the Romanian Company Law, which requires that 5% of the annual accounting profit before tax is transferred to the legal reserve until the balance of this reserve reaches 20% of the share capital of an entity.

These financial statements from page 3 to page 61 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia

Name
Chairman of the Board of Directors

SC AVH CONSULTING SRL

Name: Huian Angelica
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AUTONOM SERVICES SA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
All amounts in RON, unless specified otherwise

	Notes	2019	2018
Operating activities			
Profit before tax		**17,553,604**	**13,544,515**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of other property, plant and equipment	13	3,122,514	726,585
Depreciation of rental fleet and rental equipment	13	47,422,291	34,787,659
Impairment of investment in subsidiary	17	14,100,000	
Net foreign exchange differences	17	2,903,444	126,281
Bargain purchase gain	19	-	-
Loss on disposal of property, plant and equipment	10	1,248,412	2,673
Loss on disposal of rental fleet - own resources		1,662,070	2,995,329
Finance income	11.2	(503,432)	(171,304)
Interest expense	11.1	11,779,051	7,856,733
Movement in current assets allowances	10	3,548,605	1,819,170
Working capital adjustments:			
Increase in trade and other receivables and prepayments		(2,762,583)	(4,124,329)
Increase/Decrease in inventories		(2,220,325)	2,950,322
Increase in other receivable		(1,708,104)	(27,608,325)
Increase/(decrease) in deferred revenue		5,515,667	-
Increase / (decrease)in trade and other payables		2,632,118	4,787,471
Purchase of rental fleet and rental equipment		(46,106,239)	(7,400,394)
Amounts received for disposal of rental fleet and rental equipment		30,153,242	22,125,394
Interest received		97,251	775
Interest paid		(11,526,595)	(7,107,463)
Income tax paid		(2,115,636)	(417,967)
Net cash flows from operating activities		**74,795,356**	**44,893,160**
Investing activities			
Purchase of intangible assets		(97,597)	-
Purchase of other property, plant and equipment		(1,247,789)	(766,750)
Purchase of investment property		-	(372,563)
Acquisition of equity investment, net of cash	4	-	(29,295,325)
Loans granted to related parties	26	(5,077,192)	(2,809,074)
Proceeds from borrowings granted to related parties		442,950	217,551
Dividends collected from subsidiary		13,018,088	-
Net cash flows used in investing activities		**7,038,460**	**(32,026,161)**
Financing activities			
Payment of finance lease liabilities	19	(85,935,251)	(63,536,756)
Proceeds from borrowings	19	26,662,271	52,468,525
Repayment of borrowings	19	(30,321,332)	(26,463,029)
Issuance of bonds	19	94,186,057	-
Net cash flows used in financing activities		**4,591,745**	**(37,531,260)**
Net increase / (decrease) in cash and cash equivalents		**86,425,561**	**(24,664,261)**
Cash and cash equivalents at 1 January	22	**(9,587,349)**	**15,076,912**
Cash and cash equivalents at 31 December	22	**76,838,212**	**(9,587,349)**

These financial statements from page 3 to page 61 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia
Name
Chairman of the Board of Directors

SC AVH CONSULTING SRL
Name: Huian Angelica
Professional body reg. no.5138

The accompanying notes 1 to 30 are an integral part of these financial statements

1. CORPORATE INFORMATION

These separate financial statements are prepared by Autonom Services SA ("the Company") and comprise its activities, referred hereinafter as "Autonom" or "the Company". The financial statements of the Company were authorised for issue in accordance with a resolution of the directors on 8 May 2020.

Autonom Services SA is a privately owned, joint stock company with the main activity of renting and leasing of motor vehicles and light motor vehicles. The company has its headquarters in Piatra Neamt, Fermelor street, no. 4 with points of business in several cities: Alba Iulia, Arad, Bacau, Baia Mare, Bistrita Nasaud, Botosani, Braila, Brasov, Bucharest, Otopeni, Buzau , Cluj, Constanta, Craiova, Deva, Focsani, Galati, Iasi, Miercurea Ciuc, Oradea, Piatra Neamt, Pitesti, Pipera-Voluntari , Ploiesti, Resita, Ramnicu Valcea, Satu Mare, Sibiu, Slatina, Suceava, Targu Mures, Targu Jiu, Timisoara, Tulcea..

Autonom Services SA is controlled by Autonom International SRL and ultimately by Stefan Dan George and Stefan Marius.

On 30 June 2018, Autonom Services SA acquired control over BT Operational Leasing SA ("BTOL", "the Subsidiary"), after completing the purchase of a 99.85% interest in its share capital. BTOL was previously a member of the Banca Transilvania Financial Company and was incorporated as a joint stock company in 2001. The Subsidiary's main activity consists of renting and leasing of motor vehicles and light motor vehicles and has its headquarters at 131-135 Calea Floreasca, 7th floor, Sector 1, Bucharest.

On December 4, 2020, the Company issued corporate bonds in amount of EUR 20 million which were admitted to trading on the Main Market of the Bucharest Stock Exchange, Bonds segment, and which are traded under the symbol AUT24E. The bonds have a nominal value of 1,000 euros, a maturity of five years and a fixed interest rate of 4.45%, p.a. payable annually (refer to Note 18).

The Company's number of employees at 31 December 2019 is 343 (31 December 2018 was 295).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of Compliance

The financial statements of Autonom have been prepared in accordance with Order no. 2.844/2016 for approving the Accounting Regulations in accordance with International Financial Reporting Standards, with subsequent amendments and additions. These provisions are in accordance with International Financial Reporting Standards applicable to financial reporting as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) (IFRS), except as provided in IAS 21 The Effects of Changes in Foreign Exchange Rates on functional currency.

The financial statements have been prepared on a historical cost basis, except for equity investments measured at fair value through profit or loss. The financial statements are presented in Romanian New Lei ("RON"), which is also the Company's functional currency, and all values are rounded to the nearest thousand RON, except when otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

These financial statements are prepared on a going concern basis. The Management believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The Management based their assessment on the Company's detailed cash flow projections for the period up to 31 December 2020 prepared using assumptions which include the estimated impact of Covid 19 pandemic considering developments up to the end of April 2020. These projections take into account the current available cash resources of the Company as of 31 December 2019, the contracts in place in relation to operating lease income, anticipated additional operating income from new lease agreements to be concluded during the period covered by the projections, as well as contracted debt financing and the current classification of loans at the reporting date, rental fleet investments, and other commitments.
Further details on the Company's response to the Covid-19 pandemic can be found in Note 30 Events after the reporting period.

2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements.

2.2.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2.2 Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the relevant notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;

Or

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period".

2.2.3 Revenue recognition

Revenue includes vehicle rental income (operating lease) and rent-a-car income, equipment rental income, fees from services incidental to operating lease, sales of goods and other rental income.

A) Operating lease income, rent-a-car income and other operating lease income

Vehicle and equipment rental income

Rental income from operating lease agreements is accounted for on a straight-line basis over the lease terms, based on the total of the contractual payments divided by the number of months of the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Rent-a-car income is recognized proportionally over the period (number of days of rental in the accounting period) in which the vehicles are rented out based on the terms of the rental contract.

End of contract / termination fees consist of fees charged to clients upon early termination of the lease contracts and are included within this revenue stream.

Other operating lease income

Other rental income is recognised on a straight-line basis over the term of the rental agreement.

B) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from services incidental to vehicle rental

Services incidental to vehicle rental include fees charged for repair and maintenance services, tyre changes, replacement car, damage and insurance services and other contract components. Such services qualify as separate performance obligations and are generally recognized over the term of the contracts, based on the monthly lease instalment as the vehicle is continuously available to the customer and the service is utilized continuously or the customer will have access to the service during the contract term, except for tyre changes, which are recognized at a point in time, when such services are provided.

Revenue* from *sale of vehicles

Revenue from sale of vehicles refers to cars purchased for resale and is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the car.

Proceeds from sale of cars from rental fleet

Revenue from sale of cars from the rental fleet (operating lease contracts and rent-a-car contracts) is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the car.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables represent unpaid, current lease receivables under existing operating lease contracts or receivables related to inventory sales.

Refer to accounting policies of financial assets in section 2.3.12 Financial instruments – initial recognition and subsequent measurement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier) in the Advances from customers line. Contract liabilities are recognised as revenue when the Company performs under the contract. For the Company, advances from customers for cars to be sold qualify as contract liabilities, in accordance with the provisions of IFRS 15.

2.2.4 Foreign currencies

The Company's financial statements are presented in RON, which is also the functional currency of its subsidiary.

Transactions in foreign currencies are translated into RON by applying the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at year-end are translated to RON at the exchange rates prevailing on that date. Realized and unrealized exchange gains and losses are recognized in profit or loss.

The exchange rate RON – EUR and RON – USD as at 31 December 2019 and 31 December 2018 was:

	31 December 2019	31 December 2018
RON – EUR	4.7793	4.6639
RON – USD	4.2608	4.0736

2.2.5 Taxes

Current income tax

Current income tax assets and liabilities for the current period and for prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in Romania, the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for: all deductible temporary differences: the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and any unused tax losses that can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, no deferred tax is recognized, and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax (VAT and similar taxes)

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2.6 Rental fleet and other own use property, plant and equipment

The rental fleet, leased equipment, as well as property, plant and equipment for own use are measured at cost less accumulated depreciation and impairment losses.

Cost consists of the purchase price and directly attributable costs. .

The assets subject to operating leases and rent-a-car agreements are presented in the balance sheet according to the nature of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation method

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

	Years
Rental Vehicles*	4
Leased Equipment and machinery	3 -10
Other furniture, fittings and equipment	3 - 24

*Rental vehicles are depreciated on a straight-line basis up to their estimated residual values at their expected date of disposition, after giving effect to anticipated conditions in the used car market.

The residual values, useful lives and methods of depreciation of rental fleet, leased equipment and property, plant and equipment, as applicable, are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is de-recognised.

Upon termination of the lease or rental contract, when the Company obtains ownership of these fleet with a management decision to sell, the relevant assets are reclassified to the caption "Inventories" at their carrying amount, as per IAS 16 paragraph 68A recommendations.

The depreciation policy for depreciable leased assets (under contracts with a transfer of ownership or purchase option) is consistent with the Company's normal depreciation policy for similar assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2.7 Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost, less accumulated depreciation and impairment.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.2.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets – see below. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.
Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The period ranges from 1.5 years to 4 years.

The lease term was considered to be the non-cancellable period in the contract

Leased assets, under finance lease arrangements, are depreciated over the shorter of the lease term and their useful lives.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

If ownership of the leased asset (vehicles and equipment) transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, the Right-of-use assets (vehicles and equipment) are depreciated following the depreciation method and estimates applied for owned similar items – please refer to paragraph 2.2.6.

Similar to own rental fleet, upon termination of the lease or rental contract and management decision to sell the vehicles, the relevant assets from right-of-use assets are reclassified to the caption "Inventories" at their carrying amount, as per IAS 16 paragraph 68A recommendations, presumably as simultaneously the vehicle becomes the ownership of the Company.

Right-of-use assets are subject to impairment, disclosed in Note 2.2.11. Refer to the accounting policies in section Impairment of non-financial assets.

- **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.
The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- **Subleases**

The Company acts as an intermediate lessor in transactions for which an underlying asset is re-leased by the Company to a third party and the lease between the head lessor and the Company remains in effect.

The Company classifies a sublease as a finance lease or an operating lease as follows:
a. if the head lease is a short-term lease, the sublease is classified as an operating lease;
b. otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease.

For subleases classified as an operating lease, the Company continues to account for the lease liability and right-of-use asset on the head lease like any other lease. The lease payments from operating subleases are recognized as income on a straight-line basis.

As of 31 December 2019, the Company does not have finance subleases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Short-term leases**

The Company applies the short-term lease recognition exemption to its short-term leases of vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The main provisions of the accounting policy applicable to the *Company (as a lessee)* under IAS 17, applicable for the reporting periods up to 31 December 2018 and based on which the comparative reporting figures have been prepared, are as follows:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is or contains a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

Subleases

When determining the accounting treatment of subleases in which the Company acts as an intermediate party, the Company considers the substance of the series of transactions. The Company has analysed its population of sublease contracts and concluded that in substance the Company does not transfer the risks and rewards incidental to ownership, thus the Company acts as lessee to the original lessor and lessor to the ultimate lessee.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease income are added to the carrying amount of the leased asset and depreciated over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of property and equipment under operating lease and rental fleet is depreciated during the lease term or the useful life of the asset. Depreciation is recognised in the statement of profit or loss. The operating lease instalments are recognised in the financial statements in their entirety on a straight-line basis over the lease term. The instalments are classified and presented in the 'Operating lease income' revenue category of the statement of profit or loss and other comprehensive income. The Company leases assets to its clients for durations that normally range between three to four years. In all cases, the leased assets are returned to the Company at the end of the contract term.

2.2.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisations periods are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Software, licenses and similar assets are depreciated using the linear method over a three-year period by the Company.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.2.11 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication of impairment for its investment in subsidiary, property, plant and equipment (rental fleet and rental equipment), right-of-use assets, intangible assets and investment properties. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the recoverable amount, which is determined as the higher of an asset's or CGU's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognised as an expense (impairment loss) in the statement of profit or loss and other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.2.12 Financial instruments

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

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Company's financial assets are represented solely by loans to related parties and trade and lease receivables and cash and cash equivalents.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date on which the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company and is represented by loans granted to related parties and trade and lease receivables.

The Company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in "Finance income" in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes non-listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset;

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii) Impairment of financial assets

Disclosures relating to impairment of financial assets are summarised in the following notes:

- Financial instruments risk management (Note 19)
- Trade receivables (Note 21)

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The value calculated at 12 months represents the loss from the receivable resulting from non-payment events that may occur in the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected from default events that may occur during the estimated life of a financial asset.

For trade receivables, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
2.
The provision rates are based on actual historical collection of receivables in relevant aging buckets. The following steps are considered in determining the provision rates:

a) Identification of invoices issued in a specific calendar month,
b) Identification of collections related to those invoices, including identification of the timing of those collection (e.g., collection was performed no later than the due date, collection was performed when the related invoice was overdue by 1 to 30 days, 31 to 60 days, 61 to 90 days, 91 to 120 days, more than 121 days),
c) losses are calculated as the difference between invoiced amounts and collected amounts, generally a one year observation period was considered (i.e. invoices not collected within the observation period are considered as further uncollectible),
d) considering the timing of collections and the lost (i.e. uncollectible) amounts, loss percentages are calculated for each relevant bucket,
e) average loss percentages for 12 months of invoices issued are used to determine the provision matrix as at the reporting date (e.g. for December 2019 the above calculation was repeated for month July 2018 to June 2019 and the average loss rates was calculated, etc.).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities measured at amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include only trade and other payables and loans and borrowings, including bank overdrafts and finance lease liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables with a maturity of 12 months or less are not discounted.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.2.13 Investments in subsidiaries

The investments in subsidiaries are accounted for at cost less impairment losses. At each reporting date, management assesses whether there is any indication of impairment in its investments in subsidiaries. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognised as an expense (impairment loss) in profit or loss. An impairment loss recognised in prior years is reversed if there has been a change in the estimates used to determine the investment's recoverable amount. An impairment loss is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)
2.

2.2.14 Inventories

Inventories, which include vehicles for resale, spare parts, consumables and materials in the form of small inventory, are stated at the lower of cost or net realisable value. At the end of the lease or rental contract the relevant assets become the property of the Company ad they are reclassified from 'Rental fleet" or Right of use assets to the caption 'Inventories' at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense and reported as a component of cost of sales or as part of fleet and other operating costs in the statement of comprehensive income in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the same component of the statement of profit or loss and other comprehensive income or, in the period the write-down or loss occurs, under the line Other (losses)/ gains - net.

2.2.15 Cash and cash equivalents

Cash, cash equivalents and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.2.16 Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year. Prepayments to acquire current assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company.

Prepayments to acquire property, plant and equipment are classified as other receivables and current assets.
Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in profit or loss.

2.2.17 Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Dividends

The Company recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Romania, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2.18 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

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

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

2.2.19 Employee benefits

The Company, in the normal course of business, makes payments on behalf of its employees for pensions (defined contribution plans), health care, employment and personnel tax which are calculated according to the statutory rates in force during the year, based on gross salaries and wages. Food allowances, travel expenses and holiday allowances are also calculated according to the local legislation.

The cost of these payments is charged to the statement of profit or loss and other comprehensive income in the same period as the related salary cost. Accruals are created for holiday allowances if there are non-used holidays according the local legislation.

The Company does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions.

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2019; out of these new standards and amendments, IFRS 16 Leases had a material effect on the Company's financial statements.
The Company has not early adopted any other standards, interpretations or amendments that have been issued but were not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'). The Company did not have lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 (increase / (decrease)) is as follows:

	1 January 2019
Assets	
Right of use assets	202,900,850
Less property, plant and equipment	(196,324,205)
Total assets	**6,576,645**
Liabilities	
Lease liabilities	159,779,663
Less finance lease liabilities	(153,203,018)
Total liabilities	**6,576,645**

Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of buildings and vehicles. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Leases previously classified as finance leases**

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

- **Leases previously accounted for as operating leases**

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Based on the foregoing, as at 1 January 2019:
- Right-of -use assets of RON 202,900,850 were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RON 196,324,205 that were reclassified from Property, plant and equipment;
- Additional lease liabilities of RON 6,576,645 were recognized on lease liabilities from the transition to IFRS 16.

The lease liabilities as at 1 January 2019, can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Operating lease commitments as at 31 December 2018	**7,873,974**
Weighted average incremental borrowing rate as at 1 January 2019	4%
Discounted operating lease commitments at 1 January 2019	7,318,144
Less:	
Commitments relating to short term leases	(741,499)
Add:	
Commitments relating to leases previously classified as finance leases	153,203,018
Lease liabilities as at 1 January 2019	**159,779,663**

The new accounting policy for leasing is disclosed in note 2.2.8.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)

The Amendments relate to whether the measurement, in particular impairment requirements, of long-term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. Management has assessed that the application of these amendments does not have any impact on the financial position or performance of the Company.

IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. Management has assessed that this interpretation does not have a significant impact on the financial position or performance of the Company.

IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)

The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. Management has assessed that the application of these amendments does not have any impact on the financial position or performance of the Company.

IFRS 9: Prepayment features with negative compensation (Amendment)

The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. Management has assessed that the application of this amendment does not have any impact on the financial position or performance of the Company.

The IASB has issued the **Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. Management has assessed that the application of these improvements does not have any impact on the financial position or performance of the Company.

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements**: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business;
- **IAS 12 Income Taxes**: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized;
- **IAS 23 Borrowing Costs**: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the application of this amendment will not have any impact on the financial position or performance of the Company.

- **Conceptual Framework in IFRS standards**

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020. The changes to the Conceptual Framework are not expected to have a significant impact on the financial position or performance of the Company.

- **IFRS 3: Business Combinations (Amendments)**

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. Management has assessed that the application of these amendments will not have any impact on the financial position or performance of the Company.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU.

Management has assessed that the application of these amendments will not have any impact on the financial position or performance of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The Company does not use hedging accounting.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. Management has assessed that application of these amendments will have no significant impact on the financial position of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Due to the uncertainty inherent to all measurement processes, these estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of lease agreements – Company as a Lessor

The Company has entered into rental agreements on its vehicles portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the vehicles and the present value of the minimum lease payments not amounting to substantially all of the fair value of the vehicle, that it retains all the significant risks and rewards of ownership of the vehicles and accounts for the contracts as operating leases.

The same judgment is applicable for the portfolio of equipment agreements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Recoverability of investment in subsidiaries

The Company assesses the recoverability of investments in subsidiary at least at each financial year-end. The determination of recoverable amounts of the Company's investments in subsidiary relies on management's estimates of future cash flows, for which some of the main assumptions were future proceeds from sale of cars at the end of the lease period (residual value), evolution of future operating lease income, fleet expenses, working capital needs and discount rates, as well as management strategy and changes in the economic assumptions.

The key assumptions used to determine the recoverable amount for the investment in subsidiaries, including a sensitivity analysis, are disclosed and further explained in Note 17.

Review of useful lives and residual values of rental fleet assets.

The basis for the depreciation of an item of property, plant and equipment under operating lease contract is the investment value at cost less the estimated residual value, in combination with the estimated useful life of the item. The management is required to assess the residual value and the useful life of an asset at least at each financial year-end and evaluate if there are any specific impairment adjustments required. Depending of the results of such analysis, changes may be accounted as a change in accounting estimate through prospective depreciation or as a specific impairment. The determination of any impairment adjustment with regard to operating lease assets is primarily dependent on how the residual value achievable at the end of the lease is affecting the recoverable value. These estimates may have a material impact on the amount of the carrying values of leased assets (property and equipment) and on depreciation recognised in profit or loss. The Company closely monitors changes in the contractual residual values used in operating lease contracts, both rental fleet owned or under right of use assets.

Residual values are estimated based on the selling value at the end of the contracts and are mostly influenced by number of km driven, manufacturer, state of the vehicle, as well as the situation of the used-vehicles markets at the date when the vehicles are returned / sold, etc. As of 31 December 2019, the range of residual values for the vehicles is between 31% and 63% of the initial cost.

Similar estimates are made for vehicles that are obtained under lease contracts (Company as lessee) for which the Company has the right to obtain ownership at the end of the lease contracts and intends to exercise this right. Such right-of-use assets are depreciated on similar policy as the one described above, with similar estimates when it comes to residual value and estimated useful lives of the items.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on cars from rental fleet

In the annual assessment of whether there is any indication that an asset may be impaired, the Company considers both external as well as internal sources of information. If such indication for impairment exists, an analysis is performed to assess whether the carrying value of the asset under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use is determined as the present value of the future cash flows expected to be derived from the item or cash generating unit.

Inventories – cars – net realizable value
The inventories are valued considering their net realizable value. Such values are determined based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. After reclassification from Property, Plant and Equipment or from Right-of-Use Assets to Inventories, the impairment is recorded under Other gains/losses – net..

Impairment losses on lease and trade receivables

The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Judgement is required from management for applying appropriate models and setting assumptions for the measurement of ECL.

The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly by management. Details about the assumptions and estimation techniques used in measuring ECL for operating lease receivables and trade receivables from operating lease contracts are further provided in section "Credit risk" in Note 19. The impairment models are subject to annual review to ensure they remain current and fit for purpose and the use and performance continue to meet the Company's standards.

Taxes

All amounts due to State authorities for taxes have been paid or accrued at the balance sheet date. The Romanian tax system undergoes a consolidation process and is being harmonized with the European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation that may result in additional taxes and penalties payable. Where the State authorities have findings from reviews relating to breaches of Romania's tax laws, and related regulations these may result in: confiscation of the amounts in case; additional tax liabilities being payable; fines and penalties(those are applied on the total outstanding amount). As a result the fiscal penalties resulting from breaches of the legal provisions may result in a significant amount payable to the State.

4. ADDITIONAL SERVICE REVENUE

	2019	2018
Insurance and road and other taxes	26,091,119	17,028,136
Maintenance and other contract components	6,124,685	5,676,045
Total	**32,215,804**	**22,704,181**

5. OTHER OPERATING INCOME

	2019	2018
Income from penalties	6,282,560	2,087,501
Other income	2,304,289	906,096
Other rental income	335,658	376,518
Total	**8,922,507**	**3,370,115**

Other income refers to various sundry amounts re-invoiced to customers.

During 2019 the Company was reimbursed an amount of RON 3,743,825 representing road taxes paid in prior years.

6. FLEET EXPENSES

	2019	2018
Fuel	7,638,401	6,544,006
Expenses with spare parts	12,505,804	10,586,010
Repair, maintenance and refurbishment	10,810,458	7,157,264
Rental fleet expenses	3,698,654	4,690,001
Insurance	6,811,927	6,874,459
Expenses with other consumables	490,727	560,805
Registration services, commissions for cars	1,798,595	887,488
Car wash	1,600,306	707,366
Parking	253,745	85,521
Total	**45,608,617**	**38,092,920**

7. EMPLOYEE BENEFITS EXPENSE

	2019	2018
Salaries	25,452,733	18,856,444
Social security contributions and other related taxes	700,587	507,612
Meal tickets	903,495	374,873
Total	**27,056,815**	**19,738,929**

8. ADMINISTRATIVE EXPENSES

	2019	2018
Telecom costs	571,508	242,028
Head office costs	532,975	774,800
Sales and marketing costs	1,806,690	1,070,769
Administrative rent expenses	281,562	2,222,094
Total	**3,192,735**	**4,309,691**

The 2019 administrative rent expenses refers to branch locations rented by the Company across Romania.

9. OTHER OPERATING EXPENSES

	2019	2018
Other third-party services (Note11.1)	2,699,059	2,952,994
Commissions and fees	230,852	172,000
Transport on goods and personnel	2,491,796	1,589,480
Travel	867,508	1,127,437
Bank commissions and similar charges	447,356	331,347
Other taxes, duties and similar expenses	1,590,276	1,075,310
Miscellaneous expenses	282,498	62,638
Gifts and subsidies granted	520,611	324,804
Other expenses	211,988	146,936
Total	**9,341,944**	**7,782,946**

9.1 OTHER THIRD-PARTY SERVICES

	2019	2018
Trainings	350,628	604,844
IT services	521,566	262,668
Legal services	364,121	299,438
Medical services	164,219	138,109
Protocol	15,553	141,685
Roadside assistance	-	-
HR services	-	45,046
Audit and consultancy	680,311	629,858
Security	115,999	11,662
Other	486,662	820,083
Total	**2,699,059**	**2,952,994**

10. OTHER LOSSES / (GAINS)-NET

	Note	2019	2018
Net (gain) / loss on disposal of fixed assets		1,248,412	-
Allowance for inventories	20	(146,317)	146,317
Impairment of trade receivables	21	3,694,922	1,672,853
Total		**4,797,017**	**1,819,170**

Allowance for inventories represents the amount recognized for lower of cost and net realizable value for vehicles to be sold.

11. FINANCE COSTS / INCOME

11.1 Finance costs

	2019	2018
Interest expense for loans	4,305,914	2,751,520
Interest expense for leasing	-	5,105,213
Interest on lease liabilities under IFRS 16	7,473,137	-
Foreign exchange losses, net	3,700,880	853,729
Total finance costs	**15,479,931**	**8,710,462**

Interest expense variation from 2018 to 2019 is in regard of the higher number of vehicles that Autonom Services has obtained finance as at 31 December 2019.

Foreign exchange losses are in regard of the fact that the Company has loans denominated in EUR and the Company has a large balance of leases most of which are denominated in EUR, which are revalued to functional currency at the end of the period. While EUR/RON average exchange rate had a steady increase in 2018 and 2019, EUR/RON spot exchange rate as at 31 December 2019 significantly increased compared to prior year.

Exchange rate / Date	31 December 2019	31 December 2018
Spot	4.7793	4.6639
Variance		0.1%
Average	4.7452	4.6535
Variance		1.9%

11.2 Finance income

	2019	2018
Interest income	503,432	171,304
Total finance income	**503,432**	**171,304**

12. INCOME TAX

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	2019	2018
Current income tax:		
Current income tax charge	(1,618,242)	(1,190,567)
Deferred tax:		
Relating to origination and reversal of temporary differences	(905,860)	92,604
Income tax expense reported in the statement of profit and loss and other comprehensive income	**(2,524,102)**	**(1,097,963)**

A reconciliation between tax expense and the product of accounting profit multiplied by Romania's domestic tax rate for the years ended 31 December 2019 and 2018 is as follows:

	2019	2018
Accounting profit before income tax	**17,553,605**	**13,544,515**
At statutory income tax rate of 16%	(2,808,577)	(2,167,122)
Non-taxable income	2,082,894	306,568
Effect of non-taxable bargain gain	-	-
Non-deductible expenses for tax purposes	(3,100,105)	(169,999)
Legal reserve deduction	140,429	69,803
Other profit tax reductions	756,697	565,146
Sponsorship reductions	404,560	297,641
Income tax reported in statement of profit and loss and other comprehensive income	**(2,524,102)**	**(1,097,963)**

Reconciliation of deferred tax liabilities, net	2019	2018
1 January	**(5,071,035)**	**(5,163,639)**
Tax expense/ credit during the period recognised in profit or loss	(905,860)	92,604
31 December	**(5,976,895)**	**(5,071,035)**

12. INCOME TAX (continued)

Deferred tax

Deferred tax reconciliation with corresponding items in the statement of financial position and statement of comprehensive income is as follows:

	Statement of financial position		Statement of comprehensive income	
	31 December 2019	31 December 2018	2019	2018
Property, plant and equipment	(1,399,600)	(5,543,661)	(4,144,061)	218,745
Right-of-use assets	(6,650,951)	-	6,650,951	
Intangible assets	-			
Impairment of trade receivables	700,183	283,981	(416,202)	(218,751)
Deferred income	881,448	-	(881,448)	
Other	492,025	188,645	(303,380)	(92,598)
Deferred tax benefit			**905,860**	**(92,604)**
Net deferred tax liabilities	**(5,976,895)**	**(5,071,035)**		

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

13. PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2019, the gross book value of fully depreciated property, plant and equipment that were still in use is of RON 271,480 (31 December 2018: RON 371,563 respectively).

	Land	Buildings	Furniture and fittings	Rental fleet and rental equipment	Constructions in progress (CIP)	Total
Cost	**564,542**	**570,386**	**1,911,753**	**235,723,630**		**238,770,311**
Additions of vehicles held by subsidiaries at acquisition date	-	-	-	-	-	-
Additions	-	139,809	629,615	100,174,782	-	**100,944,205**
Transfers to inventories				14,761,548		**14,761,548**
Disposals	-	-	10,976	-	-	**10,976**
Balance as of 31 December 2018	**564,542**	**710,195**	**2,530,391**	**321,136,864**	**-**	**324,941,992**
Additions	-	-	-	47,998,753	-	**47,998,753**
Transfer to inventories		-	-	11,444,675	-	**11,444,675**
Transfer to right-of-use assets			695,397	247,507,131	-	**248,202,528**
Transfer to investment properties	-	710,195	-	-	-	**710,195**
Balance as of 31 December 2019	**564,542**	**-**	**1,834,994**	**110,183,811**	**-**	**112,583,347**

13.PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Furniture and fittings	Rental fleet and rental equipment	Constructions in progress (CIP)	Total
Accumulated depreciation and impairment						
At 1 January 2018	-	119,348	506,811	47,134,259		47,760,418
Cumulated depreciation of vehicles held by subsidiaries at acquisition date				-	-	-
Depreciation expense	-	132,100	476,063	34,787,659	-	**35,395,822**
Transfers to inventories	-	-	-	12,064,089	-	**12,064,089**
Disposals	-	-	8,303	-	-	**8,303**
Balance as of 31 December 2018	**-**	**251,448**	**974,571**	**69,857,831**	**-**	**71,083,850**
Depreciation expense	-	119,682	741,267	7,409,654		**8,270,603**
Transfers to inventories	-	-	-	113,942		**113,942**
Transfer to investment properties	-	371,130	-	-		**371,130**
Transfer to right-of-use assets	-	-	-	51,878,323		**51,878,323**
Disposals	-	-	-			**-**
Balance as of 31 December 2019	**-**	**-**	**1,715,838**	**25,275,220**		**26,991,058**
Net book value as of 31 December 2018	**564,542**	**458,747**	**1,555,820**	**251,279,033**	**-**	**253,858,142**
Net book value as of 31 December 2019	**564,542**	**-**	**119,156**	**84,908,591**	**-**	**85,592,289**

Out of the total rental fleet and rental equipment balance, RON 20,613 thousand represent lease equipment and RON 64,295 thousand represent rental fleet vehicles.

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Summary of depreciation, amortization and impairment of non-current assets for the financial years 2019 and 2018 is included in the following table:

	2019	2018
Depreciation of rental fleet and equipment assets	7,409,653	52,308,172
Depreciation of right-of-use assets	40,012,638	-
Depreciation and impairment of rental fleet and equipment assets	**47,422,291**	**34,787,659**
Depreciation of investment properties	85,764	45,985
Depreciation of buildings	2,112,611	-
Depreciation of other assets	860,258	608,163
Amortization of other intangibles	63,881	72,437
Depreciation, amortization and impairment of other non-current assets	**3,122,514**	**726,585**
Total	**50,544,805**	**35,514,244**

As of 31 December 2019, the amounts pledged are of RON 385,761,279 (31 December 2018: RON 238,442,847 respectively, covering also assets transferred to Right of Use assets in 2019).

14. RIGHT-OF-USE ASSETS

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-Use Assets			Lease
	Buildings	Vehicles	Total	liabilities
As at January 1, 2019	**6,207,112**	**196,693,739**	**202,900,850**	**153,203,018**
Recognized on adoption of IFRS 16				6,576,645
Additions	745,499	187,872,777	**188,618,277**	188,618,277
Depreciation expense	(2,112,611)	(40,105,201)	**(42,217,812)**	-
Transfer to inventories (net)	-	(25,028,663)	**(25,028,663)**	-
Disposals	(21,310)		**(21,310)**	
Interest expense	-	-	**-**	7,473,137
Early termination of lease agreements		(3,766,637)	**(3,766,637)**	(3,766,637)
Foreign exchange rate				1,798,693
Payments	-	-	**-**	(92,912,067)
As at December 31, 2019	**4,818,690**	**315,666,015**	**320,484,704**	**260,991,067**
Out of which:				
Current				81,079,642
Non-current				179,911,425

The Company recognised rent expense from short-term leases of RON 3,980,216. No leases of low-value assets nor variable lease payments for the year ended 31 December 2019.

14. RIGHT-OF-USE ASSETS

At the end of the lease or rental contract the relevant assets become the property of the Company and they are used for rent-a-car activity or transferred to Inventories to be sold.

The assets acquired under finance lease are pledged in favour of the leasing companies.

Out of the total Vehicles column, RON 314,035 thousand represent leases for vehicles from contracts with a transfer of ownership or purchase option.

The undrawn amounts of lease contracts signed with lease financial institutions as of 31 December 2019 amount to EUR 12,969 thousand.

15. INVESTMENT PROPERTIES

	Investment properties
Cost	
At 1 January 2018	**1,301,922**
Additions	372,563
Disposals	-
At 31 December 2018	**1,674,485**
Transfers from property, plant and equipment	339,065
Disposals	281,085
At 31 December 2019	**1,732,465**
Accumulated depreciation	
At 1 January 2018	**61,661**
Depreciation charge	45,985
Disposals	-
At 31 December 2018	**107,646**
Depreciation charge	85,764
Disposals	112,341
At 31 December 2019	**81,069**
Net book value	
At 31 December 2018	**1,566,839**
At 31 December 2019	**1,651,396**

The fair value of the investment property at 31 December 2019 is in amount of RON 1,340,145 for Buildings (at 31 December 2018: RON 1,315,693 and RON 458,747 for the Construction in Progress.

Investment properties refer to buildings rented to related parties of the Company. Rental income from investment property is presented in Note 7 "Other operating income", within "Other rental income". Investment properties are depreciated on a straight-line basis over a period between of 32-60 years.

Fair value of investment properties was determined using the income approach, with the most significant unobservable inputs being the rent per square meter (ranging between EUR 2 – 3,15) and the discount rate used of 12%.

Investment property is pledged in favour of certain banks as a guarantee for the financing received.

16. INTANGIBLE ASSETS

	Licences and other intangibles
Cost	
At 1 January 2018	**511,105**
Additions	-
Disposals	-
At 31 December 2018	**511,105**
Additions	97,597
Disposals	-
At 31 December 2019	**608,702**
Accumulated amortization	
At 1 January 2018	**398,393**
Amortisation charge	72,437
Disposals	-
At 31 December 2018	**470,830**
Amortisation charge	63,881
Disposals	-
At 31 December 2019	**534,711**
Net book value	
At 31 December 2018	**40,275**
At 31 December 2019	**73,991**

Additions during 2019 consisted mainly in acquisition of software licenses.

17. INVESTMENT IN SUBSIDIARY

Autonom Services has acquired BT Operational Leasing SA on 30 June 2018 for an initial purpose of merging the two entities and benefiting from the synergies. Due to operational reasons related to the different counties the two entities operate in, that required changing vehicle id cards (administrative procedures that need to be completed with the State's authorities and required imobilizing the entire fleet of BT Operational Leasing SA for several days), BT Operational Leasing SA continued its own operations.

However, since the acquisition date, the management's intention was that, gradually, customers would be transferred to Autonom Services entity (parent entity) as existing lease contracts end in the subsidiary.

The price paid for a 99.85% share holding interest was in amount of RON 28,295,325.

The Company has collected, during 2019, dividends from the subsidiary with a total value of RON 13,018,088.

As of 31 December 2019, the Company assessed whether there are indicators of impairment of the investment in subsidiary as a result of earlier termination of lease contracts in place at the date of the acquisition of BTOL and reduction in value of vehicles due to market conditions as of 31 December 2019.

.As a result of the impairment test performed, the investment carrying value of RON 28,295,325, was decreased by RON 14,100,000 to reach its recoverable amount, which amount was recognized as impairment loss in the financial statements as at and for the year ended 31 December 2019.

17. INVESTMENT IN SUBSIDIARY

The key assumptions used in the calculation of the recoverable amount of the investment in subsidiary are revenues from operational lease contracts, revenues from sales of cars at the end of the lease contracts, fleet expenses, discount rates and net working capital.
Discount rate (post tax) used is 9.28% (2018: 9.24%). The discount rate reflects the current market assessment of the risks specific to the subsidiary and was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the Company for which further estimates of cash-flows have not been adjusted. The WACC was determined by taking into account the debt equity structure of the peers.

With regard to the assessment of impairment, management believes that the model is most sensitive to:

- Discount rate (WACC)
- Residual value recovery at the moment of expected sale.

Below tables include the sensitivity analysis of the impairment of investment in subsidiary for the years 2019 and 2018.

2019 – RON million

Residual value recoverability rate/Discount rate	- 0.25%	0%	+0.25%
(2.50%)	12.9	12.5	12.1
(1.25)	13.8	13.3	12.9
0%	14.6	14.2	13.8

2018 – RON million

Residual value recoverability / Discount rate	(0.40) %	0%	+0.4%
(5.00%)	32	31	29
(2.50)	36	34	33
0%	39	38	36

18. INTEREST-BEARING LOANS AND BORROWINGS

Non-current	**31 December 2019**	**31 December 2018**
Long-term loans banks	14,224,410	36,796,247
Bonds – unsecured fixed rate	95,341,617	
Sub -Total	**109,566,027**	**36,796,247**
Current		
Accrued interest for bond	115,781	
Current bank loans and accrued interest	50,681,694	32,047,865
Sub- Total	**50,797,475**	**32,047,865**
Total Interest-bearing loans and borrowings	**160,363,498**	**68,844,112**

18. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Bank	Type	Maturity	Balance in bank currency at 31 December 2019	Currency	Balance in RON at 31 December 2019	Short term	Long term
Bank D	Overdraft	04.04.2020	7,439,612	RON	7,439,612	7,439,612	-
Bank D	Investment loans	84 months from the date of signing the contract but not later than 10.07.2025	2,481,481	EUR	11,859,744	11,859,744	-
Bank J	Overdraft	10.10.2020	1,163,651	RON	1,163,651	1,163,651	-
Bank D	Investments loan	31.01.2020	2,151,875	EUR	10,284,456	10,284,456	-
Bank E	Equipment line	02.08.2024	3,569,259	RON	3,569,259	777,835	2,791,424
Bank H	Equipment line	03.03.2023	1,272,466	EUR	6,081,498	2,705,880	3,375,618
Bank G	Investments loan	05.07.2022	2,490,455	RON	2,490,455	854,009	1,636,445
Bank G	Investments loan	05.07.2022	137,502	EUR	657,164	117,701	539,463
Bank B	Car purchase line	2020	4,958,701	RON	4,958,701	1,488,947	3,469,754
Bank K	Car purchase line	15.01.2020 15.01.2021		EUR			
		15.01.2020	237,085		1,133,098	1,133,098	-
Bank F	Credit facility	15.12.2023	9,958,850	RON	9,958,850	9,958,850	-
Bank A	Credit facility	20.06.2020	57,276	EUR	273,738	273,738	-
Bank C	Unfunded credit facility, revolving	36 months /48 months from the date of each use expressed by the application for use and reimbursement	385,498	RON	385,498	375,536	9,963
Bank I	Credit facility	13.01.2022	1,538,600	RON	1,538,600	738,528	800,072
Bank M	Credit line revolving	19.07.2023	3,824,426	RON	3,824,429	1,625,888	2,198,539
Bank S	Bonds	05.11.2024	20,000,000	EUR	95,701,781	-	95,701,781
Less deferred loan origination fees					(957,032)		(957,032)
Total:				**RON**	**160,363,502**	**50,798,475**	**109,566,027**

18. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Bank	Type	Maturity	Balance in bank currency at 31 December 2018	Currency	Balance in RON at 31 December 2018	Short term	Long term
Bank D	Overdraft	04.04.2019		RON			
			4,771,627		4,771,627	4,771,627	-
Bank D	Investment loans	84 months from the date of signing the contract but not later than 10.07.2025	4,095,926	EUR	19,102,989	13,646,226	5,456,763
Bank J	Overdraft	10.10.2019	3,762,518	RON	3,762,518	3,762,518	-
Bank E	Overdraft	06.09.2019	1,148,494	EUR	5,356,463	5,356,463	
Bank E	Investment loans	02.08.2024	2,597,483	RON	2,597,483	-	2,597,483
Bank H	Equipment line	03.03.2023	9,739,593	RON	9,739,593	-	9,739,593
Bank G	Investment loans	26.04.2019	1,500,000	RON	1,500,000	1,500,000	-
Bank G	Car purchase line	05.07.2022	3,929,549	RON	3,929,549	-	3,929,549
Bank B	Overdraft	09.08.2019	2,193,366	RON	2,193,366	2,193,366	-
Bank B	Car purchase line	2020	257,446	RON	257,446	37,539	219,907
Bank K	Car purchase line	15.01.2020		EUR			
		15.01.2021					
		15.01.2020	543,184		2,533,356	-	2,533,356
Bank F	Overdraft	15.03.2019	949,586	RON	949,586	949,586	-
Bank F	Credit facility	30.07.2020	498,072	RON	498,072	498,072	-
Bank F	Credit facility	15.12.2023	6,548,616	RON	6,548,616	6,548,616	-
Bank A	Credit facility	20.6.2020	186,567	EUR	870,130	-	870,130
Bank C	Unfunded credit facility, revolving	36 months /48 months from the date of each use expressed by the application for use and reimbursement		RON			
			973,319		973,319	973,319	-
Bank I	Credit facility	13.01.2022	2,120,203	RON	2,120,203	-	2,120,203
Bank M	Credit line revolving	19.07.2023	1,139,800	RON	1,139,800	-	1,139,800
Total				**RON**	**68,844,112**	**32,047,865**	**36,796,247**

18. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured Corporate Bonds
In November 2019, the Company issued a EUR 20 million unsecured Eurobond. The three-year euro-denominated Bond matures on 05 November 2024 and carries a fixed interest rate of 4.45%.
Financial covenants on unsecured fixed rate bonds are calculated using the financial information from the consolidated financial statements of the Company and include the Consolidated Interest Coverage Ratio, with minimum value of 4% and Net Financial Debt / EBITDA which should be at least equal or less than 3.5.

The financial covenants related to the bond are met as of 31 December 2019.

Interest rate:

The interest rates for the borrowings in local currency are ROBOR 1M and ROBOR 3M plus fixed margin as negotiated with the bank and for the borrowings denominated in foreign currency are EURIBOR 3M and EURIBOR 6M plus fixed margin negotiated with the banks.

Interest bearing loans and borrowings Covenants (other than Bonds):

The Company's borrowing arrangement with the Banks contain several covenants related to Autonom Services SA standalone financial statements, while other are referring to the consolidated financial statements of the Group. Main ratios are of quantitative nature (including, without being limited to: total interest-bearing loans/EBITDA, net debt/equity, debt service coverage ratio, solvency ratio (respectively total equity plus shareholder loans/total assets)).

Breaches in meeting the covenants would permit the Banks to immediately call loans and borrowings.

As of 31 December 2019, certain breaches of loan covenants were observed under the contractual framework in place with several banks which led to a reclassification of long term loans instalments to short term as of the balance date, in an amount of RON 24,720 thousand (representing four contract loans from the table above).

The main ratios outside the ranges provided by the borrowing arrangements, assessed on the Parent's Company financial information as of 31 December 2019 are:

- Net financial debt/EBITDA,
- Total Debt/EBITDA,

with targeted values different from one bank to another.

At the same time, one borrowing arrangement provides for Net debt/Equity assessed based on consolidated financial information, at a range that is outside the level indicated in the loan contract. The long term balance of this loan has also been reclassified and is included in the amount disclosed above.

Pledges:

Loans with the banks are secured with pledges on: property, plant and equipment (Note 13), investment property, cash and cash equivalents (Note 22) and receivables (Note 21).

At 31 December 2019, the Company had available undrawn committed borrowing facilities in amount of RON 46,901,048 and EUR 6,211,314 (31 December 2018: RON 4,069,589) thus being able to respond to any unforeseen higher cash outflow needs.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company's principal financial liabilities comprise loans and borrowings, including finance leases and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets are represented by loans to related parties and shareholder, trade and other receivables and cash and short-term deposits that derive directly from its operations, as well as long-term deposits to guarantee rent payables.

The Company's is exposed to interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's management ensures that the Company's financial risk activities are performed under appropriate procedures and that financial risks are identified, measured and managed in accordance with Company's risk appetite.

Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Trade and other receivables and payables are non-interest-bearing financial assets and liabilities. The borrowings are usually exposed to interest rate risk through market value fluctuations of interest-bearing long-term and short-term credit facilities. Interest rates on the Company's debt finance are variable. The interest rates on credit facilities of the Company are disclosed in Note 19. Changes in interest rates impact primarily loans and borrowings by changing their future cash flows (variable rate debt). Management policy is to resort mainly to variable rate financing. However, at the time of rising new loans or borrowings management uses its judgment to decide whether it believes that fixed or variable rate would be more favourable to the Company over the expected period until maturity.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's profit before tax and equity are affected through the impact on floating rate borrowings, as follows:

	Increase in basis points	Effect on profit before tax
2019	**1%**	**(3,455,973)**
RON		(225,354)
EUR		(3,230,619)
2018	**1%**	**(3,508,848)**
RON		(362,056)
EUR		(3,146,752)

The Company does not hedge its interest rate risk.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment. An equal decrease of the interest rate would have the same effect but of opposite impact.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's financing activities, loans and leases, as the financing contracted by the Company is Euro based. The vast majority of revenues, expenses, trade and other receivables and payables is in RON.

The Company monitors the currency risk by following changes in exchange rates in currencies in which its intercompany balances and external debts are denominated. The Company does not have formal arrangements to mitigate its currency risk.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EUR exchange rate. The Company's exposure to foreign currency changes for all other currencies is not material. With all other variables held constant the Company's profit before tax and equity are affected as follows:

	Change in EUR rate	Effect on profit before tax
31 December 2019	1%	(3,230,619)
31 December 2018	1%	(3,146,726)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily lease and trade receivables) and from its investing activities, including deposits with banks and financial institutions.

The Company's credit risk is primarily attributed to lease and trade receivables, loans to related parties and balances with banks. The carrying amount of trade receivables and loans to related parties, net of allowance for impairment (Note 21) plus balances with banks (Note 18) represent the maximum amount exposed to credit risk. Management believes that there is no significant risk of loss to the Company beyond the allowance already recorded.

The Company invests cash and cash equivalents with highly reliable financial institutions. The Company has only plain vanilla deposits with reputable banks, none of which has experienced any difficulties in 2019 or up to the date of these financial statements.

There is no significant concentration of credit risk in respect of lease and trade receivables, as the Company has a large portfolio of customers.

To identify exposure to credit risk, the Company performs assessments of the financial position of the contracting parties. The Company has internal rules and procedures regarding the analysis and approval of operational leasing contracts, differentiated by the level of the exposures.

The Company has internal rules and procedures for monitoring the concentration of exposures by sectors of activity, by type of clients, by geographic areas, by type of funded assets, by risk categories, etc.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the history of collections from the respective customer. Outstanding customer receivables and contract assets are regularly monitored and collection or recovery plans are discussed with customers as soon as significant payments become overdue.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on actual historical collection of receivables in relevant aging buckets. Generally, a 12 months observation period was used, however shorter periods were used for particular portfolios where 12 months of historical data was not available. The client base of entities within the Company was found to be homogenous from a credit risk characteristics perspective, hence the following criteria was used for segmenting the trade receivables:

- Company entity (i.e., trade receivables and contract assets were analysed in separate segments for each entity based on a similar expected credit loss estimation methodology); and
- relevant aging buckets.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security. Moreover, there are no credit enhancements obtained by the Company that would significantly alter credit risk or impact the booked allowance for credit risk.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables and contract assets using a provision matrix:

	Trade Receivables						
	Days past due						
31 December 2019	**Current**	**1 to 30**	**31 to 60**	**61 to 90**	**91 to 120**	**above 120**	**Total**
Expected credit loss rate	3.84%	9.58%	41.06%	60.04%	73.39%	100.00%	
Gross carrying amount	7,554,491	2,225,793	1,071,645	577,337	425,801	5,506,321	**17,361,388**
Expected credit loss	289,740	213,280	440,002	346,649	312,482	5,506,321	**7,108,474**

	Trade Receivables						
	Days past due						
31 December 2018	**Current**	**1 to 30**	**31 to 60**	**61 to 90**	**91 to 120**	**above 120**	**Total**
Expected credit loss rate	4.15%	10.27%	38.46%	52.74%	59.06%	68.44%	
Gross carrying amount	7,833,322	2,889,740	824,747	251,254	155,358	3,287,779	**15,242,199**
Expected credit loss	325,145	296,856	317,164	132,517	91,761	2,250,109	**3,413,552**

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk

The Company has adopted a prudent financial liquidity management approach, assuming that sufficient cash and cash equivalents are maintained, and that further financing is available from guaranteed funds from credit lines. The tables below summarize the maturity profile of the Company's financial liabilities, including principal amounts and future interests according to contractual terms, at 31 December 2019 and 31 December 2018, based on contractual undiscounted payments.

31 December 2019	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing loans and borrowings and financial leases	33,323,740	6,871,691	16,646,915	141,879,699	-	198,722,046
Lease liabilities	1,431,969	21,018,993	64,898,107	189,934,144	-	277,283,213
Trade and other payables	1,547,733	11,501,889	-	-	542,057	13,591,679
Total:	**36,303,442**	**39,392,573**	**81,545,022**	**331,813,843**	**542,057**	**489,596,938**

31 December 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing loans and borrowings and financial leases	1,426,198	5,932,595	66,296,552	153,763,131	18,538,470	245,416,946
Trade and other payables	853,595	6,309,224	-	883	-	7,163,702
Total:	**2,279,793**	**11,701,820**	**66,296,552**	**153,764,014**	**18,538,470**	**252,580,649**

At 31 December 2019, the Company had available undrawn committed borrowing facilities in amount of RON 46,901,048 and EUR 6,211,314 (31 December 2018: RON 4,069,589) thus being able to respond to any unforeseen higher cash outflow needs.

Undiscounted lease payments to be received on an annual basis maturity analysis is as following (no amount is currently scheduled above 5 years):

31 December 2019	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	Total
Total:	**104,274,349**	**85,697,236**	**58,370,820**	**27,014,054**	**7,343,394**	**282,699,853**

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Capital management

Capital includes the equity attributable to the equity holders.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company may monitor capital using a gearing ratio, which is net financial debt divided by total equity– please refer to Note 27.
The Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. For the covenants in force as at 31 December 2019 and 31 December 2018 please refer to Note 18.

Fair values

The Company has no financial instruments carried at fair value in the statement of financial position except for non listed equity investments.

The carrying amount of the interest bearing loans and borrowings approximate their fair value. Management estimates that the margin applicable over Robor or Euribor at the balance sheet date would be similar to the ones at the dates of each previous withdrawal, due to the fact that the Company maintained over the past years a stable financial condition, and also based on the statistics published by the National Bank of Romania.

Financial instruments which are not carried at fair value on the statement of financial position also include deposits to guarantee rent, trade and other receivables, cash and cash equivalents, and trade and other payables.

The carrying amounts of these financial instruments are considered to approximate their fair values, due to their short term nature (in majority) and low transaction costs of these instruments.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Changes in liabilities arising from financing activities

	Leasing	Short term loan	Long term loan	Total
Balance at 1 January 2019	**153,203,018**	**32,047,865**	**36,796,247**	**222,047,130**
Recognised on adoption of IFRS16	6,576,645	-	-	6,576,645
Withdrawals	188,618,277	-	26,662,271	215,280,548
Issuance of bonds	-	-	95,009,617	95,009,617
Transaction costs – bonds related			(823,560)	(823,560)
Interest expense	7,473,137	595,026	3,710,888	11,779,051
Early termination of lease agreements	(3,766,637)	-	-	(3,766,637)
Reclassification to short term	-	24,720,476	(24,720,476)	-
Repayments	(85,935,251)	(14,574,130)	(24,177,505)	(124,686,874)
Interest paid	(7,220,681)	(595,026)	(3,710,888)	(11,526,595)
Withdrawals overdraft	-	8,561,802	-	8,561,802
Foreign exchange movement	2,042,559	41,462	819,423	2,903,444
Balance at 31 December 2019	**260,991,067**	**50,797,475**	**109,566,017**	**421,354,569**

	Leasing	Short term loan	Long term loan	Total
Balance at 1 January 2018	**124,062,815**	**20,012,124**	**20,197,266**	**164,272,205**
Withdrawals	92,774,388	-	52,468,525	145,242,913
Repayments	(63,536,756)	-	(26,463,029)	(89,999,785)
Withdrawals overdraft	-	2,405,516	-	2,405,516
Foreign exchange movement	(97,427)	-	223,708	126,281
Balance at 31 December 2018	**153,203,020**	**22,417,640**	**46,426,470**	**222,047,130**

20. INVENTORIES

	31 December 2019	31 December 2018
Cars for sale	6,502,263	4,281,938
Less allowances for inventories	-	(146,317)
Total inventories	**6,502,263**	**4,135,621**

Inventories consist mainly of cars for sale and the revenues from these sales are pledged under the financial leasing contracts that the Group has in force with the banks.

21. TRADE RECEIVABLES AND OTHER RECEIVABLES, CURRENT ASSETS AND PREPAYMENTS

Trade receivables

	31 December 2019	31 December 2018
Trade receivables	17,212,478	13,051,693
Trade receivable from related parties	1,064,328	1,821,512
Less allowance for impairment of trade receivables	(7,108,474)	(3,413,552)
Trade receivables, net	**11,168,332**	**11,459,653**
Unbilled receivables	-	368,994
Guarantees – non-current	167,917	444,307
Total trade receivables	**11,336,249**	**12,272,954**
Other receivables and current assets		
VAT and other taxes	3,300,057	3,104,706
Advance to suppliers	3,754,432	910,051
Other receivables	125,357	78,819
Total other receivables and current assets	**7,179,846**	**4,093,576**
Prepayments	**82,637**	**175,522**

Terms and conditions relating to related party transactions are described in Note 26.

Trade receivables are non-interest bearing and 70-80% are on terms of 10 - 40 days and the remaining 20-30% have its due dates higher than 40 days.

Allowance for expected credit losses	**Total**
At 1 January 2018	**1,594,382**
Acquisition of subsidiary	-
Charge for expected credit losses	1,890,986
Unused amounts reversed	(71,816)
At 31 December 2018	**3,413,552**
At 1 January 2019	**3,413,552**
Charge for expected credit losses	3,694,922
Unused amounts reversed	-
At 31 December 2019	**7,108,474**

22. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash at bank in RON	60,402,816	2,619,069
Cash at banks in foreign currency	24,814,034	4,668,628
Cash on hand in RON	173,363	116,041
Cash on hand in foreign currency	19,769	16,545
Other cash equivalents	31,494	25,924
Total	**85,441,476**	**7,446,207**
Overdraft	(8,603,264)	(17,033,556)
Cash and cash equivalents for the purpose of the cash flow statement	**76,838,212**	**(9,587,349)**

Except for an amount of RON 194,512 all cash accounts are pledged in favour of banks (remaining amount of cash accounts that were not pledged in favour of banks as at 31 December 2018 is of RON 135,373).

23. ISSUED CAPITAL AND RESERVES

The shareholding structure at 31 December 2019 and 31 December 2018 is:

Shareholders	No of shares	Amount (RON)	%
Stefan Dan George	20,000	200,000	1
Stefan Marius	20,000	200,000	1
Autonom International	1,960,000	19,600,000	98
Total:	**2,000,000**	**20,000,000**	**100**

The amount of authorized capital at 31 December 2019 was 20,000,000 RON (31 December 2018: RON 20,000,000) representing 2,000,000 shares (31 December 2018: 2,000,000 shares). All shares are common, subscribed and paid in full on 31 December 2019. All shares have the same voting right and have a nominal value of 10 RON / share (31 December 2018: 10 RON / share).

The shares of Autonom International are also held by the two individual shareholders in Autonom Services (ie: Stefan Dan George and Stefan Marius each owns 50% of the shares in Autonom International).

Reserves and profit distribution

For the year ended 2019, the Board of Directors approved the following distribution of the net profit of the Company:

- Setting up the legal reserves in accordance with the statutory regulations in amount of RON 877,680;
- Setting up a tax reserve in accordance with tax regulations in amount of RON 4,729,357. Such reserve cannot be distributed.
- The residual profit is to be allocated to retained earnings.

24. TRADE AND OTHER LIABILITIES

	31 December 2019	31 December 2018
Trade payables of goods of services	3,994,138	3,751,447
Trade payables of fixed assets	1,515,304	2,496,712
Accruals	648,256	2,059,022
Trade and other payables to related parties	662,544	955,398
Dividends payable	-	-
Salaries and other employee related liabilities	1,449,383	22,844
Employee related taxes and contributions	943,469	709,021
VAT and taxes payables	(150,210)	-
Other liabilities	-	-
Advances from customers	933,799	668,390
Lease deposits, out of which:	5,358,597	1,035,682
Current portion	2,295,312	621,410
Non-current portion	3,063,285	414,272
Total	**15,355,281**	**11,698,516**

As at 31 December 2018, advances from customers refer to prepayments made by customers.
Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 days;
- Terms and conditions relating related party transactions are described in Note 26.

25. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Company as lessee

The Company has entered into operating lease agreements for the vehicles and locations rented.

Future minimum rentals payable under non-cancellable operating leases are, as follows:

	31 December 2019	31 December 2018
Within one year	-	3,019,054
After one year but not more than five years	-	4,854,919
Total	**-**	**7,873,974**

25. COMMITMENTS AND CONTINGENCIES (continued)

Finance lease

The Company has finance leases for vehicles. The Company's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments are, as follows:

	31 December 2019		31 December 2018	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year			38,308,758	33,848,775
After one year but not more than five years			128,479,628	119,354,243
Total minimum lease payments			**166,788,386**	**153,203,018**
Less amounts representing finance charges			(15,385,368)	-
Present value of minimum lease payments			**153,203,018**	**153,203,018**

Competition Council investigation

Starting 2017, the Competition Council announced an investigation on the operational leasing market regarding the legality of the exchange of information between leasing companies (one of the companies investigated being BT Operational Leasing).
As of this date, the investigation is in progress and there are no clear indications about its results, thus it cannot be reasonably assessed whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation nor a reliable estimate can be made of the amount of the obligation, if any. Consequently, no provisions were recorded in this respect.

Taxation

All amounts due to State authorities for taxes have been paid or accrued at the balance sheet date. The tax system in Romania undergoes a consolidation process and is being harmonised with the European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation that may result in additional taxes and penalties payable. Where the State authorities have findings from reviews relating to breaches of tax laws, and related regulations these may result in: confiscation of the amounts in case; additional tax liabilities being payable; fines and penalties (that are applied on the total outstanding amount). As a result, the fiscal penalties resulting from breaches of the legal provisions may result in a significant amount payable to the State. The Company believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent.

Transfer Pricing

According to the applicable relevant Romanian tax legislation, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle"). It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the Romanian tax payer.

26. RELATED PARTY DISCLOSURES

During the period from 1 January 2019 to 31 December 2019, the Company has carried out transactions with the following related parties:

Related party	Country of incorporation	Natura of relationship	Nature of transactions
ELS Retail SRL	Romania	entity under common control	Sale / acquisition of goods and services
Standard Marketing SRL	Romania	entity under common control	Sale / acquisition of goods and services
Stefan Autoservice SRL	Romania	entity under common control	Sale / acquisition of goods and services
Stefan si Compania SRL	Romania	entity under common control	Sale / acquisition of goods and services, loans provided
United Properties SRL	Romania	entity under common control	Sale / acquisition of goods and services
Autonom International SRL	Romania	shareholder	Sale / acquisition of goods and services, loans provided
Autonom Hungary KFT	Hungary	entity under common control	Sale / acquisition of goods and services
VMS (Vehicle Management Solution)	Romania	entity under common control	Sale / acquisition of goods and services, loans provided
CMS (City Shuttle Management Services)	Romania	entity under common control	Sale / acquisition of goods and services,
Carcentric SRL	Romania	entity under common control	Sale / acquisition of goods and services
Proasissta Auto SRL	Romania	entity under common control	Sale / acquisition of goods and services
Clockwise SRL	Romania	entity under common control	Sale / acquisition of goods and services, loans provided
BT Operational Leasing SA	Romania	entity under common control	Sale / acquisition of goods and services, loans provided

26. RELATED PARTY DISCLOSURES (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Related party	**2019**				
Stefan si Compania SRL		-	7,201,057	-	422,044
Autonom Hungary KFT		283,055	-	35,779	-
Autonom International		-	-	-	-
VMS		1,248,407	1,962	273,722	3,519
CMS		4,158,315	228,041	608,090	2,528
Proasistta Auto		616,080	646,677	-	57,913
Stefan Autoservice SRL		148,657	350,833	-	57,569
Carcentric SRL		234,455	560,555	1,048	61,264
Marius Stefan		142,707	-	-	-
Dan Stefan		156,190	-	-	-
Standard Marketing		21,076	-	-	-
BT Operational Leasing		4,482,330	752,061	120,622	-
Total		**11,575,369**	**9,741,186**	**1,064,328**	**604,837**
Related party	**2018**				
Stefan si Compania SRL		374	6,765,826	374	554,573
Autonom Hungary KFT		927,573	-	162,251	-
Autonom International		-	27,897	-	27,897
VMS		1,556,337	5,143	249,215	1,183
CMS		4,366,804	374,769	1,109,125	50,338
Proasistta Auto		78,825	-	78,311	-
Stefan Autoservice SRL		139,320	423,155	-	97,616
Carcentric SRL		191,586	200,831	-	81,771
Marius Stefan		-	-	-	5,465
Dan Stefan		-	-	-	9,350
Standard Marketing		34,116	-	-	-
BT Operational Leasing		1,253,681	167,306	219,236	127,805
Total		**8,548,616**	**7,964,927**	**1,821,512**	**940,583**

The Company has granted one interest loans to Autonom International SRL and Stefan si Compania SRL.

26. RELATED PARTY DISCLOSURES (continued)

	31 December 2019	31 December 2018
Loan carrying amount		
Autonom International SRL	8,411,556	4,320,502
Stefan si Compania SRL	-	331,546

Compensation of key management personnel of the Company:

	2019	2018
Short-term employee benefits	704,141	514,402
Fees paid to management entities	-	-
Total compensation paid to key management personnel	**704,141**	**514,402**

The amounts disclosed in the table are the amounts recognised as an expense during each reporting period.

27. EBITDA AND OTHER NON-GAAP MEASURES

EBITDA is one of the key performance measures monitored by senior management. EBITDA would be normalized to exclude any significant one-off items (either revenues or expenses). Only one such exclusion was necessary for the year ended 31 December 2018, in relation to the bargain purchase gain, none was necessary for the year ended 31 December 2019.

In addition, the Company presents below three other alternative performance measures: Interest Coverage Ratio (computed as EBITDA/total interest expense), Net financial debt/EBITDA and Gearing Ratio (computed as Net financial debt / Equity) as these may prove useful for potential investors.

As a result of transition to IFRS 16, EBITDA has been impacted by the reclassification of leases previously accounted for as operational leases (note 2.4. and 15). The depreciation expense recorded in 2019 for right of use assets of such nature amounts to RON 4,265 thousand.

EBITDA is reconciled to the statement of profit or loss and other comprehensive income, as follows:

	Note	2019	2018
Net profit		**15,029,502**	**12,446,552**
Adjustments to bridge net profit to EBITDA:			
Finance costs minus finance income	13	14,976,499	8,539,158
Income tax expense	14	2,524,102	1,097,963
Impairment of investment in subsidiary	17	14,100,000	-
Dividend income	17	(13,018,088)	
Depreciation, amortisation and impairment of non-current assets	13	50,544,805	35,514,244
EBITDA		**84,156,820**	**57,597,917**
Interest expense	**11**	**11,779,051**	**7,856,733**
Interest coverage ratio		**7.14**	**7.33**

27. EBITDA AND OTHER NON-GAAP MEASURES (continued)

	2019	2018
Interest-bearing loans and borrowings	65,021,885	68,844,112
Bonds	95,341,617	-
Finance lease liabilities	260,991,067	153,203,018
Cash and cash equivalents	85,441,476	7,446,207
Net financial debt	**335,913,093**	**214,600,923**
Net financial debt to EBITDA	**3.99**	**2,56**
Equity	**93,173,016**	**78,143,514**
Net financial debt to Equity Ratio (Gearing ratio)	**3.61**	**2.75**

28. EARNINGS PER SHARE

	31 December 2019	31 December 2018
Profit attributable to ordinary equity holders of the parent	15,029,503	12,446,552
Number of ordinary shares	2,000,000	2,000,000
Earnings per share, basic and diluted (RON / share)	**7.5148**	**6.2233**

There are no dilutive instruments to be considered.

29. AUDITOR'S FEES

The auditor of the Company is Ernst & Young Assurance Services SRL.

The fee for the statutory audit of the consolidated and standalone financial statements as of 31 December 2019 of Autonom Services SA prepared in accordance with MOF 2844/2016 and of the statutory audit of the financial statements as of 31 December 2019 of BT Operational Leasing SA in accordance with MOF 1802/2014 was of RON 263 thousand (excluding VAT).

Other services issued to the Company in 2019 refer to capital markets services related to the bond issuance amounted RON 671 thousand (excluding VAT) and other non assurance services of RON 86 thousand.

30. EVENTS AFTER THE REPORTING PERIOD

Loans and borrowings

During the period between 1 January 2020 and the date of these financial statements, the Company has made additional drawings for the loans and leasing contracts as following:

- long term loans: RON 23,818,517;
- short term loans: RON 2,489,000;
- overdrafts: RON 8,442,954;
- leasing contracts: RON 29,656,189.

30. EVENTS AFTER THE REPORTING PERIOD (continued)

Other aspects

The coronavirus outbreak occurred at a time close to reporting date and the situation has continued to evolve throughout the period to the consolidated financial statements approval date.

Management assessment is that the measures taken by various authorities in 2020 represent a non-adjusting event and should not be reflected in the measurement of assets and liabilities of the Company as at 31 December 2019. Being in the early stages of the outbreak, the high level of uncertainties due to the unpredictable outcome of this disease and the measures taken to contain it make it difficult to estimate the financial effects of the outbreak.

The Romanian authorities have also taken a number of measures to combat the spread of the epidemic, including the declaration of a state of emergency, starting on 16 March 2020 that will continue until 15 May 2020 (based on current government statements) and also proposed a government stimulus program as a response to Covid-19.

Currently, there are certain decreases in volumes regarding the rent-a-car line of business (60% decrease of rent a car income in April 2020 vs. the monthly average of Q1 2020). No significant cancelation of contracts when it comes to operating lease income were noted up to the date of approval of the financial statements.

Internally, the Company makes all the efforts necessary to diminish the effects of the pandemic at the level of the economic activity and to reduce to the minimum the risk of employees getting sick in the company and, ensuring the proper disinfection of vehicles to be rented.

The high level of uncertainty caused by the coronavirus outbreak will lead to a highly volatile market environment in the following months and the measures imposed by the authorities will also potentially adversely impact the overall current operations and the Company's results for the next period.

Actions taken or in progress to be taken by the Company in order to maintain the viability of the Company and its business lines include, without being limited to, reducing operational expenses while maintaining the operational lease income at the prior year level, ongoing negotiations with suppliers of services in order to suspend or significantly reduce the fees for their services if not essential. Ongoing discussion have been initiated with banks for increasing available liquidity to the Company, in the event the current crisis will extend for a longer period.

The Management's position is that the currently taken measures will ensure the business continuity and, thus, the going concern principle remains applicable for these financial statements (please refer to Note 2.1 Going concern).

These financial statements from page 3 to page 61 were approved by the Board of Directors and were authorised for issue on 8 May 2020.

Mihaela Angela Irimia	SC AVH CONSULTING SRL
Name	Name: Huian Angelica
Chairman of the Board of Directors	Professional body reg. no.5138

The English version of this Separated Financial Statements represents a translation of the original Separated Financial Statements issued in Romanian language.