

BUSINESS LEASE s.r.o.

Annual Report 2020

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Content:

1. BUSINESS DEVELOPMENT.....	3
a) Number of active contracts	3
b) Book values of the leased assets before recognition of allowances in CZK millions	3
c) Revenue in CZK millions.....	3
2. Entity's Projected Future Development.....	3
3. Research & Development.....	4
4. Environmental Protection and Labor Law Relations	4
5. Capital Changes.....	4

Annexes:

Annex No. 1: Independent Auditor's Report

Annex No. 2: Financial statements for the year ended 31 December 2020

Annex No. 3: Report on relations between related parties

BUSINESS LEASE S.R.O. ANNUAL REPORT AS AT 31 DECEMBER 2020**1. BUSINESS DEVELOPMENT**

Also in 2020, Business Lease s.r.o. kept their position on the market of suppliers of operating leases of passenger and utility vehicles.

a) Number of active contracts

	31/ 12/ 2020	31/ 12/ 2019
Operating leases	8,793	9,412
Finance leases	13	18
Fleet management	3,865	4,051
Total	12,671	13,481

b) Book values of the leased assets before recognition of allowances in CZK millions

	31/ 12/ 2020	31/ 12/ 2019
Operating leases	3,182	3,338
Finance leases	1	2
Total	3,183	3,340

c) Revenue in CZK millions

	31/ 12/ 2020	31/ 12/ 2019
Sales of goods	16	30
Sales of services	1,383	1,492
Total	1,399	1,522

2. ENTITY'S PROJECTED FUTURE DEVELOPMENT

Operational activity of the company in 2020 was as dynamic as in the previous year.

The positive trend continued in all major activity areas of the company. The clients' interest in operating lease and car rental service remains high. Potential for operating lease services is still high in the Czech Republic. The company adjusts the product range to the current market demands and keeps the sale volume thanks to the flexible portfolio of the services. In compliance with this strategy, the increased activity in offering alternative products (sale-and-lease-back and car fleet management) still remains.

Following the pandemic outbreak the company introduced preventive measures in order to eliminate the negative effects to the maximum extent possible on both, safety and health of employees and also provision of services to clients as well as the company's performance. The employees started working from home to a maximum possible extent and visit offices only in cases of emergency and only in predetermined times. The vast majority of contacts with trading partners are on-line.

The company has established appropriate provisions for sales of vehicles and collection of receivables.

Thanks to these measures the impacts on the company were minimal in 2020 and jeopardized in no way its business activities and results of operations.

BUSINESS LEASE s.r.o.

Annual Report 2020

In 2021 all the preventive measures remain in force and the Company is prepared to protect employees and maintain the quality of services and financial results.

3. RESEARCH & DEVELOPMENT

The Company carries out no research and development.

4. ENVIRONMENTAL PROTECTION AND LABOR LAW RELATIONS

The company is actively involved in the environmental protection. The company organizes training of ecological and economic driving for the clients' drivers as well as for their own employees, thus they try to contribute to reducing CO2 emissions into the air.

The company organizes training programs for their employees concerning problems of communication, staff and team management. The company continues cooperating with a renowned law firm specialized in labor law to be always in full compliance with labor-law legislation.

5. CAPITAL CHANGES

The sole shareholder, having a 100% interest in the company's basic capital, is Business Lease Group B.V., the Kingdom of the Netherlands. The company is a part of the consolidation group AutoBinck Group N.V., the Kingdom of the Netherlands.

The company has no foreign branches.

Significant events that occurred after the balance sheet date are disclosed in Chapter 22 of the notes to the financial statements.

In Prague, 29 March 2021

Martin Bulíř
Statutory Representative

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(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of BUSINESS LEASE s.r.o.:

Opinion

We have audited the accompanying financial statements of BUSINESS LEASE s.r.o. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2020, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation 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 Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Representatives are responsible for the other information.

Our opinion on the financial statements does not cover the other information. 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. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Statutory Representatives for the Financial Statements

The Statutory Representatives are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Representatives determine 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, the Statutory Representatives are 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 the Statutory Representatives either intend to liquidate the Company or to cease operations, or has/have no realistic alternative but to do so.

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 auditor's 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 above regulations 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 the above law or regulation, 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 the Statutory Representatives.
- Conclude on the appropriateness of the Statutory Representatives' 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- 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 the Statutory Representatives 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.

Ernst & Young Audit, s.r.o.
License No. 401

A handwritten signature in blue ink, appearing to read 'Roman Hauptfleisch', is written over the printed name.

Roman Hauptfleisch, Auditor
License No. 2009

29 March 2021
Prague, Czech Republic

BUSINESS LEASE s.r.o.

Financial Statements for the Year Ended 31 December 2020

(Translation of Financial Statements Originally Issued in Czech –
See Note 2 to the Financial Statements)

BALANCE SHEET

		Current year			Prior year 2019
		Gross	Allowances	Net	Net
	TOTAL ASSETS	4,923,777	(1,561,895)	3,361,882	3,624,890
A.	STOCK SUBSCRIPTION RECEIVABLE				
B.	FIXED ASSETS	4,632,406	(1,542,629)	3,089,777	3,233,741
B. I.	Intangible fixed assets	22,729	(21,622)	1,107	1,205
B. I. 1.	Development				
2.	Valuable rights	21,740	(21,548)	192	290
1.	Software	21,253	(21,061)	192	290
2.	Other valuable rights	487	(487)	0	
3.	Goodwill				
4.	Other intangible fixed assets	74	(74)	0	
5.	Advances granted for intangible fixed assets and intangible fixed assets in progress	915		915	915
1.	Advances granted for intangible fixed assets				
2.	Intangible fixed assets in progress	915		915	915
B. II.	Tangible fixed assets	4,609,677	(1,521,007)	3,088,670	3,232,536
B. II. 1.	Land and structures	13,402	(6,197)	7,205	8,941
1.	Land				
2.	Structures	13,402	(6,197)	7,205	8,941
2.	Movable assets and sets of movable assets	4,592,207	(1,514,810)	3,077,397	3,216,323
3.	Gain or loss on revaluation of acquired property				
4.	Other tangible fixed assets				
1.	Perennial crops				
2.	Livestock				
3.	Miscellaneous tangible fixed assets				
5.	Advances granted for tangible fixed assets and tangible fixed assets in progress	4,068	0	4,068	7,272
1.	Advances granted for tangible fixed assets	2,470		2,470	
2.	Tangible fixed assets in progress	1,598		1,598	7,272
B. III.	Long-term investments	0	0	0	0
B. III. 1.	Interests – controlled or controlling entity				
2.	Loans and borrowings – controlled or controlling entity				
3.	Interests – significant influence				
4.	Loans and borrowings - significant influence				
5.	Other long-term securities and interests				
6.	Loans and borrowings - other				
7.	Other long-term investments				
1.	Miscellaneous long-term investments				
2.	Advances granted for long-term investments				
C.	CURRENT ASSETS	283,727	(19,266)	264,461	373,544
C. I.	Inventories	2,903	0	2,903	1,996
C. I. 1.	Materials	500		500	310
2.	Work in progress and semi-finished production				
3.	Finished products and goods	2,403		2,403	1,686
1.	Finished products				
2.	Goods	2,403		2,403	1,686
4.	Livestock				
5.	Advances granted for inventories				
C. II.	Receivables	249,812	(19,266)	230,546	313,824
C. II. 1.	Long-term receivables	2,907	0	2,907	3,017
1.	Trade receivables				
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Deferred tax asset				
5.	Other receivables	2,907	0	2,907	3,017
5.1.	Receivables from partners				
5.2.	Long-term advances granted	2,907		2,907	3,017
5.3.	Unbilled revenue				
5.4.	Miscellaneous receivables				

BUSINESS LEASE s.r.o. as at 31 December 2020

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET

		Current year			Prior year 2019
		Gross	Allowances	Net	Net
C. II. 2.	Short-term receivables	246,905	(19,266)	227,639	310,807
1.	Trade receivables	146,927	(19,266)	127,661	142,529
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Other receivables	99,978		99,978	168,278
4.1.	Receivables from partners				
4.2.	Social security and health insurance				
4.3.	Due from government - tax receivables	8,783		8,783	4,953
4.4.	Short-term advances granted	6,378		6,378	35,478
4.5.	Unbilled revenue	82,085		82,085	111,097
4.6.	Miscellaneous receivables	2,732		2,732	16,750
C. III.	Short-term financial assets	0	0	0	0
1.	Interests - controlled or controlling entity				
2.	Other short-term financial assets				
C. IV.	Cash	31,012	0	31,012	57,724
1.	Cash in hand	42		42	2,023
2.	Cash at bank	30,970		30,970	55,701
D.	Prepaid expenses and accrued income	7,644	0	7,644	17,605
D. 1.	Prepaid expenses	7,644		7,644	17,605
2.	Prepaid expenses (specific-purpose expenses)				
3.	Accrued income				

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

BUSINESS LEASE s.r.o. as at 31 December 2020

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET

		Current year	Prior year 2019
TOTAL EQUITY & LIABILITIES		3,361,882	3,624,890
A.	EQUITY	810,044	458,291
A. I.	Basic capital	18,000	18,000
A. I. 1.	Registered capital	18,000	18,000
2.	Own ownership interests (-)		
3.	Changes in basic capital		
A. II.	Share premium and revaluation reserve	313,950	0
A. II. 1.	Share premium		
2.	Capital funds	313,950	
1.	Other capital funds	313,950	
2.	Gain or loss on revaluation of assets and liabilities (+/-)		
3.	Gain or loss on revaluation upon corporate transformation (+/-)		
4.	Differences arising on corporate transformation (+/-)		
5.	Differences arising between balance sheet date and transformation date (+/-)		
A. III.	Reserves from profit	1,000	1,000
A. III. 1.	Other reserves	1,000	1,000
2.	Statutory and other reserves		
		0	0
A. IV.	Profit (loss) brought forward (+/-)	439,289	424,003
IV. 1.	Retained earnings	439,289	424,003
2.	Other profit (loss) brought forward (+/-)		
A. V.	Profit (loss) for the year (+/-)	37,805	15,288
A. VI.	Approved decision on advances for profit distribution (-)	0	0
B. + C.	PROVISIONS AND LIABILITIES	2,545,083	3,160,128
B.	Provisions	755	724
B. 1.	Provision for pensions and similar obligations		
2.	Provision for corporate income tax		
3.	Provisions recognized under special legislation		
4.	Other provisions	755	724
C.	Liabilities	2,544,328	3,159,404
C. I.	Long-term liabilities	260,237	1,754,785
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		1,500,000
3.	Long-term advances received	361	361
4.	Trade payables		
5.	Long-term notes payable		
6.	Liabilities – controlled or controlling entity		
7.	Liabilities – significant influence		
8.	Deferred tax liability	249,895	240,199
9.	Other liabilities	9,981	14,225
1.	Liabilities to partners		
2.	Unbilled deliveries		
3.	Miscellaneous liabilities	9,981	14,225
C. II.	Current liabilities	2,284,091	1,404,619
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions	2,136,075	1,178,724
3.	Short-term advances received		
4.	Trade payables	33,739	66,864
5.	Short-term notes payable		
6.	Liabilities – controlled or controlling entity		
7.	Liabilities – significant influence		
8.	Other liabilities	114,277	159,031
1.	Liabilities to partners		
2.	Short-term borrowings		
3.	Liabilities to employees	2,897	4,604
4.	Liabilities arising from social security and health insurance	1,740	2,334
5.	Due to government – taxes and subsidies	2,433	5,211
6.	Unbilled deliveries	85,592	146,404
7.	Miscellaneous liabilities	21,615	478
D.	Accruals and deferred income	6,755	6,471
D. 1.	Accruals		
2.	Deferred income	6,755	6,471

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

BUSINESS LEASE s.r.o. for the year ended 31 December 2020

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT

		Current year	Prior year 2019
I.	Revenue from sale of finished products and services	1,382,726	1,491,531
II.	Revenue from sale of goods	15,855	30,060
A.	Production-related consumption	662,334	786,675
A.1.	Cost of goods sold	12,212	26,605
A.2.	Consumption of material and energy	109,800	155,177
A.3.	Services	540,322	604,893
B.	Change in inventory produced internally (+/-)	0	0
C.	Own work capitalized (-)	0	0
D.	Personnel expenses	80,916	107,244
D.1.	Wages and salaries	60,291	81,417
D.2.	Social security and health insurance costs and other costs	20,625	25,827
D.2.1.	Social security and health insurance costs	18,622	23,705
D.2.2.	Other costs	2,003	2,122
E.	Value adjustments in respect of operating activities	542,058	626,880
E.1.	Value adjustments in respect of intangible and tangible fixed assets	540,891	627,374
E.1.1.	Value adjustments in respect of intangible and tangible fixed assets - permanent	560,213	614,727
E.1.2.	Value adjustments in respect of intangible and tangible fixed assets - temporary	(19,322)	12,647
E.2.	Value adjustments in respect of inventory		
E.3.	Value adjustments in respect of receivables	1,167	(494)
III.	Other operating income	849,989	815,284
III.1.	Income from sale of fixed assets	594,804	505,099
III.2.	Income from sale of materials		
III.3.	Miscellaneous operating income	255,185	310,185
F.	Other operating expenses	799,096	691,413
F.1.	Net book value of fixed assets sold	596,094	475,340
F.2.	Net book value of materials sold		
F.3.	Taxes and charges relating to operations	30,429	32,160
F.4.	Provisions relating to operations and prepaid expenses (specific-purpose expenses)	31	(4,795)
F.5.	Miscellaneous operating expenses	172,542	188,708
*	Profit or loss on operating activities (+/-)	164,166	124,663
IV.	Income from long-term investments - interests	0	0
IV.1.	Income from interests in subsidiaries or parents		
IV.2.	Other income from interests		
G.	Cost of interests sold	0	0
V.	Income from other long-term investments	0	0
V.1.	Income from other long-term investments - subsidiaries or parents		
V.2.	Other income from other long-term investments		
H.	Expenses relating to other long-term investments	0	0
VI.	Interest receivable and similar income	0	0
VI.1.	Interest receivable and similar income - subsidiaries or parents		
VI.2.	Other interest receivable and similar income		
I.	Value adjustments and provisions relating to financial activities	0	0
J.	Interest payable and similar expenses	73,437	95,750
J.1.	Interest payable and similar expenses - subsidiaries or parents		
J.2.	Other interest payable and similar expenses	73,437	95,750
VII.	Other finance income	3,472	5,537
K.	Other finance cost	46,700	9,500
*	Profit or loss on financial activities (+/-)	(116,665)	(99,713)
**	Profit or loss before taxation (+/-)	47,501	24,950

The accompanying balance sheet, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

BUSINESS LEASE s.r.o. for the year ended 31 December 2020
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT

		Current year	Prior year 2019
L.	Income tax	9,696	9,662
L.1.	Income tax due		
L.2.	Income tax deferred (+/-)	9,696	9,662
**	Profit or loss after taxation (+/-)	37,805	15,288
M.	Transfer of share of profit or loss to partners (+/-)	0	0
***	Profit or loss for the year (+/-)	37,805	15,288
*	Net turnover	2,252,042	2,342,412

BUSINESS LEASE s.r.o. for the year ended 31 December 2020
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

CASH FLOW STATEMENT

For the years ended 31 December 2020 and 2019

		Current year	Prior year 2019
Cash flows from operating activities			
Z.	Profit or loss on ordinary activities before taxation (+/-)	47,501	24,950
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	618,070	689,014
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	561,467	615,664
A. 1. 2.	Change in allowances	(18,155)	12,154
A. 1. 3.	Change in provisions	31	(4,795)
A. 1. 4.	Foreign exchange differences		
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	1,290	(29,759)
A. 1. 6.	Interest expense and interest income	73,437	95,750
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)		
A *	Net cash from operating activities before taxation, changes in working capital and extraordinary items	665,571	713,964
A. 2.	Change in non-cash components of working capital	29,051	(12,771)
A. 2. 1.	Change in inventory	(907)	2,094
A. 2. 2.	Change in trade receivables	12,447	(8,697)
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	78,437	18,768
A. 2. 4.	Change in trade payables	(16,456)	37,919
A. 2. 5.	Change in other payables, and in accruals and deferred income	(44,470)	(62,855)
A **	Net cash from operating activities before taxation, interest paid and extraordinary items	694,622	701,193
A. 3. 1.	Interest paid	(73,437)	(95,750)
A. 4. 1.	Income Tax paid	(66)	903
A ***	Net cash provided by (used in) operating activities	621,119	606,346
Cash flows from investing activities			
B. 1. 1.	Purchase of fixed assets	(1,009,690)	(817,662)
B. 2. 1.	Proceeds from sale of fixed assets	594,804	505,099
B. 3. 1.	Loans granted		
B. 4. 1.	Interest received		
B. 5. 1.	Dividends received		
B ***	Net cash provided by (used in) investing activities	(414,886)	(312,563)
Cash flows from financing activities			
C. 1.	Change in long-term liabilities, and long-term and short-term loans	(546,893)	(298,367)
C. 2. 1.	Effect of other changes in equity on cash		8,000
C. 2. 2.	Profit shares paid		
C. 2. 3.	Effect of other changes in own capital on cash	313,948	2
C ***	Net cash provided by (used in) financing activities	(232,945)	(290,365)
F.	Net increase (decrease) in cash	(26,712)	3,418
P.	Cash and cash equivalents at beginning of year	57,724	54,306
R.	Cash and cash equivalents at end of year	31,012	57,724

The accompanying balance sheet, income statement, statement of changes in equity and notes are an integral part of the financial statements.

BUSINESS LEASE s.r.o.

Financial Statements for the Year Ended 31 December 2020

1. DESCRIPTION OF THE COMPANY

BUSINESS LEASE s.r.o. ("the Company") is a Czech legal entity and limited liability company incorporated on 12 August 1996 in the Czech Republic. The Company's registered office is located at Radlická 113a/714, Prague 5, Czech Republic, and the business registration number (IČ) is 25071025. The Company provides operating lease for passenger and utility cars and finance lease for motor vehicles.

The sole shareholder, having a 100% interest in the Company's basic capital, is Business Lease Group B.V., the Netherlands. The company is a part of the consolidation group AutoBinck Group N.V., the Kingdom of the Netherlands. The consolidated financial statements are available at the Dutch register of companies.

The following changes were made to the Commercial Register entry in 2020:

Statutory representative Sander Aardoom was recorded in the public register as at 2 March 2020, office commencement date 1 January 2020.

Members of the statutory bodies as at 31 December 2020 were as follows:

	<u>Statutory Representatives</u>
Statutory Representative:	Martin Bulif
Statutory Representative:	Michel Johannes Gerardus Petrus Cornelissen
Statutory Representative:	Elias Drakopoulos
Statutory Representative:	Sander Aardoom
Statutory Representative:	Paul Hendrikus Zekhuis

The Company's organizational structure comprises three divisions - commercial, technical and financial.

The Company has no foreign branch.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2020 and 2019.

The financial statements have been prepared assuming that the Company will continue as a going concern.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

Financial Statements for the Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the 2020 and 2019 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets are recorded at their acquisition cost and related expenses.

Intangible fixed assets with a cost exceeding CZK 5 thousand are amortized over their useful economic lives, which may not exceed six years.

Small intangible fixed assets with a cost of less than CZK 5 thousand are expensed as incurred in year of acquisition.

Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Software	5
Patents, royalties and similar rights	2

b) Tangible Fixed Assets

Tangible fixed assets are recorded at their acquisition cost, which consists of purchase price, freight and other related costs.

Tangible fixed assets with a cost exceeding CZK 5 thousand are depreciated over their useful economic lives.

Small tangible fixed assets with a cost of less than CZK 5 thousand are expensed as incurred in year of acquisition.

The costs of technical improvements of fixed assets with cost exceeding CZK 40 thousand are capitalized. Current repairs and maintenance expenses are expensed as incurred.

Depreciation - own assets

Depreciation is calculated based on the acquisition cost less net realizable value and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Technical improvements of leased buildings	5 - 6
Vehicles	3 - 6
Furniture and fixtures	2 - 5

Financial Statements for the Year Ended 31 December 2020

Depreciation - leased assets

Depreciation is calculated based on the acquisition cost less net realizable value and the estimated useful life of the related asset.

In respect of leased assets, an expected net realizable value is determined at the time the assets are put in use and the vehicles are depreciated on a straight-line basis over the lease term, the depreciated amount being the difference between the acquisition cost and the expected net realizable value. The assets are not depreciated over the period in which they are not leased.

The allowance against leased assets is created in case the residual value of leased assets exceeded its expected realizable value.

c) Cash

Cash includes liquid valuables, cash in hand and at bank.

d) Inventory

The inventory consists of purchased vehicles for immediate sale which are stated at cost.

e) Receivables

Receivables are initially measured at their nominal amount. Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income.

f) Derivatives

Derivatives are initially measured at cost. Derivatives are recorded in the fair value in other short-term receivables or payables, as appropriate, in the accompanying balance sheet.

Derivatives are classified as derivatives held for trading or hedging derivatives. A derivative qualifies as a hedging derivative only if all of the following conditions are met:

- a) The hedge is consistent with the Company's risk management strategy;
- b) At the inception of the hedge, there is formal documentation of the hedging relationship in accounting records; the documentation includes identification of hedged items and hedging instruments, precise specification of the risk being hedged, and approach to assessing and demonstrating hedge effectiveness; and
- c) The hedge is effective; the hedge is effective if, at inception and during the period for which the hedge is designated, changes in the fair value or cash flows of hedging instruments attributable to the hedged risk, or overall changes in the fair value or cash flows of hedging instruments, are within a range of 80–125 percent of changes in the fair value or cash flows of hedged items attributable to the hedged risk. The Company assess hedge effectiveness at the inception of the hedge and subsequently at least at each balance sheet date when annual, extraordinary, interim or any other financial statements are prepared.

Financial Statements for the Year Ended 31 December 2020

Derivatives are revalued to fair value as at the balance sheet date. Changes in the fair value of derivatives held for trading are charged or credited, as appropriate, to finance income. Changes in the fair value of derivatives designated as fair value hedges are also recognized in finance income, together with the change in the fair value of the hedged item attributable to the risk being hedged. Changes in the fair value of derivatives designated as cash flow hedges are taken to equity and reflected in the balance sheet through gain or loss on revaluation of assets and liabilities. Any ineffective portion of the hedge is charged or credited, as appropriate, to finance income.

g) Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Municipal Court. Any increase or decrease in the basic capital made pursuant to the decision of the General Meeting which was not entered in the Commercial Register as at the balance sheet date is recorded through changes in basic capital.

The Company has created a reserve fund from profit. The fund is primarily designated to cover losses.

h) Provisions and Liabilities

The Company creates provisions for losses and risks if the related purpose amount and timing can be reliably estimated and the accrual and matching principles are observed.

Other provisions are created for repairs of the existing car fleet, courtesy car and other (see Note 9). These provisions are created based on the analysis of historical price development of repairs and local environment conditions. The amount of the provisions for repairs is based mainly on the difference between the revenues from the sale of the "repairs and maintenance" service and the expense incurred in the provision of these repairs, taking into account the expected profit margin estimated by the Company management.

Long-term liabilities and current liabilities are carried at their nominal values. Amounts resulting from the revaluation of financial derivatives at fair value are shown in other payables.

Short-term and long-term loans are recorded at their nominal values. Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

i) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at a Czech National Bank daily exchange rate prevailing as at the transaction date. On the balance sheet date monetary items are adjusted to the exchange rate as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to finance income for the year.

j) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

k) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

The Company recognizes as an expense any additions to provisions and allowances against risks, losses or physical damage that are known as at the financial statements' date.

Revenues from the sale of own products and services consist of revenues from lease services provided by the Company. Revenues related to the provision of lease are accounted for on a straight-line basis over the lease term, i.e. from the lease agreement date to the proper or preliminary termination of respective lease agreements. Contractual charges and penalties are accounted for upon their billing to the lessee.

Sales revenue from the lease and related services, depreciation and revenues and expenses related to the insurance of leased assets are included in the operating result of the Company, while interest expense incurred in the financing of leased items is charged to finance income. Therefore, the Company's operating and financial results do not present a mutual relationship between these revenues and expenses.

l) Income Taxes

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). In addition, the following items are taken into consideration: tax base decreasing items (donations), tax deductible items (tax loss, research and development costs) and income tax reliefs.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization.

m) Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

Financial Statements for the Year Ended 31 December 2020

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

4. FIXED ASSETS**a) Intangible Fixed Assets (in CZK thousands)****COST**

	At beginning of year	Additions	Disposals	Transfers	At end of year
Other intangible fixed assets	74	-	-	-	74
Software	21,253	-	-	-	21,253
Patents, royalties and similar rights	487	-	-	-	487
Intangible fixed assets in progress	915	-	-	-	915
Advances granted for intangible fixed assets	-	-	-	-	-
Total 2020	22,729	-	-	-	22,729
Total 2019	22,277	452	-	-	22,729

ALLOWANCES AND ACCUMULATED AMORTIZATION

	At beginning of year	Amortization during year	Cost of sales or liquidation	At end of year	Net book value
Other intangible fixed assets	(74)	-	-	(74)	-
Software	(20,963)	(98)	-	(21,061)	192
Patents, royalties and similar rights	(487)	-	-	(487)	-
Intangible fixed assets in progress	-	-	-	-	915
Advances granted for intangible fixed assets	-	-	-	-	-
Total 2020	(21,524)	(98)	-	(21,622)	1,107
Total 2019	(21,423)	(101)	-	(21,524)	1,205

Financial Statements for the Year Ended 31 December 2020

b) Tangible Fixed Assets (in CZK thousands)**COST**

	At beginning of year	Additions	Disposals	Transfers	At end of year
Technical improvements of leased buildings	12,868	-	-	534	13,402
Vehicles	4,730,650	-	(1,160,896)	1,002,354	4,572,108
Furniture and fixtures	18,273	-	(85)	1,910	20,098
Tangible fixed assets in progress	7,273	990,570	-	(996,244)	1,598
Advances granted for tangible fixed assets	-	2,470	-	-	2,470
Total 2020	4,769,064	993,040	(1,160,981)	85,534	4,609,677
Total 2019	4,987,056	838,786	(1,056,095)	(683)	4,769,064

ALLOWANCES AND ACCUMULATED DEPRECIATION

	At beginning of year	Depreciation during year	Cost of sales or liquidation	At end of year	Allowances	Net book value
Technical improvements of leased buildings	(3,927)	(2,270)	-	(6,197)	-	7,205
Vehicles	(1,389,572)	(555,742)	556,267	(1,389,047)	(111,358)	3,071,703
Furniture and fixtures	(12,349)	(2,120)	65	(14,404)	-	5,694
Tangible fixed assets in progress	-	-	-	-	-	1,598
Advances granted for tangible fixed assets	-	-	-	-	-	2,470
Total 2020	(1,405,848)	(560,132)	556,332	(1,409,648)	(111,358)	3,088,670
Total 2019	(1,372,267)	(614,626)	581,045	(1,405,848)	(130,680)	3,232,536

As at 31 December 2020 and 2019, assets intended for lease had a cost of CZK 4,572,108 thousand and CZK 4,730,650 thousand, respectively and a net book value of CZK 3,071,703 thousand and CZK 3,210,385 thousand, respectively. These assets are included in the Vehicles caption. Also the assets included in the Tangible fixed assets in progress contain especially the assets intended for lease.

The Company has adjusted the carrying value of tangible fixed assets held for lease for a diminution in value through an allowance charged against income (see Note 6). The allowance reduces the carrying value of the lease portfolio to its estimated market value as at the balance sheet date.

Financial Statements for the Year Ended 31 December 2020

As at 31 December 2020, assets (vehicles) with a cost of CZK 4,572,108 thousand and net book value of CZK 3,071,703 thousand were pledged as security for a syndicated loan (see Note 12).

As at 31 December 2019, assets (vehicles) with a cost of CZK 4,730,650 thousand and net book value of CZK 3,210,385 thousand were pledged as security for a syndicated loan (see Note 12).

5. RECEIVABLES

Receivables represent especially receivables from operating lease and finance lease. Advances made include, in particular advance payments for consumed fuels.

Allowances of CZK 19,266 thousand and CZK 18,099 thousand against outstanding receivables that are considered doubtful were charged to income based on the receivable aging analysis and the specific information about debtors as at 31 December 2020 and 2019, respectively (see Note 6).

As at 31 December 2020 and 2019, receivables overdue for more than 60 days totaled CZK 7,140 thousand and CZK 6,485 thousand, respectively.

Unbilled revenue represents in particular anticipated financial bonuses from suppliers and insurance companies based on supplier contracts, insurance compensations and revenues from the re-charge of fuel.

Future receivables totaling CZK 2,111,151 thousand as at 31 December 2020 were pledged as security for a syndicated loan (see Note 12).

Future receivables totaling CZK 2,261,557 thousand as at 31 December 2019 were pledged as security for a syndicated loan (see Note 12).

Receivables from related parties (see Note 18).

Miscellaneous receivables (see Note 14).

6. ALLOWANCES

Allowances reflect a temporary diminution in the value of assets (see Notes 4 and 5).

Changes in the allowance accounts (in CZK thousands):

Allowances against:	Balance as at 31/ 12/ 2018	Additions	Deductions	Balance as at 31/ 12/ 2019	Additions	Deductions	Balance as at 31/ 12/ 2020
Fixed assets	118,033	14,263	(1,616)	130,680	-	(19,322)	111,358
Receivables – legal	5,390	-	-	5,390	-	(1488)	3,902
Receivables – other	13,203	-	(494)	12,709	2,654	-	15,364
Allowances total	136,626	14,263	(2,110)	148,779	2,655	(20,810)	130,624

Legal allowances are created in compliance with the Act on Provisions.

Financial Statements for the Year Ended 31 December 2020

7. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses include in particular accrued loan fees, which are charged to income on a straight-line basis over the loan expected term.

8. EQUITY

In 2020, equity was increased by CZK 313,950 thousand by the shareholder Business Lease Group B.V. through contribution to other capital funds.

Statement of Changes in Equity is included as Appendix 1.

The Annual General Meetings held on 8 October 2020 and 26 June 2019, respectively, approved the following profit distribution for 2019 and 2018 (in CZK thousands) and the Annual General Meeting approved the decision to pay out a share in profit:

Profit for 2018	11,515	Profit for 2019	15,288
Transfer of the 2018 profit to retained earnings	(11,515)	Transfer of the 2018 profit to retained earnings	(15,288)
Payment of shares in profit	-	Payment of shares in profit	-
Retained earnings as at 31/ 12/ 2019	424,003	Retained earnings as at 31/ 12/ 2020	439,289

Pursuant to an expected Annual General Meeting's decision, part of retained earnings is to be distributed in 2020.

9. PROVISIONS

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31/ 12/ 2018	Additions	Deductions	Balance as at 31/ 12/ 2019	Additions	Deductions	Balance as at 31/ 12/ 2020
Repairs	3,532	243,863	(249,021)	(1,626)	223,839	(224,414)	(2,201)
Courtesy vehicle	1,781	2,005	(1,436)	2,350	822	(1,216)	1,956
Other provisions	206	-	(206)	-	1,000	-	1,000
Total	5,519	245,868	(250,663)	724	225,661	(225,630)	755

10. LONG-TERM LIABILITIES

Long-term liabilities include a deferred tax liability (see Note 15) and received deposits of CZK 9,981 thousand and CZK 14,225 thousand as at 31 December 2020 and 31 December 2019, respectively.

11. CURRENT LIABILITIES

As at 31 December 2020 and 2019, current payables overdue for more than 90 days totaled CZK 3,430 thousand and CZK 3,544 thousand, respectively.

Other current liabilities represent liabilities from remeasurement of derivatives in the amount of CZK 21,648 thousand (as at 31 December 2019 CZK 0 thousand).

Unbilled deliveries represent in particular unbilled costs of insurance, cost of fuel consumption and costs of maintenance of cars for lease.

As at 31 December 2020 and 2019, the Company had liabilities of CZK 1,740 thousand and CZK 2,334 thousand, respectively, owing to social security and health insurance premiums.

Payables to related parties (see Note 18).

12. AMOUNTS OWED TO CREDIT INSTITUTIONS

On 8 March 2016 the Company entered into an agreement on syndicated loan (Secured Facilities Agreement – Multicurrency term and revolving facilities agreement arranged by ABN AMRO Bank N.V., ING BANK N.V., COÖPERATIEVE RABOBANK U.A.), the maturity is 36 months with prolongation options up to 24 months and interest rate is PRIBOR+1.60% p.a. The agreed credit limit represents a long-term loan totaling CZK 1,500,000 thousand and EUR 55 million of the credit limit shared between BUSINESS LEASE s.r.o., Business Lease Slovakia s.r.o., BUSINESS LEASE POLAND s.z o.o. and Business Lease Hungary Kft., totaling EUR 55 million that can be drawn in the form of revolving tranches.

On 20 October 2016 the Company increased the credit limit, shared between BUSINESS LEASE s.r.o., Business Lease Slovakia s.r.o., BUSINESS LEASE POLAND s.z o.o. and Business Lease Hungary Kft., by EUR 25.9 million which may be drawn in the form of revolving tranches.

On 16 March 2017 the Company increased the credit limit, shared between BUSINESS LEASE s.r.o., Business Lease Slovakia s.r.o., BUSINESS LEASE POLAND s.z o.o. and Business Lease Hungary Kft., by EUR 9.1 million which can be drawn in the form of revolving tranches.

On 31 January 2018 the Company increased the credit limit, shared between BUSINESS LEASE s.r.o., Business Lease Slovakia s.r.o., BUSINESS LEASE POLAND s.z o.o. and Business Lease Hungary Kft., by EUR 50 million which may be drawn in the form of revolving tranches.

The amount drawn from this loan facility (including accrued interest) totaled CZK 2,678,724 thousand as at 31 December 2019. A portion of the loan in the amount of CZK 1,500,000 thousand was drawn as a long-term loan due in 2020 with an extension option to 2021, which was exercised. The remaining portion of the credit limit shared between BUSINESS LEASE s.r.o., Business Lease Slovakia s.r.o., BUSINESS LEASE POLAND s.z o.o. and Business Lease Hungary Kft., totaling EUR 140 million may be drawn in the form of revolving tranches. The interest rate for 2019 and 2018 was PRIBOR + 1.60% p.a.

Financial Statements for the Year Ended 31 December 2020

The amount drawn from this loan facility (including accrued interest) totaled CZK 2,136,075 thousand as at 31 December 2020. The remaining portion of the credit limit shared between BUSINESS LEASE s.r.o. Business Lease Slovakia s.r.o., BUSINESS LEASE POLAND s.z o.o. and Business Lease Hungary Kft., totaling EUR 140 million may be drawn in the form of revolving tranches. The interest rate for 2020 and 2019 was PRIBOR + 1.60% p.a.

On 2 March 2021 a new a long-term agreement on syndicated loan was made (Amendment and restatement agreement arranged by ANB AMRO BANK N.V., ING BANK N.V., Prague Branch and COÖPERATIEVE RABOBANK U.A.). The loan maturity was set at 36 months, interest rate is PRIBOR +2% p.a. A portion of the loan in the amount of CZK 1,346,449 thousand will be drawn as a long-term loan due in 2024. The remaining portion of the credit limit shared between BUSINESS LEASE s.r.o., Business Lease Slovakia s.r.o., BUSINESS LEASE POLAND s.z o.o. and Business Lease Hungary Kft. and Business Lease Romania, s.r.l., totaling EUR 93 million may be drawn in the form of revolving tranches.

The total amount of bank loans consists of the following (in CZK thousands):

	as at 31/ 12/ 2020		as at 31/ 12/ 2019	
	Principal and interest	Due on	Principal and interest	Due on
Long-term loan			1,500,000	08/03/2021
Short-term loan	2,134,131	08/03/2021*	1,172,000	06/03/2020
Accrued interest	1,153	08/03/2021	478	10/01/2020
Accrued interest	691	08/03/2021	500	23/01/2020
Accrued interest	-	-	114	29/01/2020
Accrued interest	-	-	992	31/01/2020
Accrued interest	-	-	693	07/02/2020
Accrued interest	-	-	781	14/02/2020
Accrued interest	-	-	206	04/03/2020
Accrued interest	-	-	2,355	06/03/2020
Accrued interest	-	-	347	06/03/2020
Accrued interest	-	-	157	06/03/2020
Total syndicated loan	2,135,975		2,678,724	
Less current portion	2,135,975		1,178,724	
Net	-		1,500,000	

(*) a part of the loan of CZK 1,346,449 thousand is due after 36 months (2024) as per the agreement dated 2 March 2021.

The interest expense (including hedging fees) relating to bank loans for 2020 and 2019 was CZK 73,437 thousand and CZK 95,750 thousand, respectively.

Financial Statements for the Year Ended 31 December 2020

Bank loans are secured by assets held for lease and by future receivables arising from effective lease agreements (see Notes 4 and 5).

The loan agreement includes specific terms and conditions to be fulfilled by the Company. The bank acknowledged that the Company complied with the terms and conditions as at 31 December 2020.

13. ACCRUALS AND DEFERRED INCOME

Deferred income includes, in particular, down payments received in connection with finance lease.

14. DERIVATIVES

The Company has concluded derivative contracts that are used to hedge loan interest rates. As at 31 December 2020 and 2019, the derivatives were revalued at fair value, with the positive fair values of derivatives being included in other receivables, negative fair values of derivatives being included in other payables. Changes on revaluation are recognized within other financial income or other financial costs for positive and negative difference, respectively.

The following table summarizes face values and fair values of outstanding derivatives as at 31 December:

(CZK thousands)	2020			2019		
	Contractual/ Face value	Fair value Positive	Fair value Negative	Contractual/ Face value	Fair value Positive	Fair value Negative
Interest rate derivatives (swaps)	1,040,800	-	(21,648)	1,525,600	14,200	-

As at 31 December 2020 and 31 December 2019, the derivatives do not meet conditions for hedge accounting and, accordingly, are classified as derivatives held for trading.

Financial Statements for the Year Ended 31 December 2020

15. INCOME TAXES

On the basis of preliminary calculation the Company calculated tax expense as follows (in CZK thousands):

	2020 (in CZK thousands)	2019 (in CZK thousands)
Profit before taxes	47,501	24,950
Non-taxable revenues	(14,083)	5,324
Difference between book and tax depreciation	(437,243)	(435,899)
Difference between net book value of disposed assets for accounting and tax purposes	460,232	362,523
Creation of allowances, net	(18,156)	12,153
Creation of provisions, net	31	(4,795)
Tax loss carryforward	(53,010)	-
Other non-deductible costs (e.g. entertainment expenses, shortages and losses)	14,727	21,651
Taxable income (tax loss)	-	(14,093)
Current income tax rate	19%	19%
Current tax expense	-	-
Adjustment of the tax paid in previous years	-	-
Total tax expense	-	-

The Company can carry forward tax losses generated since 2017 for up to five years. The remaining tax loss carryforward from the years 2017 through 2019, the benefit of which has not been recognized in the accompanying financial statements, amounted to CZK 14,234 thousand as at 31 December 2020. It will be recorded when realized.

Financial Statements for the Year Ended 31 December 2020

The Company quantified deferred taxes as follows (in CZK thousands):

Deferred tax items	2020		2019	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	-	(278,705)	-	(283,550)
Other temporary differences:				
Costs for unused vacation	1,885	-	2,820	-
Allowance against receivables	2,919	-	2,415	-
Allowance against fixed assets	21,158	-	24,829	-
Provisions	143	-	138	-
Tax losses	2,705	-	13,149	-
Total	28,810	(278,705)	43,351	(283,550)
Net		(249,895)		(240,199)

The deferred tax liability was recognized in full in respective years.

16. REVENUES

The breakdown of revenues on ordinary activities is as follows (in CZK thousands):

	2020	2019
Operating lease payments	1,343,790	1,453,633
Finance lease payments	1,735	1,541
Other	37,201	36,357
Total	1,382,726	1,491,531

All revenues were generated in the territory of the Czech Republic.

Other revenues include in particular car repair and maintenance costs re-billed to group companies (see Note 18).

Financial Statements for the Year Ended 31 December 2020

17. PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows (in CZK thousands):

	2020		2019	
	Total personnel	Members of managerial bodies	Total personnel	Members of managerial bodies
Average number of employees	69	5	80	9
Wages and salaries	56,487	12,153	75,347	22,032
Bonuses to statutory bodies	3,804	-	6,070	-
Social security and health insurance	18,622	3,083	23,705	5,483
Social cost	2,003	145	2,122	754
Total personnel expenses	80,916	15,381	107,244	28,269

18. RELATED PARTY INFORMATION

In 2020 and 2019, the members of statutory and supervisory bodies, directors and executive officers were granted no loans, guarantees, advances or other benefits.

Directors and executive officers may use company cars for private purposes.

Short-term receivables from related parties as at 31 December were as follows (in CZK thousands):

Related party	2020	2019
BUSINESS LEASE SLOVAKIA s.r.o.	11	25
AUTO PALACE Spořilov s.r.o.	1,287	367
Business Lease Hungary	31	846
Auto Palace Brno s.r.o.	130	9
Business Lease Group s.r.o.	65	-
Auto Palace s.r.o.	998	5
Total	2,522	1,252

Sales to related parties were CZK 95,221 thousand and CZK 71,422 thousand in 2020 and 2019, respectively.

Financial Statements for the Year Ended 31 December 2020

Short-term payables to related parties as at 31 December were as follows (in CZK thousands):

Related party	2020	2019
BUSINESS LEASE SLOVAKIA s.r.o.	131	1,000
Auto Palace Vysočany	99	-
Auto Palace Západ	3	-
AUTO PALACE Spořilov s.r.o.	2,830	3,675
AUTO PALACE BUTOVICE s.r.o.	186	128
Auto Palace Brno s.r.o.	355	68
AUTO PALACE s.r.o.	61	127
Business Lease Romania	-	3
Business Lease Poland	29	50
Auto Palace Panónska	-	33
AutoBink Group	138	127
Total	3,832	5,211

The Company purchases products and receives services from related parties in the ordinary course of business. Purchases were CZK 251,204 thousand and CZK 292,281 thousand in 2020 and 2019, respectively.

19. SIGNIFICANT ITEMS OF INCOME STATEMENT

Miscellaneous operating income includes primarily insurance indemnifications from suppliers and insurers and bonuses from suppliers and insurance companies. Miscellaneous operating expenses include in particular insurance expenses.

Costs of audit totaled CZK 1,285 thousand and CZK 1,211 thousand in 2020 and 2019, respectively.

Other finance income includes foreign exchange rate gains and gains on revaluation of derivatives that are used to economic hedges of loan interest rates. Other finance cost includes primarily bank fees and foreign exchange rate losses and losses resulted from derivative remeasurement.

20. GOING CONCERN

As at 31 December 2020 and 2019 the Company posted negative working capital of CZK 2,019,630 thousand and CZK 1,031,075 thousand, respectively, which is particularly due to the short-term portion of the syndicated loan with a balance of CZK 2 136 075 thousand and CZK 1,178, 724 thousand as at 31 December 2020 and 31 December 2019, respectively (see Note 12).

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The negative working capital is in fact secured by future receivables from concluded lease agreements; in compliance with the applicable accounting legislation, the receivables are not shown in the balance sheet. Hence, the accompanying financial statements do not include any adjustments that might result from this uncertainty.

Financial Statements for the Year Ended 31 December 2020

The amount of working capital was determined as a difference between current assets and current liabilities.



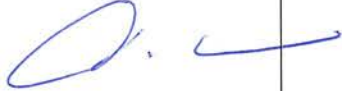
In 2020, the Covid-19 pandemic had neither a significant effect on the preparation of the financial statements for the year ended December 2020 nor on the going concern assumption.


21. STATEMENT OF CHANGES IN EQUITY (SEE APPENDIX 1)


22. SUBSEQUENT EVENTS


On 2 March 2021 the Company entered into a long-term agreement on syndicated loan (Amendment and restatement agreement arranged by ANB AMRO BANK N.V., ING BANK N.V., Prague Branch and COÖPERATIEVE RABOBANK U.A.) (see Note 12).

Michal Kovařík took on the position of the new sales director on 1 February 2021.

Prepared on:	Signature of entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
29 March 2021	 Martin Bulif	 Ing. Petr Michal	 Ing. Jiří Dupák

 **BUSINESS LEASE**
PASSION FOR MOBILITY
BUSINESS LEASE s.r.o. ①
Radlická 714/113a, 158 00 PRAHA 5
IČ: 25071025, DIČ: CZ25071025

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Appendix 1

Statement of Changes in Equity

	Balance as at 31/ 12/ 2018	Increase	Decrease	Balance as at 31/ 12/ 2019	Increase	Decrease	Rounding	Balance as at 31/ 12/ 2020
Basic capital	10,000	8,000	-	18,000	-	-	-	18,000
Retained earnings	412,488	11,515	-	424,003	15,288	-	(2)	439,289
Other capital funds	-	-	-	-	313,950	-	-	313,950
Other reserves	1,000	-	-	1,000	-	-	-	1,000
Profit (loss) for the year	11,515	15,288	(11,515)	15,288	37,805	(15,288)	-	37,805
Total equity	435,003	34,803	(11,515)	458,291	367,043	(15,288)	(2)	810,044

BUSINESS LEASE s.r.o.

Annual Report 2020

REPORT ON RELATIONS BETWEEN CONTROLLED AND CONTROLLING PARTIES (HEREINAFTER REFERRED TO AS "RELATED PARTIES") AS AT 31 DECEMBER 2012020 made in accordance with the relevant provisions of Act 90/2012 coll. on commercial companies and cooperatives (Corporations Act)

GROUP DESCRIPTION

The sole shareholder, having a 100% interest in the company's basic capital, is Business Lease Group B.V., the Kingdom of the Netherlands. The company is a part of the consolidation group AutoBinck Group N.V., the Kingdom of the Netherlands.

Of the total of approximately 30 companies of the holding structure, there are only the ones having mutual relations with BUSINESS LEASE s.r.o stated below.

Autobinck Group N.V.

BUSINESS LEASE NEDERLAND B. V.

BUSINESS LEASE GROUP B.V.

BUSINESS LEASE SLOVAKIA s.r.o.

BUSINESS LEASE POLAND s.z o.o.

BUSINESS LEASE HUNGARY Kft.

BUSINESS LEASE ROMANIA S.R.L.

Business Lease Group s.r.o.

AUTO PALACE Spořilov s.r.o.

AUTO PALACE Butovice s.r.o.

AUTO PALACE s.r.o.

AUTO PALACE Brno s.r.o.

AUTO PALACE Bratislava s.r.o.

AUTO PALACE Panónska s.r.o.

Legal relations between related parties

Contract for purchase of goods / products / services

Contract for sale of goods / products / services

Contract for distribution of goods / products / services

Management services agreement

Contract for lease

Purchases from BUSINESS LEASE GROUP B. V. follow the contract for providing management services and the contract for providing ICT services.

Purchases from BUSINESS LEASE SLOVAKIA s.r.o. consist mainly of the purchase of used vehicles and re-invoicing of repairs and maintenance of the vehicles.

BUSINESS LEASE s.r.o.

Annual Report 2020

Purchases from AUTO PALACE Spořilov s.r.o. arise mainly from purchase, maintenance and lease of vehicles.

Purchases from AUTO PALACE BUTOVICE s.r.o. arise mainly from purchase of vehicles and maintenance of vehicles.

Purchases from AUTO PALACE s.r.o. arise mainly from purchase of vehicles and maintenance of vehicles.

Purchases from Auto Palace Brno s.r.o. arise mainly from purchase of vehicles and maintenance of vehicles.

Sales of AUTO PALACE Spořilov s.r.o. consist mainly of commissions on short-term leases of vehicles and providing fleet management services.

Sales of BUSINESS LEASE SLOVAKIA s.r.o. consist mainly of re-invoicing of repairs and maintenance of vehicles and sale of used vehicles.

Sales of AUTO PALACE BUTOVICE s.r.o. consist mainly of providing fleet management services.

Sales of AUTO PALACE s.r.o. consist mainly of providing fleet management services.

Sales of AUTO PALACE Brno s.r.o. consist mainly of providing fleet management services.

The Company purchases products and receives services from related parties in the ordinary course of business.

Purchases were CZK 251,204 thousand and CZK 292,281 thousand in 2020 and 2019, respectively. Sales to related parties were CZK 95,221 thousand and CZK 71,462 thousand in 2020 and 2019, respectively.

Short-term receivables from related parties as at 31 December were as follows (in CZK thousands):

Related party	2020	2019
BUSINESS LEASE SLOVAKIA s.r.o.	11	25
AUTO PALACE Spořilov s.r.o.	1,287	367
Business Lease Hungary	31	846
Auto Palace Brno s.r.o.	130	9
Business Lease Group s.r.o.	65	-
Auto Palace s.r.o.	998	5
Total	2,522	1,252

BUSINESS LEASE s.r.o.

Annual Report 2020

Current liabilities to related parties as at 31 December were as follows (in CZK thousands):

Related party	2020	2019
BUSINESS LEASE SLOVAKIA s.r.o.	131	1,000
Auto Palace Vysočany	99	-
Auto Palace Západ	3	-
AUTO PALACE Spořilov s.r.o.	2,830	3,675
AUTO PALACE BUTOVICE s.r.o.	186	128
Auto Palace Brno s.r.o.	355	68
AUTO PALACE s.r.o.	61	127
Business Lease Romania	-	3
Business Lease Poland	29	50
Auto Palace Panónska	-	33
AutoBink Group	138	127
Total	3,832	5,211

Throughout the entire past reporting period, the company was controlled by the only company, Business Lease Group B.V., the Netherlands.

Statutory representatives are not aware that the company has other controlling parties.

Controlled party's role

Within the holding, the company follows up providing clients' mobility especially in the Czech Republic. The main business activity of the company is providing services of operating leases of passenger vehicles and clients' fleet management.

Methods and Means of Control

The controlled party was controlled by the controlling party via Decision of the sole shareholder of the company published by the controlling party.

Overview of Acts

In the last reporting period, the company made at the initiative or in the interest of the related parties the following legal actions: basic capital increase.

Assessment of damage and its settlement

In the period under review, the company suffered no damage from acts described in this report.

Advantages and disadvantages arising from relations between controlling and controlled parties

In the last reporting period, the company also benefited from advantages arising from its participation in the group. Firstly, it is appropriate to mention that the company has access to a shared know-how nearly in all areas of its activities. These areas for example include human resources, PR, controlling and project management.

BUSINESS LEASE s.r.o.

Annual Report 2020

Furthermore, the company benefits from advantages of central ICT services.

The company is not aware of any disadvantages arising from the participation in the group.
The company has not identified any risks arising from relations between the parties within the group.

In Prague, 29 March 2021

Martin Bulíř
Statutory Representative

A handwritten signature in blue ink, appearing to be 'M. Bulíř', with a long horizontal stroke extending to the right.