

# **Avis Budget Denmark A/S**

14, Roskildevej  
DK-2620 Albertslund

Central Business Registration No. (CVR-no): 19 67 31 46

## **Annual Report 2017**

Adopted at the Company's Annual General Meeting on July 10, 2018



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Chairwoman: Nina Anne Bell

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**Statement by Management on the annual report**

We have today presented the annual report of Avis Budget Denmark A/S for the financial year January 1<sup>st</sup> 2017 to December 31<sup>st</sup> 2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at December 31<sup>st</sup> 2017 as well as the Company's activities and cash flow for the financial year January 1<sup>st</sup> to December 31<sup>st</sup> 2017.


Also, we believe that the management's commentary contains a fair review for the affairs and conditions, the financial outcome for the year and for the financial position referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Albertslund, on 10 July, 2018

**Executive Board:**


  
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Andrew Francis Smith  
Managing director

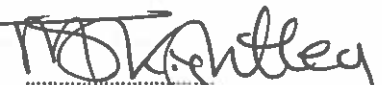
  
.....  
Lars Brejner Dissing  
Assistant director

**Supervisory Board:**

  
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Nina Anne Bell  
Chairwoman

  
.....  
Andrew Francis Smith

  
.....  
Lars Brejner Dissing

  
.....  
Mark John Kightley

  
.....  
Paul Leslie Ford

## Independent auditor's reports

### To the shareholders of Avis Budget Denmark A/S

#### Opinion

We have audited the financial statements of Avis Budget Denmark A/S for the financial year 1 January – 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has 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 ISAs and additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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.

## Independent auditor's reports

- 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 in preparing the financial statements 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 conclusion is 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.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10 July 2018

**Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Christian Sanderhage

State Authorised Public Accountant

Identification number (MNE) mne23347

## Management's review

### Financial highlights

DKK '000,000	2017	2016	2015	2014	2013
<b>Key figures</b>					
Revenue	286,2	264,6	218,5	210,7	189,2
Gross profit / (loss)	30,8	53,2	51,6	58,0	30,0
Operating profit / (loss)	(13,8)	15,4	14,5	19,7	(12,5)
Financial profit / (loss)	1,0	0,3	0,5	1,2	0,2
Net profit / (loss) for the year	(10,0)	12,2	11,1	15,8	(9,7)
Balance sheet total	89,9	97,8	93,7	100,0	58,7
Equity	30,5	40,4	28,3	33,0	17,1
Cash flow from operating activities	(3,6)	(5,5)	(2,2)	0,9	7,1
Cash flow from investments	(6,7)	(2,9)	(0,4)	5,6	14,1
Cash flow from financing	16,4	(9,3)	(30,0)	(1,6)	(18,6)
Total cash flow	6,1	(17,7)	(32,8)	50,8	2,6
Hereof investments in property, plant and eq.	6,7	2,9	1,2	-	0,1
<b>Ratios</b>					
Profit ratio	neg.	5,8%	6,6%	9,4%	neg.
Gross margin	10,8%	20,1%	23,6%	27,5%	15,8%
Equity ratio	33,9%	41,4%	30,2%	33,0%	29,2%
Return on equity	-38,9%	44,9%	36,4%	63,2%	neg.
Average number of employees	115	121	127	118	116

## Management's review

### Company details

#### Company

Avis Budget Denmark A/S

14, Roskildevej

DK-2620 Albertslund

Central Business Registration No (CVR-nr): 19 67 31 46

Registered in: Albertslund

Phone: +45 33 26 80 00

Internet: [www.avis.dk](http://www.avis.dk)

E-mail: [info@avis.dk](mailto:info@avis.dk)

#### Supervisory Board

Nina Anne Bell (chairwoman)

Andrew Francis Smith

Lars Brejner Dissing

Mark John Kightley

Paul Leslie Ford

#### Executive Board

Andrew Francis Smith (Managing director)

Lars Brejner Dissing (Assistant director)

#### Company Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

## Management's review

### Review

#### Primary activities

Avis Budget Denmark A/S forms part of the global Avis Budget Group, Inc. listed on NASDAQ, and undertakes the rental of cars and related operations and services stemming from these operations, including purchase and sale of cars in Denmark under the brand names of Avis and Budget

#### Development in activities and finances

The Company's profit/loss for the financial year January 1<sup>st</sup> 2017 - December 31<sup>st</sup> 2017 shows a loss of DKK 9,952k and an equity at December 31<sup>st</sup> 2017 of DKK 30,490k.

The Company has experienced positive revenue growth of more than 8% in 2017 despite a number of challenges around the availability of fleet. The uncertainty around the impending changes in vehicle taxation not only caused issues around availability but also drove an increase in fleet operating costs. The combination of these two factors has caused the Company into a loss-making position for the year.

In calculating the loss for the year of DKK 9,952k, a one-off charge of DKK 3,796k has been taken in respect of the expected dilapidation costs for returning the Company's leasehold premises to their original condition.

Whilst the result is not in line with Management's expectations for the year it is reflective of the challenges currently faced by the Company. The loss-making position is expected to continue in the short-term and currently Management expect to incur a loss for the year ended December 31<sup>st</sup> 2018.

Although the Company has generated losses in 2017 and is expected to generate losses in 2018 the Company still has a net current asset position, therefore the Company still has the ability to meet its liabilities as they fall due. As a result, Management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, Management continue to adopt the going concern basis of accounting in preparing the Financial Statements.

#### Particular risks

##### Business risks

The Company continues to be heavily disposed towards changes in the demand for rental cars, both when it comes to demand from the private sector, among other tourism etc., and the business market. Furthermore, the rental business is marked by heavy competition with a high degree of transparency on prices and consequent fierce market pressure on these.

Equally the Company is exposed to risks in regard to costs to acquire and run its rental fleet and expects to face challenges in the coming years due to changes in vehicle taxation as mentioned above.

The rental fleet of the Company is predominantly financed by operational leasing and therefore the Company has minimal exposure to residual value risks.

##### Financial risks

The Company continues to be exposed to changes in interest rates, which will, among other things influence on leasing agreements for the rental fleet as these are often tied to agreements around floating interest and interest margins.



## Management's review

### Review

#### Financial risks (continued)

The Company's financial risk management objectives and policies are aligned to those of Avis Budget Group Inc. group of companies which are disclosed in the financial statements of Avis Budget Group Inc.

#### Events after the balance sheet date

From the closing of the financial year 2017 and until the date of these financial statements nothing has occurred which essentially changes the content of the report.

#### Outlook

In 2018 the Company expects a growth in the market and expects to grow its position with double digit revenue growth in 2018. In contrast the Company also expects that the continuous strong competition in the market will influence negatively on the rental prices.

The Company will focus on a program of tight cost control however expects to be adversely effected by an increase in the cost of its rental fleet.

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Profit &amp; Loss

Note	DKK '000	2017	2016
3	Revenue	286.166	264.599
4, 5	Cost of sales	-255.359	-211.398
	<b>Gross profit / (loss)</b>	<b>30.807</b>	<b>53.201</b>
4, 5	Distribution costs	-8.790	-10.211
4, 5	Administrative expenses	-35.816	-27.602
	Other operating income	0	39
	<b>Operating profit</b>	<b>-13.799</b>	<b>15.427</b>
6	Financial income	1.208	985
7	Financial expenses	-162	-671
	<b>Profit / (loss) before tax</b>	<b>-12.753</b>	<b>15.741</b>
8	Tax on (profit) / loss for the year	2.801	-3.582
	<b>Net profit / (loss) for the year</b>	<b>-9.952</b>	<b>12.159</b>

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>Balance sheet at December 31<sup>st</sup> 2017

Note	DKK '000	2017	2016
	<b>Assets</b>		
	<b>Fixed assets</b>		
	<b>Property, plant and equipment</b>		
9	Land and buildings	2.562	2.598
9	Leasehold improvements	1.975	1.496
9	Other fixtures and fittings, tools and equipment	3.323	1.982
	<b>Property, plant and equipment</b>	<b>7.860</b>	<b>6.076</b>
	<b>Financial assets</b>		
10	Deferred tax asset	3.636	835
	<b>Financial assets</b>	<b>3.636</b>	<b>835</b>
	<b>Fixed assets</b>	<b>11.496</b>	<b>6.911</b>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Inventories	2.833	89
	<b>Inventories</b>	<b>2.833</b>	<b>89</b>
	<b>Receivables</b>		
	Receivable corporate income tax	1.476	28
	Intercompany loan	12.089	25.575
	Trade receivables	29.390	27.454
	Receivables from group enterprises	2.893	4.311
	Other receivables	13.603	20.440
	Prepayments	4.688	7.643
	<b>Receivables</b>	<b>64.139</b>	<b>85.451</b>
	<b>Cash</b>		
11	Cash	11.428	5.301
	<b>Cash</b>	<b>11.428</b>	<b>5.301</b>
	<b>Current assets</b>	<b>78.400</b>	<b>90.841</b>
	<b>Assets</b>	<b>89.896</b>	<b>97.752</b>

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>Balance sheet at December 31<sup>st</sup> 2017

Note	DKK '000	2017	2016
	<b>Liabilities</b>		
	<b>Equity</b>		
	<b>Equity</b>		
	Share capital	3.000	3.000
	Retained earnings	27.490	37.442
	<b>Equity</b>	<b>30.490</b>	<b>40.442</b>
	<b>Liabilities</b>		
	<b>Long-term liabilities and provisions</b>		
16	Provisions for liabilities	4.979	0
	<b>Long-term liabilities and provisions</b>	<b>4.979</b>	<b>0</b>
	<b>Short-term liabilities other than provisions</b>		
	Payable corporate income tax	0	0
	Trade payables	18.243	26.201
	Payables to group enterprises	9.194	7.708
12	Prepaid revenue	378	3.454
13	Other payables	26.612	19.947
	<b>Short-term liabilities other than provisions</b>	<b>54.427</b>	<b>57.310</b>
	<b>Total liabilities</b>	<b>59.406</b>	<b>57.310</b>
	<b>Equity and liabilities</b>	<b>89.896</b>	<b>97.752</b>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 15 Proposed distribution of profit/loss
- 18 Related parties
- 19 Transactions with related parties
- 20 Consolidation

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Statement for changes in equity

<u>Note</u>	<u>DKK '000</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Prop. dividend</u>	<u>Total</u>
	Equity at January 1st 2016	3.000	25.283	0	28.283
	Net profit / (loss) for the year	0	12.159	0	12.159
	<b>Equity at January 1st 2017</b>	<b>3.000</b>	<b>37.442</b>	<b>0</b>	<b>40.442</b>
	Net profit / (loss) for the year	0	-9.952	0	-9.952
	<b>Equity at December 31st 2017</b>	<b>3.000</b>	<b>27.490</b>	<b>0</b>	<b>30.490</b>

## Changes in share capital in the past 5 financial years:

<u>Note</u>	<u>DKK '000</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	Share capital at January 1st	3.000	3.000	3.000	3.000	2.500
	Increase in capital	0	0	0	0	500
	<b>Share capital at December 31st</b>	<b>3.000</b>	<b>3.000</b>	<b>3.000</b>	<b>3.000</b>	<b>3.000</b>

The share capital consists of 3,000 shares of DKK 1,000.

The shares have not been divided into classes.

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Cash-flow statement

Note	DKK '000	2017	2016
	Operating profit / (loss)	-13.799	15.427
5	Depreciation and amortisation charges	4.873	659
16	Provisions for liabilities	4.979	0
14	Working capital changes	743	-16.834
	<b>Cash flow from operating activities before financial activities</b>	<b>-3.204</b>	<b>-748</b>
6	Financial income received	1.208	985
7	Financial expense paid	-162	-671
	Paid corporate tax	-1.448	-5.043
	<b>Cash flow from operating activities</b>	<b>-3.606</b>	<b>-5.477</b>
9	Acquisition etc. of property, plant and equipment	-6.657	-2.937
9	Sale of property, plant and equipment	0	0
	<b>Cash flow from investing activities</b>	<b>-6.657</b>	<b>-2.937</b>
	Paid dividend	0	0
	Change in outstandings, group enterprises	16.390	-9.253
	<b>Cash flow from financing activities</b>	<b>16.390</b>	<b>-9.253</b>
	<b>Increase/decrease in cash and cash equivalents</b>	<b>6.127</b>	<b>-17.667</b>
11	Cash and cash equivalents at January 1st	5.301	22.968
	<b>Cash and cash equivalents at December 31st</b>	<b>11.428</b>	<b>5.301</b>

## Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

### Notes

#### 1 Accounting policies

The annual report for Avis Budget Denmark A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statement Act applying to medium reporting class C entities.

Effective January 1<sup>st</sup>, 2016, the Company has adopted act no. 738 of June 1<sup>st</sup>, 2015. This implies changes in the recognition and measurement in the following area:

1. Yearly reassessment of residual values of property, plant and equipment

In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

The above change does not affect the income statement or the balance sheet for 2017 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of June 1<sup>st</sup>, 2015, the accounting policies are consistent with those of last year.

#### Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liability are measured at cost. Measurement subsequent to initial recognition is affected and described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

**Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>****Notes****1 Accounting policies (continued)****Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

**Income statement****Revenue**

Rental income from rental of cars and vans and sale of insurance waivers and related services are periodised and are recognized on a linear basis over the rental period following the rental contract. When entering into a rental agreement a revenue is recognized corresponding to fair value of the entered contract when transition of the essential benefits and risks with the customer has taken place, the revenue can be worked out in a reliable way and payments is expected to take place. Revenue is recognized net of VAT, duties and sales discounts.

**Cost of sales**

Cost of sales comprise costs incurred directly in connection with performing the primary activities of the Company, especially costs related to acquisition and running the rental fleet of the Company, acquisition and running rental stations and costs for the employees of the Company directly engaged in rental and maintenance of rental cars as well as depreciation.

**Distribution costs**

Distribution costs comprise costs incurred for distribution of goods sold and also for sales campaigns, including costs for sales and distribution staff, advertising costs as well as depreciation and amortisation.

**Administrative expenses**

Administrative expenses comprise expenses incurred for management and administration of the Company, including expenses for the administrative staff and management, stationery and office supplies as well as depreciation and amortization.

**Other operating income**

Other operating income and operating expenses comprise items of secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

**Financial income and expenses**

These items comprise interest income and expenses, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, etc. as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.



Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Notes

## 1 Accounting policies (continued)

**Income taxes**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries directly on equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Balance sheet****Assets****Property, plant and equipment**

Land and buildings, rental cars as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives and residual value of the assets:

	Useful life (years)	Residual value
Buildings	5-50 years	Nil
Rental cars	3-5 years	Nil
Other fixtures and fittings, tools and eq.	3-5 years	Nil

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Depreciation is recognized in the income statement as cost of sales, distribution costs and administrative expenses, respectively.

**Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>****Notes****1 Accounting policies (continued)**

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

In case of changes in the amortization period or the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

Gains and losses on the disposal of items or property, plant and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognized in the income statement as other operating income or other operating expenses, respectively.

**Inventories**

Inventories are measured at the lower cost, measured by reference to the average method, and net realizable value. Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or group of receivables is impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial periods. Prepayments are measured at cost.

**Liabilities****Equity**

Dividends proposed for the financial year are presented as a separate item under Equity.

**Other payables**

Other payables are measured at net realisable value.

**Deferred income**

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

**Lease commitments**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Notes

## 1 Accounting policies (continued)

**Other financial liabilities**

Other financial liabilities are recognised at amortised cost, which usually corresponds to nominal value.

**Cash flow statement**

The cash flow statement shows the Company's cash flow from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

**Cash flows from operating activities**

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and income taxes paid.

**Cash flows from investing activities**

Cash flows from investing activities comprise payments in connection with acquisition and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

**Cash flows from financing activities**

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest bearing debt, and payment of dividends to shareholders.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term marketable securities with a term to maturity of three months or less, which are subject to only minor risks of changes in value.

**Financial highlights**

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Profit ratio	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Equity ration	$\frac{\text{Equity (ultimo)} \times 100}{\text{Balance sheet total (ultimo)}}$
Return on equity	$\frac{\text{Operating profit} \times 100}{\text{Average equity}}$

## Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

### Notes

**1 Accounting policies (continued)**

Invested capital is defined as net working capital plus property, plant and equipment and intangible assets minus other long-term operating liabilities.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Cash and income tax receivable and payable are not included in net working capital.

**2 Events after the balance sheet date**

From the closing of the financial year 2017 and until the date of these financial statements nothing has occurred which essentially changes the content of the report.

**3 Revenue**

Revenue comprises rental operations of cars and vans on the Danish market.

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Notes

Note	DKK '000	2017	2016
<b>4</b>	<b>Staff costs</b>		
	Salaries and wages	45.830	50.562
	Pension costs	3.039	3.137
	Other social security costs	750	641
	Other staff expenses	1.575	2.819
		<u>51.194</u>	<u>57.159</u>
	Staff costs are incorporated in the income statement as follows:		
	Cost of sales	31.588	36.162
	Distribution costs	4.400	5.630
	Administrative expenses	15.206	15.367
		<u>51.194</u>	<u>57.159</u>
	Remuneration for the Executive and Supervisory boards:		
	Executive board	2.739	3.187
	Supervisory board	0	0
		<u>2.739</u>	<u>3.187</u>
	Average number of employees	<u>115</u>	<u>121</u>

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Notes

Note	DKK '000	2017	2016
<b>5</b>	<b>Depreciation and amortisation charges</b>		
	Intangible assets	29	0
	Land and buildings	36	36
	Leasehold improvements	4.173	239
	Other fixtures and fittings, tools and equipment	635	384
		<u>4.873</u>	<u>659</u>
	Depreciation and amortisation charges are recognised in the income statement as follows:		
	Cost of sales	528	285
	Distribution costs	0	0
	Administrative expenses	4.345	374
		<u>4.873</u>	<u>659</u>
<b>6</b>	<b>Financial income</b>		
	Interest income	50	22
	Interest income group enterprises	326	790
	Other financial income	832	173
		<u>1.208</u>	<u>985</u>
<b>7</b>	<b>Financial expenses</b>		
	Interest expense	-126	-661
	Interest expense group enterprises	0	0
	Other financial expense	-36	-10
		<u>-162</u>	<u>-671</u>
<b>8</b>	<b>Tax on profit/loss for the year</b>		
	Corporate tax for the year	0	-644
	Change in deferred tax	2.801	-2.938
	Change in corporate tax due to change in tax-%	0	0
		<u>2.801</u>	<u>-3.582</u>

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Notes

<b>Note</b>	<b>DKK '000</b>	<b>Land and buildings</b>	<b>Leasehold improve- ments</b>	<b>Other fixtures etc</b>	<b>Total</b>
<b>9</b>	Cost at January 1st	3.020	2.931	4.910	10.861
	Additions	0	4.652	2.005	6.657
	Disposals	0	0	0	0
	Cost at December 31st	3.020	7.583	6.915	17.518
	Depreciation and amortisation charges at January 1st	422	1.435	2.928	4.785
	Depreciation and amortisation charges for the year	36	4.173	664	4.873
	Reversals related to disposals	0	0	0	0
	Depreciation and amortisation charges at December 31st	458	5.608	3.592	9.658
	Carrying amount at January 1st	2.598	1.496	1.982	6.076
	Carrying amount at December 31st	2.562	1.975	3.323	7.860
	Carrying amount of properties	2.562			
	Value according to public land assessment in 2017	1.750			

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Notes

Note	DKK '000	2017	2016
<b>10</b>	<b>Deferred tax</b>		
	Deferred tax at January 1st	835	3.773
	Changes for the year	<u>2.801</u>	<u>-2.938</u>
	<b>Deferred tax at December 31st</b>	<b><u>3.636</u></b>	<b><u>835</u></b>
	Deferred tax consists of the following financial items:		
	Intangible assets	0	0
	Buildings	26	24
	Leasehold improvements	595	-38
	Other fixtures and fittings, tools and equipment	-155	-109
	Rental cars	148	198
	Prepaid revenue	83	760
	General bad debt reserve	195	0
	Tax losses carried forward	<u>2.744</u>	<u>0</u>
		<b><u>3.636</u></b>	<b><u>835</u></b>
	Deferred tax relating to prepaid revenue is expected to crystallise in 2018.		
<b>11</b>	<b>Cash and cash equivalents</b>		
	Cash	<u>11.428</u>	<u>5.301</u>
		<b><u>11.428</u></b>	<b><u>5.301</u></b>
<b>12</b>	<b>Prepaid revenue</b>		
	Other financial income	<u>378</u>	<u>3.454</u>
		<b><u>378</u></b>	<b><u>3.454</u></b>



Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Notes

Note	DKK '000	2017	2016
<b>13</b>	<b>Other payables</b>		
	Wages and salaries, personal income tax, social security etc.	3.234	3.995
	Holiday pay obligations	5.062	4.907
	VAT and duties	4.186	1.684
	Other cost payable	14.130	9.361
		<b>26.612</b>	<b>19.947</b>
<b>14</b>	<b>Cash flow - changes in working capital</b>		
	Change in inventories	-2.744	82
	Change in receivables	7.856	-13.023
	Change in trade payables	-4.369	-3.893
		<b>743</b>	<b>-16.834</b>
<b>15</b>	<b>Proposed distribution of profit /loss</b>		
	Proposed dividend for the financial year incorporated in the equity	0	0
	Retained earnings	-9.952	12.159
		<b>-9.952</b>	<b>12.159</b>
<b>16</b>	<b>Provisions for liabilities</b>		
	Onerous contracts provisions	540	0
	Dilapidation provisions	4.439	0
		<b>4.979</b>	<b>0</b>

Dilapidation provisions are in relation to the estimated cost of dilapidation works and wants of repair found to have accrued at various rented sites. The estimate is based on the report provided by a specialist third party.

Annual Report January 1<sup>st</sup> to December 31<sup>st</sup>

## Notes

Note	DKK '000	2017	2016
<b>17</b>	<b>Operating lease commitments</b>		
	The total future minimum lease payments under non-cancellable operating leases are as follows:		
	No later than 1 year	6.196	7.504
	Later than 1 year and not later than 5 years	6.160	11.954
	Later than 5 years	0	0
		<b>12.356</b>	<b>19.458</b>

**18 Parent undertaking**

The following related parties have a controlling interest in Avis Budget Denmark A/S:

Name: ABG Scandinavia Holdings AS  
Registered office: Norway  
Basis of influence: Wholly owned

**19 Transactions with related parties**

Management fee to group enterprises	11.626	10.995
Purchase of services from group enterprises	15.556	27.653
Sale of services to group enterprises	1.415	888
Purchase of goods from group enterprises	2.022	500
Interest income from group enterprises	326	790
Intercompany loan	12.089	25.575
Receivables from group enterprises	2.893	4.311
Payables to group enterprises	9.194	7.708

**20 Consolidation**

Avis Budget Denmark A/S is included in the consolidated financial statements of:

Avis Budget Group, Inc.  
6, Sylvan Way  
Parsippany, NJ. 07054  
USA  
Irs.no. 06-0918165

The financial statements for this company can be obtained at the company's address.