Avis Budget Denmark A/S

14, Roskildevej
DK-2620 Albertslund

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

Annual Report 2020

Adopted at the Company's Annual General Meeting on 17th June 2021

Nina Bell

Chairwoman: Nina Anne Bell

Contents

Statement by Management on the annual report

We have today presented the annual report of Avis Budget Denmark A/S for the financial year 1st January 2020 to 31st December 2020.

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 31st December 2020 as well as the Company's activities and cash flow for the financial year 1st January 2020 to 31st December 2020.

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, 17th June 2021

Executive Board:

Andrew Francis Smith
Managing director

Supervisory Board:

Nina Bell

Nina Anne Bell	Paul Leslie Ford	Jason Christopher Godsell Turner	Andrew Francis Smith
(Chairwoman)	(Board Member)	(Board Member)	(Board Member)

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 1st January 2020 to 31st December 2020, 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 31st December 2020 and of the results of the Company's operations and cash flows for the financial year 1st January 2020 to 31st December 2020 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, 17th June 2021
BDO
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 20222670

Søren Søndergaard Jensen
State Authorised Public Accountant
Identification number (MNE) mne32069

Management's review

Financial highlights

DKK '000,000	2020	2019	2018	2017	2016
Key figures					
Revenue	164.6	264.1	292.0	286.2	264.6
Gross profit/loss	-43.1	-24.6	6.6	30.8	53.2
Operating profit/(loss)	-78.5	-68.9	-49.7	-13.8	15.4
Financial profit/(loss)	-1.1	-2.7	-1.2	1.0	0.3
Net profit/(loss) for the year	-66.4	-71.6	-54.5	-10.0	12.2
Balance sheet total	73.5	235.0	137.4	89.9	97.8
Equity	22.0	17.8	-24.0	30.5	40.4
Cash flow from operating activities	-66.1	-75.9	-34.9	-3.6	-5.5
Cash flow from investments	-2.1	-2.0	-1.5	-6.7	-2.9
Cash flow from financing	51.6	87.3	31.4	16.4	-9.3
Total cash flow	-16.6	9.4	-5.0	6.1	-17.7
Hereof investments in property, plant and eq.	2.1	2.0	1.0	6.7	2.9
Ratios					
Profit ratio	neg.	neg.	neg.	neg.	5.8%
Gross margin	neg.	neg.	2.3%	10.8%	20.1%
Equity ratio	30.0%	7.6%	-17.5%	33.9%	41.4%
Return on equity	-393.8%	2229.4%	-1530.2%	-38.9%	44.9%
Average number of employees	86	120	117	115	121

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
E-mail: info@avis.dk

Supervisory Board
Nina Anne Bell (Chairwoman)
Andrew Francis Smith
Jason Christopher Godsell Turner
Paul Leslie Ford

Executive Board
Andrew Francis Smith (Managing director)

Company Auditors
BDO Statsautoriseret Revisionspartnerselskab

Management's review

Review

Primary activities

The Company is a regional operating company of the Avis Budget Group, Inc. group of companies ("the Group"). The Company is a provider of mobility solutions across the Danish market through the well-recognised Avis and Budget brands. The differentiated brands help to meet a wide range of customer mobility needs. Avis is a leading vehicle rental brand positioned to serve the premium commercial and leisure segments of the travel industry. Budget is a leading vehicle rental brand focused primarily on more value-conscious segments of the industry.

Strategic review

The strategy of the Company is aligned to those of the Avis Budget Group, Inc. group of companies, which are as disclosed in the consolidated financial statements of Avis Budget Group, Inc. The objective is to drive sustainable, profitable growth by delivering strategic initiatives aimed at winning and retaining customers through differentiated brands and products, increasing our margins via revenue growth and operational efficiency and enhancing our leadership in the evolving mobility industry.

In executing the strategy, the Company will continue to position the distinct and well-recognised global brands to focus on different segments of customer demand. While the brands address different use-cases and target customers, the Company achieves efficiencies by sharing the same operational and administrative infrastructure while providing differentiated value propositions tailored to each of the brands.

The Company's distinct and well-recognised global brands focus on different segments of customer demand. The Company continues to support and build the reputation of our Avis brand as an innovative, reliable and high-quality service provider. Investments in technology, including the Avis mobile application and websites, are key parts of the Group's efforts to enhance the Avis experience for our customers. The Budget brand is a global leader among value-conscious vehicle rental consumers who are looking to "get more" from their vehicle rental provider.

The Company plans to drive incremental performance by continuing to improve its customer experience by growing ancillary sales, including services such as providing discounted bundling of products, promoting car class upgrades, piloting new customer vehicle choice models (through the mobile application) and new payment features.

The Company aims to provide a range of vehicles, products and services at competitive prices, to leverage various marketing channels and to maintain marketing affiliations and corporate account contracts that complement each brand's positioning. The Company continues to promote the brands through a variety of efforts, including both on-line and off-line marketing.

The Company maintains a diverse rental fleet, in which no vehicle manufacturer represented more than 25% of fleet purchases, and regularly adjusts fleet levels to be consistent with demand, participating in a variety of vehicle purchase programs with major vehicle manufacturers.

To further support and strengthen the brands, the Company is committed to serving its customers and enhancing their rental experience through new organic offerings that optimize the brands, systems and employees. Customers are regularly surveyed to solicit feedback and to better understand their needs and drive actions to enhance the services.

Management's review

Review

Development in activities and finances

The strategy of the Company is aligned to those of Avis Budget Group, Inc, group of companies, which are as disclosed in the consolidated financial statements of Avis Budget Group, Inc. The year 2020 began with a focus on driving sustainable and profitable growth, leveraging the differentiated brands and products, delivering margins from the Company's established business, and positioning itself as a leader in the mobility sector. There were significant impacts in the year on travel demand and the global economy from Coronavirus ("COVID-19"), with revenue reducing to DKK 164.6m (2019: DKK 264.1m). The Company proactively managed the business with cost removal and mitigating actions and at the same time, prioritising health and safety, and enhanced cleanliness and disinfection of rental facilities and vehicles. The Company has aimed to right-size the business for vehicle rental demand by reducing operating costs, in some cases by working with suppliers, landlords and other stakeholder. The Company has also reduced and furloughed employees, making use of government grants where appropriate in order to keep costs in line with demand. The resultant loss for the year ended 31 December 2020 was DKK 79.6m (2019: DKK 71.6m).

Going concern

During the year ended 31st December 2020 the Company generated a loss of DKK 66.4m (2019: DKK 71.6m). At the year end the Company had net current assets of DKK 22.3m (2019: DKK 20.5m). Included within net current assets as at 31st December 2020 are loans repayable on demand due to fellow group undertakings of DKK 0.7m (2019: DKK 155.7m).

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. After making enquiries, the Directors have received a letter of support from a parent company, Avis Budget EMEA Limited, confirming that they are willing to provide the necessary financial support and that they have the necessary funds available to pay the Company's debts as they fall due. Thus, the Directors have adopted the going concern basis in preparing the Financial Statements.

Business risks

Risk mitigation is a key part of the management of the Company and the Company has a consistent process to identify, manage and help mitigate exposure to issues that may have a negative impact on the business. The relative importance of identified risks is reviewed regularly and in respect of all such risks we continue to monitor and respond to the changing environment. Summarised below are some of the key risks that may affect the Company's business.

Demand

The Company faces various risks associated with demand for its fleet services, which in itself is subject to seasonal variations. There may be disruptions in air travel for a number of reasons including natural disasters, terrorist activity or as a consequence of increased security measures being taken by authorities in anticipation of such a threat. An economic downturn, particularly sudden, poses challenges for the Company given its capital intensity and limited visibility of forward reservations.

Any significant airline capacity reductions, airfare or related fee increases, reduced flight schedules, or any events that disrupt or reduce business or leisure air travel or weaken travel demand and tourism, such as work stoppages, military conflicts, terrorist incidents, natural disasters, disease epidemics, or the response of governments to any such events, could have an adverse impact on our results of operations. For instance, the ongoing coronavirus outbreak emanating from China at the beginning of 2020 has resulted in increased travel restrictions. In addition, any significant increases in fuel prices, a severe protracted disruption in fuel supplies or rationing of fuel could discourage our customers from renting vehicles or reduce or disrupt air travel, which could also adversely impact our results of operations.

Management's review

Business risks (continued)

The Company has detailed management reporting systems that help to monitor daily rental patterns and future reservation trends. The Company maintains a flexible business model to allowing it to readily flex fleet and staff when required in response to changes in demand. The Company is dependent on the granting and renewal of concessionary arrangements at airports and railway stations. The Company seeks to maintain strong relationships with all relevant authorities and have a strong track record of renewing such contracts on a regular basis.

Price

The Company is exposed to the risk of price movements in the market. The car rental industry faces pressure from increased price competitiveness as a result of the growth of internet travel portals, other forms of ecommerce and rental brokers. This transparency has increased the prevalence and intensity of price competition. The business has a team and systems that review market prices and demand on a regular basis relative to fleet availability and adjusts prices accordingly.

Pandemic risk

The COVID-19 pandemic has had, and is expected to continue to materially affect the Company's business, financial condition, results of operations and/or cash flows for an extended period. Government authorities have taken and continue to take measures to address the outbreak, including restrictions on travel and other orders, including partial shelter-in-place orders. The pandemic is a highly fluid and rapidly evolving situation, which cannot be anticipated with any certainty the length, scope or severity of such restrictions in each of the jurisdiction that the Company operates.

The full impact that COVID-19 will have on the business cannot be predicted at this time due to numerous uncertainties, including the duration and severity of the outbreak, future mutations in the virus that causes COVID-19, increases or spikes in the number of cases, the availability of vaccines and effectiveness of actions taken to contain the disease, the length of time it takes for rental volume and pricing to return and normal economic and operating conditions to resume, and other factors. This impact could include, but is not limited to, those discussed below.

The Company's revenues and profitability were materially impacted during 2020 compared to prior years, and are expected to continue to be adversely affected. Although the Company believe that renting a vehicle will continue to be a safe, clean and attractive transport alternative, it is unable to predict whether and when volumes will increase to historical levels. The Company typically generates approximately 60% of its revenues from on-airport locations and is highly dependent on travel and both commercial demand and leisure demand. In addition, the van rental business is affected by the housing, light commercial and consumer sectors, all of which have been adversely impacted by the COVID-19 pandemic and cannot predict the pace of recovery in those sectors.

To date the business has incurred, and expects to continue to incur, certain increased costs related to COVID-19, such as costs associated with sanitizing vehicles and facilities. In addition, the industry may become subject to enhanced health and hygiene requirements in attempts to address future outbreaks, which may increase costs and take a significant amount of time to implement across global operations. These additional costs may be required by regulators or expected by consumers even after the effects of COVID-19 subside. In response to the COVID-19 outbreak, the Company has aimed to right-size the business for vehicle rental demand by reducing operating costs, in some cases by working with suppliers, landlords and other stakeholders. There can be no guarantee that costs reduction efforts will be successful as the pandemic continues.

The COVID-19 outbreak has caused the Company to reduce and furlough employees in order to keep costs in line with demand. These actions could create risks, including but not limited to, the Company's ability to manage the size of the workforce given uncertain future demand.

Management's review

Pandemic risks (continued)

The Company has, and could face disruptions in the supply of vehicles from vehicle manufacturers or supply chain, whether due to outbreaks of COVID-19 at their manufacturing facilities, measures they take in response to COVID-19 or otherwise. The business has faced, and may face additional, delays in receiving delivery of vehicles or other supplies that may make it difficult to meet consumer demand.

The Company is dependent on the used car market to sell vehicles and enable it to refresh its fleet. The used car market has faced and may again experience lower demand due to shutdowns of sales channels, other restrictions and the slowdown in overall global economic activity due to COVID-19, unemployment rates, depressed consumer demand and related factors.

To date there have been significant increases in unemployment due to the adoption of social distancing and other policies to slow the spread of the virus, which are likely to continue to have a significant negative impact on consumer discretionary spending, including in the mobility industry and the travel industry.

To the extent COVID-19 adversely affects the Group's business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks described in within Principal Risks and Uncertainties of the Strategic Report.

Fleet
Loss or material change in the terms on which the Company obtains fleet vehicles from major vehicle suppliers could harm the performance of the Company. In the event that the Company could not procure all of the required vehicles from current sources, vehicles could be obtained from other sources, such as dealers. Where difficulties are experienced in sourcing vehicles, or where prevailing economic conditions result in depressed used vehicle prices and reduced demand, these risks may be mitigated by extending the holding period of vehicles.

The Company is starting to face pressure to ensure its fleet has both electric and hybrid vehicles both from consumer demand, and from purchase agreements with various vehicle manufacturers. The vehicle manufacturing industry is expected to continue to experience significant change in the coming years, in particular as it relates to vehicle electrification. Worldwide demand for electric and hybrid vehicles continues to increase, and manufacturers continue to invest more time and cost into producing these types of vehicles to reduce fuel consumption and greenhouse gas emissions, as mandated by various governmental standards and regulations. If the Company is not adequately prepared to meet consumer demand for electric, hybrid and autonomous vehicles as such demand develops, the financial condition or results of operations could be adversely impacted.

Environmental laws and regulations
The Company is subject to a wide variety of environmental laws and regulations in connection with its operations. The Company will continue to comply with environmental laws and regulations. Environmental regulatory authorities are likely to continue to pursue measures related to climate change and greenhouse gas emissions, including vehicle emissions. Should rules establishing limitations on greenhouse gas or other emissions or rules imposing fees on entities deemed to be responsible for greenhouse gas emission, or rules establishing bans on diesel or fuel vehicles from entering certain locations become effective, demand for Company's services could be affected, fleet and/or other costs could increase, and Company's business could be adversely impacted.

Management's review

Environmental laws and regulations (continued)

The Company is driving the efficiencies needed to reduce environmental impacts and enhance the sustainability of operations. These include improvements in vehicle preventive maintenance, the incorporation of green building practices and by complying with all environmental regulations. Customers also have the opportunity to choose from a wide variety of vehicles, including hybrids, electric or fuel-efficient vehicles at almost all of locations. Given that the fleet consists primarily of vehicles from the current and immediately preceding model year, this ensures the highest possible standards of air emissions control.

Liability and insurance

The nature of the Company's operations exposes the business to several forms of liability, including claims for bodily injury, death and property damage related to the use of the Company vehicles, or for having our customers on our premises, as well as workers' compensation and other employment-related claims by our employees. The Company insures most of its liability exposures through unaffiliated third-party insurers.

As the Company retains a certain element of risk, it may become exposed to uninsured liability at levels in excess of historical levels resulting from unusually high losses or otherwise. In addition, liabilities in respect of existing or future claims may exceed the level of our reserves and/or our insurance, which could adversely impact our financial condition and results of operations. Furthermore, insurance with unaffiliated insurers may not continue to be available to us on economically reasonable terms or at all. Should the Company be subject to an adverse ruling or experience other significant liability for which it did not plan and are unable to adequately insure against such liability, the results of operations, financial position or cash flows could be negatively impacted.

Financial risks

The Directors consider that there is limited exposure to financial risk, as the majority of the Company's financial exposure is to other companies within the Avis Budget Group Inc group. As such the Directors have not implemented a policy for the Company. Instead, the Company's financial risk management objectives and policies are aligned to those of Avis Budget Group Inc.

Credit risk

The Company manages credit risk by performing credit checks where considered appropriate on corporate customers. Respected credit agencies are used as part of an internal process for setting and reviewing credit lines.

Liquidity risk

The Company's primary liquidity needs include the procurement of rental vehicles to be used in its operations, servicing of corporate and vehicle-related debt and the payment of operating expenses. The primary sources of funding are operating revenue, cash received upon the sale of vehicles, borrowings under vehicle-backed borrowing arrangements, funding from other companies in the Avis Budget Group Inc group, and other financing activities. The nature of the car rental business model is such that operations have the ability to flex the size of the business and hence funding requirements as required. The Company is primarily funded by secured bank loans, finance lease facilities, and other group undertakings.

Management's review

Financial risks (continued)

Fleet residual values
The Company closely monitors residual values of its vehicles to ensure no impairment is required. Regular monitoring and analysis of market trends allow accurate forecasting of residual values limiting any gain or loss on sale at the end of the vehicle's life. Provisions are made should management see consistent downward trends in residuals values and the used car market. Management uses professional judgement in determining residual value provisions. The best possible information, data, and experience is available to enable informed decisions to be made. In addition, management exercises an element of prudence when valuing the rental fleet using the industry standard valuation model as the basis for measurement. Sensitivity analysis is performed on a regular basis.

Foreign exchange risk
The Company is exposed to a variety of market risks, including changes in currency exchange rates. The Company manages its exposure to currency risks, where deemed appropriate, through the use of derivative financial instruments, particularly currency forward contracts to manage and reduce currency exchange rate risk.

Events after the balance sheet date
From the closing of the financial period 2020 and until the date of these financial statements nothing has occurred which essentially changes the content of the report.

The Company evaluated its 31st December 2020 financial statements for subsequent events through the date the financial statements were issued. COVID-19 coronavirus has continued to disrupt the global travel industry subsequent to 31st December 2020. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Company expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

Outlook
The Company is well-positioned as part of a global leading group in the evolving mobility marketplace. Mobility is more than providing a clean reliable car of choice for a customer to use to get from point A to point B. Mobility means customers, using their smartphones or tablets, can customise their experiences with our products, services, and employees, bypass the counter or change their minds about the make or model of a vehicle and review their options on their mobile device right up to the moment they exit the parking lot.

Consistent with other integral components of the global travel industry, the Company has and will continue to see significant impacts in its business as a result of the COVID-19 outbreak. The COVID-19 outbreak has had, and the Company believes will continue to have, a significant adverse impact on the Company's operations and vehicle rental volumes, and on financial results. The Company expects to see travel demands start to normalize in the latter half of 2021 and as the global economy emerges from COVID-19. The Directors expect the Company to continue to transact business in the mobility sector in the coming year, forecast a continued competitive market, but with plans to continue a program of tight cost control.

Annual Report 1st January to 31st December

Profit & Loss

Note	DKK'000	2020	2019
4	Revenue	164,587	264,146
5, 6	Cost of sales	(207,641)	(288,746)
	Gross profit/(loss)	**(43,054)**	**(24,600)**
5, 6	Distribution costs	(9,338)	(12,585)
5, 6	Administrative expenses	(37,245)	(31,704)
	Other operating income	11,145	-
	Operating profit/(loss)	**(78,492)**	**(68,889)**
7	Financial income	30	792
8	Financial expenses	(1,122)	(3,536)
	Profit/(loss) before tax	**(79,584)**	**(71,633)**
9	Tax on profit/(loss) for the year	13,211	-
10	**Net profit/(loss) for the year**	**(66,373)**	**(71,633)**

Annual Report 1st January to 31st December

Balance sheet at 31st December 2020

Note	DKK'000	2020	2019
	Assets		
	Property, plant and equipment		
11	Land and buildings	2,454	2,490
11	Leasehold improvements	1,789	1,069
11	Other fixtures and fittings, tools and equipment	2,561	3,754
	Property, plant and equipment	6,804	7,313
	Financial assets		
12	Investment in a subsidiary	500	500
	Financial assets	500	500
	Fixed assets	7,304	7,813
	Current assets		
	Inventories		
	Inventories	3,228	3,300
	Inventories	3,228	3,300
	Receivables		
	Receivable corporate income tax	106	634
	Intercompany loan	5,551	113,527
	Trade receivables	29,068	27,293
	Receivables from group enterprises	14,746	42,703
	Other receivables	6,937	19,712
	Prepayments	2,750	4,228
	Receivables	59,158	208,097
	Cash		
13	Cash	12,410	15,828
	Cash	12,410	15,828
	Current assets	74,796	227,225
	Assets	82,100	235,038

Annual Report 1st January to 31st December

Balance sheet at 31st December 2020

Note	DKK'000	2020	2019
	Liabilities		
	Equity		
	Equity		
	Share capital	3,002	3,001
	Share premium	184,043	113,444
	Retained earnings	(165,002)	(98,629)
	Equity	22,043	17,816
	Liabilities		
	Long-term liabilities and provisions		
14	Other payables	2,570	5,848
16	Provisions for liabilities	4,993	4,691
	Long-term liabilities and provisions	7,563	10,539
	Short-term liabilities other than provisions		
	Trade payables	40,992	35,361
	Payables to group enterprises	766	155,697
14	Other payables	10,736	15,625
	Short-term liabilities other than provisions	52,494	206,683
	Total liabilities	60,057	217,222
	Equity and liabilities	82,100	235,038

1	Accounting policies
2	Going concern
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10	Proposed distribution of profit/loss
16	Provision for liabilities
17	Operating lease commitments
18	Parent undertaking
19	Related parties
20	Contingent liabilities
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Annual Report 1st January to 31st December

Statement for changes in equity

Note	DKK'000	Share capital	Share premium	Retained earnings	Total
	Equity at 1st January 2019	3,000	-	(26,996)	(23,996)
	Share issue	1	113,444	-	113,445
	Net profit / (loss) for the year	-	-	(71,633)	(71,633)
	Equity at 1st January 2020	3,001	113,444	(98,629)	17,816
	Share issue	1	70,599	-	70,600
	Net profit / (loss) for the year	-	-	(66,373)	(66,373)
	Equity at 31st December 2020	3,002	184,043	(165,002)	22,043

Changes in share capital in the past 5 financial years:

Note	DKK'000	2020	2019	2018	2017	2016
	Share capital at January 1st	3,001	3,000	3,000	3,000	3,000
	Increase in capital	1	1	-	-	-
		3,002	3,001	3,000	3,000	3,000

The share capital consists of 3,002 shares of DKK 1,000.

The shares have not been divided into classes.

Annual Report 1st January to 31st December

Cash-flow statement

Note	DKK'000	2020	2019
	Operating profit/(loss)	-78,492	-68,889
11	Depreciation, amortisation and impairment losses	2,651	1,922
16	Provisions for liabilities	302	-527
15	Working capital changes	10,014	-8,063
	Cash flow from operating activities before financial activities	**-65,525**	**-75,557**
7	Financial income received	30	792
8	Financial expense paid	-1,122	-3,536
	Paid corporate tax	528	2,426
	Cash flow from operating activities	**-66,089**	**-75,875**
11	Acquisition etc. of property, plant and equipment	-2,141	-1,998
	Cash flow from investing activities	**-2,141**	**-1,998**
	Share issue	70,600	113,445
	Change in outstandings, group enterprises	-18,999	-26,167
	Cash flow from financing activities	**51,601**	**87,278**
	Increase/(decrease) in cash and cash equivalents	**-16,629**	**9,405**
13	Cash and cash equivalents at 1st January	15,828	6,423
	Cash and cash equivalents at 31st December	**-801**	**15,828**

Annual Report 1st January to 31st December

Notes

1 Accounting policies

The annual report for Avis Budget Denmark A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statement Act applying to medium reporting class C entities.

Recognition and measurement

Assets are recognised 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 recognised 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 recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

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 recognised 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.

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Notes

1 **Accounting policies**

Income statement

Revenue
Rental income from rental of cars and vans and sale of insurances and related services are periodised and are recognised on a linear basis over the rental period following the rental contract. When entering into a rental agreement revenue is recognised 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 recognised 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.

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Notes

1 Accounting policies

Income taxes
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised 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 recognised 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 recognised 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
Leasehold improvements	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 recognised in the income statement as cost of sales, distribution costs and administrative expenses, respectively.

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 recognised.

Annual Report 1st January to 31st December

Notes

1 **Accounting policies**

In case of changes in the amortization period or the residual value, the effect on the depreciation charges is recognised 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 recognised in the income statement as other operating income or other operating expenses, respectively.

Investment in subsidiary
Investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Inventories
Inventories are measured at the lower of 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.

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

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Notes

1 Accounting policies

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

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.

Annual Report 1st January to 31st December

Notes

2 Going concern

During the year ended 31 December 2020 the Company generated a loss of DKK 66.4m (2019: loss of DKK 71.6m).

At the year end the Company had net current assets of DKK 22.3m (2019: net current assets of DKK 20.5m). Included within net current assets as at 31st December 2020 are loans repayable on demand due to fellow group undertakings of DKK 0.7m (2019: DKK 155.7m).

The Company is reliant on the continued support from Avis Budget EMEA Limited, the intermediate parent undertaking, which confirmed its intention to provide sufficient financial support to enable the Company to trade and discharge its debts and liabilities for a minimum period of 12 months following the date of approval of the financial statements of Avis Budget Denmark A/S for the year ended 31st December 2020.

Based on the above, the Directors are of the opinion that the Company is a going concern and that these financial statements should be drawn on such basis.

3 Events after the balance sheet date

From the closing of the financial period 2020 and until the date of these financial statements nothing has occurred which essentially changes the content of the report.

The Company evaluated its 31st December 2020 financial statements for subsequent events through the date the financial statements were issued. COVID-19 coronavirus has continued to disrupt the global travel industry subsequent to 31st December 2020. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Company expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

Annual Report 1st January to 31st December

Notes

Note	DKK'000	2020	2019
4	**Revenue**		
	Revenue comprises rental operations of vehicles in the Danish market.		
5	**Staff costs**		
	Salaries and wages	42,097	49,389
	Pension costs	3,531	3,148
	Other social security costs	210	610
	Other staff expenses	1,518	1,802
		47,356	**54,949**
	Staff costs are incorporated in the income statement as follows:		
	Cost of sales	28,092	35,661
	Distribution costs	4,980	10,615
	Administrative expenses	14,284	8,673
		47,356	**54,949**
	Remuneration for the Executive and Supervisory boards:		
	Executive board	1,479	1,871
	Average number of employees	**86**	**120**

Annual Report 1st January to 31st December

Notes

Note	DKK'000	2020	2019
6	**Depreciation and amortisation charges**		
	Intangible assets	-	144
	Land and buildings	36	36
	Leasehold improvements	1,060	396
	Other fixtures and fittings, tools and equipment	1,555	1,346
		2,651	**1,922**
	Depreciation and amortisation charges are recognised in the income statement as follows:		
	Cost of sales	1,378	874
	Administrative expenses	1,273	1,048
		2,651	**1,922**
7	**Financial income**		
	Interest income	9	22
	Other financial income	21	770
		30	**792**
8	**Financial expenses**		
	Interest expense	-599	-527
	Interest expense group enterprises	-384	-2,816
	Other financial expense	-139	-193
		-1,122	**-3,536**
9	**Tax on profit/loss for the year**		
	Corporate tax for the year	13,211	-
		13,211	-
10	**Proposed distribution of profit /loss**		
	Retained earnings	-66,373	-71,633
		-66,373	**-71,633**

Annual Report 1st January to 31st December

Notes

11	**Property, plant and equipment**	**Land and buildings**	**Leasehold improvements**	**Other fixtures etc**	**Total**
	Cost at 1st January 2020	3,020	7,621	9,878	20,519
	Additions	-	1,780	436	2,216
	Reclassifications	-	w	-74	-74
	Disposals	-	-523	-1,331	-1,854
	Cost at 31st December 2020	3,020	8,878	8,909	20,807
	Depreciation and amortisation charges at 1st January 2020	530	6,552	6,124	13,206
	Depreciation and amortisation charges for the year	36	1,060	1,555	2,651
	Reversals related to disposals	-	-523	-1,331	-1,854
	Depreciation and amortisation charges at 31st December 2020	566	7,089	6,348	14,003
	Carrying amount at 31st December 2020	**2,454**	**1,789**	**2,561**	**6,804**
	Carrying amount of properties	2,454			
	Value according to public land assessment in 2020	1,750			

Included within Leasehold improvements current year's additions and net book value is a balance of DKK 492,781 (2019: Nil) in relation to capitalised assets not yet depreciated.

12	**Investment in subsidiary**	**Stake (%)**	**No. of shares**	**Nominal value (DKK)**	**Investment value (DKK)**
	Avis Budget Leasing Denmark A/S (14, Roskildevej, DK-2620 Albertslund)	100	500	1,000	500,000

Company name	**2020 result (DKK'000)**	**Equity 31.12.2020 (DKK'000)**	**Dividend for 2020 (DKK'000)**
Avis Budget Leasing Denmark A/S	10,353	37,236	0

On 10 April 2018, the Company purchased the entire share capital of Avis Budget Leasing Denmark A/S, a company incorporated in Denmark.

13	**Cash and cash equivalents**		
	Cash	12,410	15,828
		12,410	**15,828**

Annual Report 1st January to 31st December

Notes

Note	DKK'000	2020	2019
14	**Other payables**		
	Wages and salaries, personal income tax, social security etc.	5,033	986
	VAT and duties	-	5,838
	Other cost payable	5,703	8,801
	Short-term liabilities	**10,736**	**15,625**
	Holiday pay obligations	2,570	5,848
	Long-term liabilities	**2,570**	**5,848**
15	**Cash flow - changes in working capital**		
	Change in inventories	72	-886
	Change in receivables	12,478	6,496
	Change in trade payables	-2,536	-13,673
		10,014	**-8,063**
16	**Provisions for liabilities**		
	Onerous lease agreements provisions	565	252
	Dilapidation provisions	4,428	4,439
		4,993	**4,691**

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 1st January to 31st December

Notes

Note	DKK'000	2020	2019
17	**Operating lease commitments**		
	The total future minimum lease payments under non-cancellable operating leases are as follows:		
	No later than 1 year	1,082	1,413
	Later than 1 year and not later than 5 years	1,217	2,284
	Later than 5 years	-	15
		2,299	3,712

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

		2020	2019
	Purchase of services from group enterprises	9,634	32,625
	Rental and leasing expenses with group enterprises	43,261	41,691
	Sale of services to group enterprises	13,211	24
	Purchase of goods from group enterprises	112	405
	Interest income from group enterprises	103	-
	Interest expense to group enterprises	487	2,816
	Intercompany loan	5,551	113,527
	Receivables from group enterprises	14,746	42,703
	Payables to group enterprises	766	155,697

20 Contingent liabilities

The Company serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

21 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.