

Avis Budget Leasing Denmark A/S

14, Roskildevej
DK-2620 Albertslund

Central Business Registration No. (CVR-no): 39 48 41 45

Report for the period from 10th April 2018 to 31st December 2018

Adopted at the Company's Annual General Meeting on 29 May 2019



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 Leasing Denmark A/S for the financial period April 10th 2018 to December 31st 2018.

The company was incorporated and commenced trading on April 10th 2018.

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

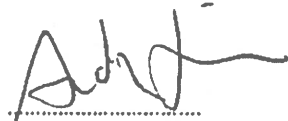
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at December 31st 2018 as well as the Company's activities and cash flow for the financial period April 10th to December 31st 2018.

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, 29 May 2019

Executive Board:

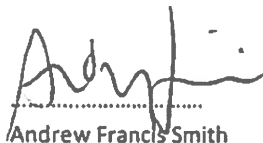


Andrew Francis Smith
Managing director

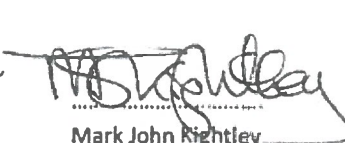
Supervisory Board:



Nina Anne Bell
Chairwoman



Andrew Francis Smith



Mark John Rightley



Paul Leslie Ford

Independent auditor's reports

To the shareholders of Avis Budget Leasing Denmark A/S

Opinion

We have audited the financial statements of Avis Budget Leasing Denmark A/S for the financial period 10 April – 31 December 2018, 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 2018 and of the results of the Company's operations and cash flows for the financial period 10 April – 31 December 2018 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, 29 May 2019

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	2018
Key figures	
Revenue	1.2
Gross profit/loss	1.2
Operating profit/loss	-0.2
Financial profit/loss	0.0
Net profit/loss for the year	-0.1
Balance sheet total	
Equity	0.4
Cash flow from operating activities	
Cash flow from operating activities	-7.8
Cash flow from investments	-45.2
Cash flow from financing	53.5
Total cash flow	0.5
Hereof investments in property, plant and eq.	45.2
Ratios	
Profit ratio	neg.
Gross margin	100.0%
Equity ratio	0.7%
Return on equity	-88.6%
Average number of employees	0

Management's review

Company details

Company

Avis Budget Leasing Denmark A/S
14, Roskildevej
DK-2620 Albertslund

Central Business Registration No (CVR-nr): 39 48 41 45
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
Mark John Kightley
Paul Leslie Ford

Executive Board

Andrew Francis Smith (Managing director)

Company Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Management's review

Review

Primary activities

The Company is a regional fleet operating company of the Avis Budget Group, Inc. group of companies ("the Group"). The Company is a provider of fleet across the Denmark market to 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.

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 for the Company.

Development in activities and finances

Development in activities and finances The Company's profit/loss for the financial period April 10th 2018 - December 31st 2018 shows a loss of DKK 130k and a positive equity at December 31st 2018 of DKK 370k.

Going concern

At the period end the Company had net current liabilities of DKK 43.5m. Included within current liabilities as at 31 December 2018 are loans repayable on demand due to fellow group undertakings of DKK 53.0m.

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 an intermediate parent company, Avis Europe Investment Holdings 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. However, the Company has detailed management reporting systems that help to monitor daily fleet patterns and future demand trends. The Company maintains a flexible business model to allow it to readily flex fleet when required in response to changes in demand.

Management's review

Review

Business risks (continued)

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.

Financial risk

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 EMEA Limited 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 the Avis Budget EMEA group of companies.

Events after the balance sheet date

From the closing of the financial period 2018 and until the date of these financial statements nothing has occurred which essentially changes the content of the report.

Outlook

The Company is well-positioned as part of a global leading group in the evolving mobility marketplace. The Directors expect the Company to continue to transact business as a fleet supply company in the coming year and forecast a competitive market with plans to continue a program of tight cost control.

Report April 10th to December 31st

Profit & Loss

Note	DKK '000	2018
3	Revenue	<u>1,202</u>
	Gross profit/(loss)	1,202
4, 5	Administrative expenses	<u>-1,366</u>
	Operating profit/(loss)	-164
6	Financial expenses	<u>-3</u>
	Profit/(loss) before tax	-167
9	Tax on profit/(loss) for the year	<u>37</u>
	Net profit/(loss) for the year	<u>-130</u>

Report April 10th to December 31st

Balance sheet at December 31st 2018

<u>Note</u>	<u>DKK '000</u>	<u>2018</u>
	Assets	
	Fixed assets	
	Property, plant and equipment	
8	Fleet	43,861
	Property, plant and equipment	43,861
	Financial assets	
9	Deferred tax asset	37
	Financial assets	37
	Fixed assets	43,898
	Current assets	
	Receivables	
10	Other receivables	10,007
	Receivables	10,007
	Cash	
11	Cash	497
	Cash	497
	Current assets	10,504
	Assets	54,402

Report April 10th to December 31st

Balance sheet at December 31st 2018

Note	DKK '000	2018
	Liabilities	
	Equity	
	Equity	
	Share capital	500
	Retained earnings	-130
	Equity	370
	Liabilities	
	Short-term liabilities other than provisions	
	Trade payables	343
16	Payables to group enterprises	53,020
12	Other payables	669
	Short-term liabilities other than provisions	54,032
	Total liabilities	54,032
	Equity and liabilities	54,402

- 1 Accounting policies
- 2 Events after the balance sheet events
- 14 Proposed distribution of profit/loss
- 15 Parent undertaking
- 16 Transactions with related parties
- 18 Consolidation

Report April 10th to December 31st

Statement for changes in equity

Note	DKK '000	Share capital	Retained earnings	Prop. dividend	Total
	Equity at April 10th 2018	0	0	0	0
	Share capital issue	500	0	0	500
	Net profit / (loss) for the year	0	-130	0	-130
	Equity at December 31st 2018	500	-130	0	370

Changes in share capital in the past 5 financial years:

Note	DKK '000	2018	2017	2016	2015	2014
	Share capital at January 1st	0	0	0	0	0
	Increase in capital	500	0	0	0	0
		500	0	0	0	0

The share capital consists of 500 shares of DKK 1,000.

The shares have not been divided into classes.

Report April 10th to December 31st

Notes

1 Accounting policies

The report for Avis Budget Leasing Denmark A/S for 2018 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 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.

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 are periodised and are recognized on a linear basis over the rental period following the rental contract. When entering into a rental agreement 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.

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.

Report April 10th to December 31st

Notes

1 Accounting policies

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.

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

Rental cars are measured at cost less accumulated depreciation and impairment losses.

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 (months)	Residual value
Rental cars	4 -6 months	Based on contractual terms

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

Depreciation is recognized in the income statement as an administrative expense.

Report April 10th to December 31st

Notes

1 Accounting policies

Property, plant and equipment (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 month. 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.

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.

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.

Report April 10th to December 31st

Notes

1 Accounting policies

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	$\frac{\text{Operating profit} \times 100}{\text{Average equity}}$

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 period 2018 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.

Report April 10th to December 31st

Notes

Note	DKK '000	2018
4	Staff costs	
	Salaries and wages	0
	Pension costs	0
	Other social security costs	0
	Other staff expenses	0
		<u>0</u>
	Staff costs are incorporated in the income statement as follows:	
	Cost of sales	0
	Distribution costs	0
	Administrative expenses	0
		<u>0</u>
	Remuneration for the Executive and Supervisory boards:	
	Executive board	0
	Supervisory board	0
		<u>0</u>
	Average number of employees	<u>0</u>
5	Depreciation and amortisation charges	
	Fleet	1,366
		<u>1,366</u>
	Depreciation and amortisation charges are recognised in the income statement as follows:	
	Administrative expenses	1,366
		<u>1,366</u>

Report April 10th to December 31st

Notes

Note	DKK '000	2018
6	Financial expenses	
	Interest expense	-3
	Other financial expense	0
		<u>-3</u>
7	Tax on profit/loss for the year	
	Corporate tax for the year	0
	Change in deferred tax	-37
	Change in corporate tax due to change in tax-%	0
		<u>-37</u>
8	Property, plant and equipment	Fleet
	Cost at April 10th 2018	0
	Additions	45,227
	Reclassifications	0
	Disposals	0
	Cost at December 31st 2018	<u>45,227</u>
	Depreciation and amortisation charges at April 10th 2018	0
	Depreciation and amortisation charges for the year	1,366
	Reclassifications	0
	Reversals related to disposals	0
	Depreciation and amortisation charges at December 31st 2018	<u>1,366</u>
	Carrying amount at December 31st 2018	<u>43,861</u>
9	Deferred tax	2018
	Deferred tax at January 1st	0
	Changes for the year	37
	Deferred tax at December 31st	<u>37</u>
	Deferred tax consists of the following financial items:	
	Tax losses carried forward	<u>37</u>
		<u>37</u>
10	Other receivables	
	Recoverable VAT	<u>10,007</u>
		<u>10,007</u>

Report April 10th to December 31st

Notes

Note	DKK '000	2018
11	Cash and cash equivalents	
	Cash	497
		<u>497</u>
12	Other payables	
	Other cost payable	669
		<u>669</u>
13	Cash flow - changes in working capital	
	Change in receivables	-10,007
	Change in trade payables	1,012
		<u>-8,995</u>
14	Proposed distribution of profit /loss	
	Proposed dividend for the financial year incorporated in the equity	0
	Retained earnings	-130
		<u>-130</u>
15	Parent undertaking	
	The following related parties have a controlling interest in Avis Budget Leasing Denmark A/S:	
	Name: Avis Budget Denmark A/S	
	Registered office: Denmark	
	Basis of influence: Wholly owned	
16	Transactions with related parties	
	Sale of services to group enterprises	1,202
	Payables to group enterprises	53,020
17	Contingent liabilities	
	The Entity participates in a Danish joint taxation arrangement where Avis Budget Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.	

Report April 10th to December 31st

Notes

Note	DKK '000	2018
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18 Consolidation

Avis Budget Leasing 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.