

## **Avis Budget Leasing Denmark A/S**

14, Roskildevej  
DK-2620 Albertslund

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

### **Annual Report 2020**

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

*Nina Bell*

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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 Leasing Denmark A/S for the financial year 1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020.

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

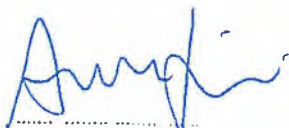
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31<sup>st</sup> December 2020 as well as the Company's activities and cash flow for the financial year 1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020.

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, 17<sup>th</sup> June 2021

### Executive Board:



Andrew Francis Smith  
Managing director

### Supervisorv Board:



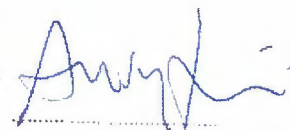
Nina Anne Bell  
(Chairwoman)



Paul Leslie Ford  
(Board Member)



Jason Christopher Godsell  
Turner  
(Board Member)



Andrew Francis Smith  
(Board Member)

## 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 year 1<sup>st</sup> January 2020 to 31<sup>st</sup> 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 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1<sup>st</sup> January 2020 to 31<sup>st</sup> 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
<b>Key figures</b>			
Revenue	43.3	41.7	1.2
Gross profit/(loss)	43.3	41.7	1.2
Operating profit/(loss)	23.7	26.6	-0.2
Financial profit/(loss)	-0.2	0.0	0.0
Net profit/(loss) for the year	10.4	26.5	-0.1
Balance sheet total	232.6	204.2	54.4
Equity	37.2	26.9	0.4
Cash flow from operating activities	72.5	64.7	-7.8
Cash flow from investments	-47.4	-188.5	-45.2
Cash flow from financing	0.7	124.3	53.5
Total cash flow	25.9	0.4	0.5
Hereof investments in property, plant and eq.	377.1	391.3	45.2
<b>Ratios</b>			
Profit ratio	54.9%	63.7%	neg.
Gross margin	100.0%	100.0%	100.0%
Equity ratio	16.0%	13.2%	0.7%
Return on equity	74.0%	194.7%	-88.6%
Average number of employees	1	1	1

## 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](http://www.avis.dk)

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

### 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 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.

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 outlook

The Company's profit/loss for the financial year 1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020 shows a profit of DKK 10.4m (2019: DKK 26.5m) and a positive equity at 31<sup>st</sup> December 2020 of DKK 37.2m (2019: DKK 26.9m).

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.

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.

### Going concern

At the period end the Company had net current liabilities of DKK 172.1m (2018: DKK 171.3m). Included within current liabilities as at 31<sup>st</sup> December 2020 are loans repayable on demand due to fellow group undertakings of DKK 178.0 (2019: DKK 171.3m).

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.



## Management's review

### Business risks (continued)

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 the Company's 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.

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.

#### *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.

### 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 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 the Avis Budget Group Inc.

## Management's review

### Financial risk (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.

#### **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 31<sup>st</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> January to 31<sup>st</sup> December

Profit & Loss

Note	DKK'000	2020	2019
3	Revenue		
4, 5	Cost of sales	43,261	41,691
	<b>Gross profit/(loss)</b>	<b>-</b>	<b>-</b>
		<b>43,261</b>	<b>41,691</b>
4, 5	Administrative expenses	(19,531)	(15,133)
	<b>Operating profit</b>	<b>23,730</b>	<b>26,558</b>
6	Financial expenses	(165)	(9)
	<b>Profit/(loss) before tax</b>	<b>23,565</b>	<b>26,549</b>
7	Tax on profit/(loss) for the year	(13,211)	(37)
	<b>Net profit/(loss) for the year</b>	<b>10,354</b>	<b>26,512</b>

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

Balance sheet at 31<sup>st</sup> December

Note	DKK'000	2020	2019
	<b>Assets</b>		
	<b>Fixed assets</b>		
	<b>Property, plant and equipment</b>		
8	Fleet	209,425	198,192
	<b>Property, plant and equipment</b>	<u>209,425</u>	<u>198,192</u>
	<b>Fixed assets</b>	<u>209,425</u>	<u>198,192</u>
	<b>Current assets</b>		
	<b>Receivables</b>		
	Other receivables	9,559	5,089
	<b>Receivables</b>	<u>9,559</u>	<u>5,089</u>
	<b>Cash</b>		
	Cash	13,582	891
	<b>Cash</b>	<u>13,582</u>	<u>891</u>
	<b>Current assets</b>	<u>23,141</u>	<u>5,980</u>
	<b>Assets</b>	<u>232,566</u>	<u>204,172</u>

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

Balance sheet at 31<sup>st</sup> December

Note	DKK'000	2020	2019
	<b>Liabilities</b>		
	<b>Equity</b>		
	Equity		
	Share capital	500	500
	Retained earnings	36,736	26,382
	<b>Equity</b>	<u>37,236</u>	<u>26,882</u>
	<b>Liabilities</b>		
	<b>Short-term liabilities other than provisions</b>		
	Trade payables	17,315	-
12	Payables to group enterprises	178,015	177,290
	<b>Short-term liabilities other than provisions</b>	<u>195,330</u>	<u>177,290</u>
	<b>Total liabilities</b>	<u>195,330</u>	<u>177,290</u>
	<b>Equity and liabilities</b>	<u>232,566</u>	<u>204,172</u>
1	Accounting policies		
2	Events after the balance sheet events		
10	Proposed distribution of profit/loss		
11	Related parties		
12	Transactions with related parties		
13	Contingent liabilities		
14	Consolidation		

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

Statement for changes in equity

Note	DKK'000	Share capital	Retained earnings	Prop. dividend	Total
	Equity at 1st January 2020	500	26,382	-	26,882
	Net profit / (loss) for the year	-	10,354	-	10,354
	Equity at 31st December 2020	500	36,736	-	37,236

Changes in share capital in the past 5 financial years:

Note	DKK'000	2020	2019	2018	2017	2016
	Share capital at 1st January	500	500	-	-	-
	Increase in capital	-	-	500	-	-
	Share capital at 31st December	500	500	500	-	-

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

The shares have not been divided into classes.

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

Cash-flow statement

Note	DKK'000	2020	2019
	Operating profit/(loss)		
5	Depreciation, amortisation and impairment losses	23,730	26,558
	Loss on disposal	35,526	31,259
9	Working capital changes	612	2,952
	<b>Cash flow from operating activities before financial activities</b>	<b>12,845</b>	<b>3,906</b>
		<b>72,713</b>	<b>64,675</b>
6	Financial expense paid		
7	Paid corporate tax	(165)	(9)
	<b>Cash flow from operating activities</b>	<b>(13,211)</b>	<b>-</b>
		<b>59,337</b>	<b>64,666</b>
8	Acquisition etc. of property, plant and equipment	(377,089)	(391,268)
	Sale of property, plant and equipment	329,718	202,726
	<b>Cash flow from investing activities</b>	<b>(47,371)</b>	<b>(188,542)</b>
	Change in outstandings, group enterprises	725	124,270
	<b>Cash flow from financing activities</b>	<b>725</b>	<b>124,270</b>
	<b>Increase/(decrease) in cash and cash equivalents</b>	<b>12,691</b>	<b>394</b>
	Cash and cash equivalents at 1st January	891	497
	<b>Cash and cash equivalents at 31st December</b>	<b>13,582</b>	<b>891</b>

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

Notes

**1 Accounting policies**

The report for Avis Budget Leasing 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 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.



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

Notes

1 Accounting policies (continued)

**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 vehicles 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 vehicles	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.

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

Notes

1 Accounting policies (continued)

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.

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

Notes

1 Accounting policies (continued)

**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.

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

Notes

Note	DKK '000		
<b>2</b>	<b>Events after the balance sheet date</b>		
	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.		
<b>3</b>	<b>Revenue</b>		
	Revenue comprises rental operations of vehicles on the Danish market.		
<b>4</b>	<b>Staff costs</b>		
	Average number of employees	2020	2019
		1	1
<b>5</b>	<b>Depreciation and amortisation charges</b>		
	Fleet - administrative expenses		
		35,526	31,259
		<u>35,526</u>	<u>31,259</u>
<b>6</b>	<b>Financial expenses</b>		
	Interest expense		
		(165)	(9)
		<u>(165)</u>	<u>(9)</u>
<b>7</b>	<b>Tax on profit/ loss for the year</b>		
	Corporate tax for the year	(13,211)	-
	Change in deferred tax	-	(37)
		<u>(13,211)</u>	<u>(37)</u>
<b>8</b>	<b>Property, plant and equipment</b>		
	Cost at 1st January 2020	213,426	213,426
	Additions	377,089	377,089
	Disposals	(367,482)	(367,482)
	Cost at 31st December 2020	<u>223,033</u>	<u>223,033</u>
	Depreciation at 1st January 2020	15,234	15,234
	Depreciation and amortisation charges for the year	35,526	35,526
	Reversals related to disposals	(37,152)	(37,152)
	Depreciation at 31st December 2020	<u>13,608</u>	<u>13,608</u>
	Carrying amount at 31st December 2020	209,425	209,425
	Carrying amount at 31st December 2019	198,192	198,192

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

Notes

Note	DKK '000	2020	2019
<b>9</b>	<b>Cash flow - changes in working capital</b>		
	Change in receivables		
	Change in trade payables	(4,470)	4,918
		<u>17,315</u>	<u>(1,012)</u>
		<b>12,845</b>	<b>3,906</b>
<b>10</b>	<b>Proposed distribution of profit /loss</b>		
	Retained earnings		
		<u>10,354</u>	<u>26,512</u>
		<b>10,354</b>	<b>26,512</b>
<b>11</b>	<b>Parent undertaking</b>		
	The following related parties have a controlling interest in AvisBudget Leasing Denmark A/S:		
	Name: Avis Budget Denmark A/S		
	Registered office: Denmark		
	Basis of influence: Wholly owned		
<b>12</b>	<b>Transactions with related parties</b>		
	Sale of services to group enterprises	43,261	41,691
	Interest expense to group enterprises	3,122	2,161
	Payables to group enterprises	<u>178,015</u>	<u>177,290</u>
<b>13</b>	<b>Contingent liabilities</b>		

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.

**14 Consolidation**

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

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

Tel.: +45 39 15 52 00  
koebenhavn@bdo.dk  
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab  
Havneholmen 29  
DK-1561 Copenhagen V  
CVR no. 20 22 26 70

**AVIS BUDGET LEASING DENMARK A/S**

**EXTRACT FROM AUDIT BOOK**

**PAGES 5 - 8**

**CONCERNING THE FINANCIAL STATEMENTS FOR 2020**

**CVR NO. 39 48 41 45**

**AVIS BUDGET LEASING DENMARK A/S, CVR-NR. 39 48 41 45**  
**AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR 2020**

As the company's statutory auditors we have completed the audit of the Financial Statements for 2020 as prescribed by the Danish Financial Statements Act, showing a result of TTDKK 10.354, total assets of TDKK 232.566, and equity at 31 December 2020 of TDKK 37.236.

In connection with the completion of the audit we report on the following:

1. Conclusion on the audit performed
2. Matters of note in respect of the Financial Statements
3. Performance of the audit, nature and scope
4. Information on the Financial Statements
5. Formalities in relation to company law
6. Auditors' statement of independence, etc.

**1. Conclusion on the audit performed**

We have completed our audit of the Financial Statements for 2020.

If Management approves the Financial Statements in their present form, we intend to issue an unqualified auditors' report, without any mention of material uncertainty relating to going concern, emphasis of matter paragraphs and other reporting obligations.

**2. Matters of note in respect of the financial statements**

The audit causes us to draw attention to the following matters of note which are relevant to the management's assessment of the Financial Statements.

**Corrected and uncorrected errors**

During our audit, the following misstatements and omissions have come to our attention, which according to the day to day management are immaterial, individually and in aggregate:

In total, as below..... -451

Description of Proposed Audit Adjustment	File Ref	Error Type	Tax Effect Yes/No	Pre-Tax Proposed Audit Adjustments			
				Assets Dr/(Cr)	Liabilities Dr/(Cr)	Equity Dr/(Cr)	Profit & Loss Dr/(Cr)
Adjustment recognises disposal of cars in 2019					76.157		969.841
1 Debit Accumulated Depreciation 140160100							
2 Debit Gain/Loss 620532500				(1.045.997)			
3 Credit Cost 140160500							
4				946.720			
5 Debit Intercompany 190165500							(946.720)
6 Credit Gain/Loss 620532500							
7						23.572	
8 Debit Retained Earnings 330393000							(23.572)
9 Credit Gain/Loss 620532500							
0							
1							
2							
3							
Current year cumulative uncorrected misstatements before tax effect				(99.277)	76.157	23.572	(451)

The above matters have not been corrected in the financial statements.

*In view of the scope and nature of the stated matters we agree to the management's assessment of the immateriality of those matters.*

### **3. Performance of the audit, nature and scope**

*The object, conduct, reporting etc. of the audit remains unchanged from previous years. Reference is made to our engagement letter dated 25. November 2019.*

*In the planning of our audit we laid down an audit strategy based on an evaluation of materiality and risk. Our audit will therefore mainly focus on accounting elements and areas in the Financial Statements where we consider the risk of material misstatement to be highest.*

*The audit conducted and the audit findings are described in the following:*

#### **Revenue**

*We have audited the net revenue for the period 1 January - 31 December 2020. We have audited the business procedures and the internal controls within the area.*

*During the period we have on a test basis checked issued invoices to the cost in Avis Budget Denmark for the same period and checked that the invoices are recorded on the correct accounts in the general ledger and the debtor system.*

*The audit has not resulted in any comments.*

#### **Tangible fixed assets**

*We have audited the fixed assets register of the company and in this connection verified the valuation of cars and checked that the accounting policies described have been complied with.*

*We have further more by random sampling tested the existence and the company's legal title to the assets.*

*The audit has not resulted in any comments.*

#### **Post balance sheet events**

*To ensure that material events occurring after the end of the financial year have been presented correctly in the financial statements, we have performed a review of post balance sheet events. We have reviewed the company's interim financial statements after the balance sheet date, including income and cash flow statements, read minutes of board meetings, and made inquiries on matters which may have been dealt with at meetings, from which no minutes are available yet, and asked the Board of Executives if any post balance sheet events have occurred that may influence the financial statements.*

*During our review, no events have come to our attention which may significantly influence the financial statements for 2021, and which have not already been incorporated and sufficiently disclosed in the financial statements.*

#### **Audit findings**

*Except as mentioned above, our audit of the Financial Statements has not resulted in any comments.*

#### **Fraud**

*In connection with the planning of our audit we have asked the management about the risk of fraud. The management has informed us that it has no knowledge of any fraud or ongoing examinations of suspected fraud.*

*We can inform that no matters have come to our attention during our audit of the Financial State-*



ments that could indicate fraud or attempted fraud. Fraud is the designation of an intentional act performed by one or more persons in the daytoday management, the executive management, employees or third parties where misleading information is involved for the purpose of obtaining unwarranted or illegal advantage. The audit of the financial statements focuses only on fraud leading to material misstatement in the financial statements. We have not, therefore, performed any legal assessment of the actual occurrence of fraud.

#### *Letter of representation of the management*

*In connection with the presentation of the Financial Statements, the company's management has issued a written confirmation (letter of representation) on the completeness of the Financial Statements, such as disclosure of charges, guarantees, litigation, fraud, post balance sheet events other areas that are difficult to audit.*

#### **4. Information on the Financial Statements**

*For the financial year Financial Statements have been prepared for publication in the Danish Business Authority, and internally management accounts have been prepared for the management of the company.*

*The management accounts are in accordance with the financial statements except that they provide additional specifications and information.*

#### **5. Formalities in relation to company law**

##### *Managerial responsibility*

*In connection with our audit, no acts or omissions have come to our attention which in our opinion give us reason to believe that members of the management may be held liable in damages or incur criminal liability.*

##### *Duty to keep books etc.*

*In accordance with the provisions of Danish company law, we have verified that the management has complied with its duties to draw up rules of procedure and create and keep books, records and registers, and that the rules for presenting and signing the audit book have been complied with.*

##### *Transfer pricing*

*For the purpose of the tax authorities' assessment of whether prices and terms have been fixed on arm's length basis, i.e. on normal business terms, Avis Budget Leasing Denmark A/S is required to prepare and keep written documentation on how prices and terms have been fixed for transactions with the consolidated enterprises, and controls must be established which ensure that transactions are carried out as described. The management must ensure regularly that the documentation is updated to meet the requirements of the tax authorities at any time.*

##### *Duty of disclosure of controlled transactions*

*As from the income year 2019, companies subject to controlling influence by natural or legal persons or exercising controlling influence over legal persons must ensure full reporting of all controlled transactions. Controlled transactions include for example sale of goods or services, intercompany accounts and loans, and transfer of assets between related parties. The information must be given in the tax return in connection with the reporting of the company's taxable income.*

*We recommend Management ensures that the company's data and recording routines for reporting of controlled transactions be sufficiently robust to form the basis for the reporting to Skattestyrelsen (the Danish Tax Agency).*

**6. Auditor's statement of independence, etc.**

*We, the undersigned, hereby declare:*

*that we comply with the statutory provisions concerning independence, and  
that we received all the information we requested during our audit.*

Copenhagen, 17 June 2021

BDO Statsautoriseret revisionsaktieselskab

  
Søren Søndergaard Jensen  
State Authorised Public Accountant

, 17 June 2021

\_\_\_\_\_  
Nina Anne Bell  
Chairman

\_\_\_\_\_  
Jason Turner

\_\_\_\_\_  
Andrew Francis Smith

\_\_\_\_\_  
Paul Leslie Ford