Novasol A/S

Virumgårdsvej 27
2830 Virum
Denmark
Central Business Registration
No 17484575

Annual report 2019

The Annual General Meeting adopted the annual report on 15.09.2020

Chairman of the General Meeting

Name: Dennis Kilian

Contents

Entity details

Entity

Novasol A/S
Virumgårdsvej 27
2830 Virum
Denmark

Central Business Registration No: 17484575
Registered in: Lyngby-Taarbæk, Denmark
Financial year: 01.01.2019 – 31.12.2019

Phone: +4570424424
Website: www.novasol.dk
E-mail: novasol@novasol.dk

Board of Directors

Henrik V. Kjellberg, Chairman
Rupa Pravin Patel
Jesper Agte Johansen

Executive Board

Jesper Agte Johansen, Chief Executive Officer
Dennis Kilian, Chief Financial Officer

Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Herredsvej 32
7100 Vejle
Denmark

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Novasol A/S for the financial year 01.01.2019 – 31.12.2019.

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 financial position at 31.12.2019 and of the results of their operations for the financial year 01.01.2019 – 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Virum, 15.09.2020

Executive Board

Jesper Agte Johansen Chief Executive Officer	Dennis Kilian Chief Financial Officer

Board of Directors

Henrik Vilhelm Kjellberg Chairman	Rupa Pravin Patel	Jesper Agte Johansen

Independent auditor's report

To the Shareholders of Novasol A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Novasol A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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.

Independent auditor's report

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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the 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.

Independent auditor's report

Trekantområdet, 15.09.2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer	Lasse Berg
State Authorised Public Accountant	State Authorised Public Accountant
Mne24817	Mne35811

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Rental revenue	881,305	850,563	821,445	603,551	603,837
Gross profit/loss	345,046	288,337	367,128	257,353	304,292
Operating profit/loss	54,303	(21,603)	111,820	8,541	70,776
Net financials	(10,707)	8,875	11,030	58,108	52,187
Profit/loss for the year	6,958	(24,193)	103,052	60,474	108,500
Total assets	1,848,952	1,628,749	1,719,152	1,845,718	1,243,648
Investments in property, plant and equipment	18,956	25,611	25,439	24,369	21,004
Equity	522,861	470,752	434,604	509,921	430,535
Ratios					
Operating margin	6.2%	-2.5%	13.6%	1.4%	11.7%
Revenue/Assets	0.5	0.5	0.5	0.3	0.5
Assets/Equity	3.5	3.4	4.0	3.6	2.9
Return on equity	1.4%	-5.3%	21.8%	12.9%	28.8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analyst. For definitions see under accounting policies.

In connection with changes to accounting policies the comparative figures back to 2015-2016 have not been restated.

Management commentary

Primary activities
Novasol is a Danish intermediary of individual holiday homes rental in more than 25 European countries under the brands Novasol, Dansommer, Fanøspecialisten, Dansk Familieferie, Cuendet, Happy Home, Ardennes Etape, Friendly Rentals and Fincallorca. The Company focuses on continuous development of its products and services so as to ensure that the house or apartment owner obtains a cash profit from the collaboration with Novasol.

Based on an agreement concluded with the individual owner, the holiday home or apartment is offered for rental either through travel agencies or directly to the end-user in the European countries.

The Company is the market leader in Europe within holiday home rental and has more than 50,000 holiday homes under its wings. The Company aspires to be the preferred partner for house owners and holiday guests alike.

Development in activities and finances
In 2019 the Company continued to increase revenue by DKK 31 million corresponding to an increase of 3,6%. The increase in revenue was based on an stable number of homes in the Company's overall product portfolio and an increase in the numbers of sold weeks in primary vacation destinations in the northern part of Europe, driven by an general increase in primary demand markets. In particular, the 2019 increase in product portfolio as well as in demand was strong in Germany.

In 2019 the Company has centralizing marketing activities to Virum, but are still serving all of its main guest markets to drive continued growth in both rental income and occupancy and to improve the Company's position in a market characterised by major competition.

Further, in May 2019 the Company acquired 100% of the shares in Fincallorca GmbH which is a German company with a unique portfolio of vacation homes located on Mallorca and with strong sales to the German market.

The management considers the result in 2019 as being satisfactory.

Equity amounted to DKK 523 million corresponding to an equity ratio of 28%.

The Company had an average of 562 employees compared to 539 prior year.

Unusual circumstances affecting recognition and measurement
There were no unusual circumstances in the financial year.

Branches
The company has branches in Belgium, Spain and Italy.

Outlook
In 2020, the Company expects an decrease in revenue driven by the Covid-19 pandemic and the related travel and accommodation restriction implemented by the governments across Europe. The Covid-19 has

Management commentary

resulted in a lost Easter season, with a large amount of re-bookings all across Europe. The summer season was very positive in Denmark and Germany, whereas, the Southern parts of Europe has been hit more hard, as travel to these destinations has been restricted and customers have been more reluctant to travel far. Domestic sales in the southern parts of Europe has not been able to compensate for the loss of foreign customers.

Consequently, the Company expects a reduced, but still positive, result in 2020.

Operating risks
In recent years, the Company has been reviewing its VAT situation and its settlement of indirect taxes in the countries in which the Company conducts its activities. The Company has an ongoing collaboration with relevant consultants in the individual European countries to monitor compliance with the European legislation. Management does not believe that this presents a significant operating risk.

Financial risks
Management does not believe that there are any significant financial risks.

Currency risks
The activities abroad mean that the results, cash flows and equity are affected by developments in foreign exchange for the various currencies. The most important foreign currencies are EUR, NOK and SEK. No hedging is taking place due to the fact that the EUR/DKK is very stable and the exposure to NOK and SEK is limited as cash inflows (customer payments) and outflows (house owner payments) are settled in the same currency.

The Company does not engage in speculative currency transactions.

Exchange risks attributable to investments in subsidiaries abroad are not hedged, as such risks are not deemed to be significant.

Interest-rate risks
As the Company does not have any significant interest-bearing items over prolonged periods, changes in the level of interest rates will not have any material impact on the profit for the year.

Credit risks
The Company does not have significant risks regarding any single customer as there is a large spread among customers.

Statutory report on corporate social responsibility, Danish Financial Statements Act § 99a
In respect of the company’s business model we refer to description above.

The Company wishes to comply with legislation and rules in the countries and local communities in which it operates. Novasol operates in well-regulated markets, where legislation and voluntary agreements set relatively clear guidelines for corporate social responsibility. Based on the fact that Novasol operates within the guidelines and legislations in Denmark and the other European countries it is Novasol’s assessment that risk of having a significantly negative impact on climate and environment, human rights, social- and

Management commentary

employee relations, anti-corruption and bribery is very limited. This is founded in the nature of the business model we operate. The business model is a predominately online based intermediary of individual holiday homes rental.

Statutory report on the underrepresented gender, Danish Financial Statements Act § 99b
The Company has set qualitative target figures for the purpose of female employees from 1 April 2013 still feeling that they have the same career and leadership opportunities as the male employees.

The target for the Board
Members of the Board are and will be designated on the basis of the total qualifications of the member and not with regard to the gender. The gender distribution of the Company's shareholder-elected directors is the following in 2019: 1 woman and 2 men. Hereby equality in gender composition has been achieved.

The current gender distribution at the Company's other management levels are approximately 50% men and 50% women. Based on Act No. 1383 of 23 December 2012, the Company has established qualitative target figures for the purpose of female employees from 1 April 2013 still feeling that they have the same career and leadership opportunities as the male employees. As of today the management team comprises of 3 woman and 5 men, thus equality has been reached in line with the definition made by the Danish Business Authority.

Events after the balance sheet date

COVID-19
The consequences of COVID-19, where many governments around the world decided to "Shut down of countries" have been of great importance to the world economy. Management considers the consequences of Covid-19 to be an event that arose after the balance sheet date and therefore constitutes a non-regulatory event for the company.
COVID-19 affected many areas of the global economy, including travel and tourism. The industry was materially impacted across Europe where temporary border closures, self-isolation, strict social distancing regulations and air travel restrictions were adopted to slow and limit the spread of the virus.
The Company's priority has been to protect the health and safety of its employees, guests and owners whilst best positioning the business for the longer term and recovery through management of risk and conserving cash.

Financial impact
The Novasol Group had a very good start to the year with healthy growth in bookings across all our products and markets up until the outbreak of COVID-19. The Group was then impacted by lower vacation bookings rates, lower vacation arrivals figures and increased incidence of cancellation. Management took early action to manage risks and preserve cash.
The Group bounced back strongly after the governments across Europe lifted the majority of the travel restrictions. The demand for domestic and drive-to destinations has benefitted our business and we expect higher third quarter occupancy levels than prior year in our key markets.

Management commentary

Going Concern Analysis
As a result of the uncertainties caused by COVID-19 the Management of the Company in performing their going concern assessment are wholly dependent on the intercompany loan and support arrangements for access to the cash flows necessary for the day-to-day running of the company. The Company has received written confirmation that Awaze Limited intends to continue to provide the Company with the financial support necessary to enable the company to meet their debts as they fall due, including intercompany balances for a period of at least 12 months from the date of these financial statements.

Awaze Group management has prepared a base case scenario for the next twelve months that reflects the latest information on travel restrictions, the bookings already taken for future arrivals and the recent booking trends. In additional management has applied the experience of the second quarter and modelled downside scenarios that include a complete lockdown in the fourth quarter of 2020 and the first quarter of 2021.

Under base case and downside scenarios, the Group has sufficient liquidity to maintain operations and provide the support required by the Company. Further information on the cash, liquidity and covenants of the group have been provided below.

Cash and Liquidity
The Group has access to a €105m Revolving Credit Facility ("RCF") which was undrawn at 31 December 2019. At 30 June 2020 the Group had liquidity (cash and cash equivalents and RCF) of €421m.

Covenant
The term loan debt of the Group does not have any covenants. The sole springing financial covenant in connection with the Revolving Credit Facility requires testing each quarter only in the event the RCF is drawn over 35%.
The Group was within the covenant ratio for the second quarter of 2020 and does not expect a springing covenant test in the next 12 months.

Conclusion
After making enquiries, Management have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have received written assurances from a fellow group company that they will continue to provide support for at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements.

Besides COVID-19, no other major impact has occurred after the balance sheet date.

Management commentary

	Notes	2019 DKK'000	2018 DKK'000
Rental Revenue	2	881,305	850,563
Other external expenses		(536,259)	(562,226)
Gross profit/loss		**345,046**	**288,337**
Staff costs	3	(263,570)	(283,132)
Depreciation, amortisation and impairment losses	4	(27,173)	(26,835)
Operating profit/loss		**54,303**	**(21,630)**
Income from investments in group enterprises		0	2,754
Other financial income	5	12,565	13,341
Other financial expenses	6	(23,272)	(7,220)
Profit/loss before tax		**43,596**	**(12,755)**
Tax on profit/loss for the year	7	(36,638)	(11,438)
Profit/loss for the year	8	**6,958**	**(24,193)**

Balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Acquired rights		6,314	9,050
Goodwill		1,501	1,900
Intangible assets	9	**7,815**	**10,950**
Land and buildings		4,932	5,495
Plant and machinery		35,169	38,961
Leasehold improvements		3,470	4,393
Property, plant and equipment	10	**43,571**	**48,849**
Investments in group enterprises		327,311	206,005
Deposits		41,027	40,910
Fixed asset investments	11	**368,338**	**246,915**
Fixed assets		**419,724**	**306,714**
Manufactured goods and goods for resale		2,658	2,925
Inventories		**2,658**	**2,925**
Trade receivables		727,392	636,012
Receivables from group enterprises		628,877	584,422
Other receivables		6,433	5,045
Prepayments		2,903	9,984
Receivables		**1,365,605**	**1,235,463**
Cash	12	**60,965**	**83,647**
Current assets		**1,429,228**	**1,322,035**
Assets		**1,848,952**	**1,628,749**

Balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital	13	3,750	3,750
Retained earnings		519,111	467,003
Equity		**522,861**	**470,753**
Deferred tax	14	30,074	21,062
Provisions		**30,074**	**21,062**
Other payables	15	7,141	0
Non-current liabilities other than provisions		**7,141**	**0**
Trade payables		712,809	631,331
Payables to group enterprises		319,157	318,373
Income tax payable		43,188	22,424
Other payables	15	166,379	121,927
Deferred Income		47,343	42,879
Current liabilities other than provisions		**1,288,876**	**1,136,934**
Liabilities other than provisions		**1,296,017**	**1,136,934**
Equity and liabilities		**1,848,952**	**1,628,749**

Subsequent events	1
Unrecognised rental and lease commitments	16
Contingent liabilities	17
Related parties with controlling interest	18
Fee to auditors appointed at the general meeting	19

Statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3,750	467,003	470,753
Net effect of correction of material misstatements	0	45,676	45,676
Adjusted equity beginning of year	3,750	512,679	516,429
Exchange rate adjustments	0	(526)	(526)
Profit/loss for the year	0	6,958	6,958
Equity end of year	**3,750**	**519,111**	**522,861**

Notes to financial statements

1. Subsequent events

COVID-19

The consequences of COVID-19, where many governments around the world decided to "Shut down of countries" have been of great importance to the world economy. Management considers the consequences of Covid-19 to be an event that arose after the balance sheet date and therefore constitutes a non-regulatory event for the company.

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Notes to financial statements

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The Group was within the covenant ratio for the second quarter of 2020 and does not expect a springing covenant test in the next 12 months.

Conclusion

After making enquiries, Management have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have received written assurances from a fellow group company that they will continue to provide support for at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements.

	2019 DKK'000	2018 DKK'000
2. Rental revenue		
Germany	462,498	437,114
Scandinavia	191,467	188,414
Other countries	227,340	225,035
	881,305	**850,563**

	2019 DKK'000	2018 DKK'000
3. Staff costs		
Wages and salaries	238,455	257,388
Pension costs	15,379	16.086
Other social security costs	9,736	9.658
	263,570	**283,132**
Average number of employees	**562**	**539**

	Remuneration of management 2019 DKK'000	Pension liabilities 2019 DKK'000	Remuneration of management 2018 DKK'000	Pension liabilities 2018 DKK'000
Executive Board	9,393	440	11,982	545
	9,393	**440**	**11,982**	**545**

Notes to financial statements

	2019 DKK'000	2018 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3,116	3,806
Depreciation of property, plant and equipment	24,057	23,029
	27,173	**26,835**

	2019 DKK'000	2018 DKK'000
5. Other financial income		
Financial income arising from group enterprises	11,877	12,986
Interest income	688	355
	12,565	**13,341**

	2019 DKK'000	2018 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	8,783	5,630
Interest expenses	14,489	1,590
	23,272	**7,220**

	2019 DKK'000	2018 DKK'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	4,595	20,671
Change in deferred tax for the year	9,012	(18,534)
Adjustment concerning previous years	23,031	9,301
	36,638	**11,438**

	2019 DKK'000	2018 DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	6,958	(24,193)
	6,958	**(24,193)**

Notes to financial statements

	Acquired rights DKK'000	Goodwill DKK'000
9. Intangible assets		
Cost beginning of year	67,965	20,907
Exchange rate adjustments	1	0
Cost end of year	**67,966**	**20,907**
Amortisation and impairment losses beginning of year	(58,915)	(19,007)
Exchange rate adjustments	0	0
Amortisation for the year	(2,737)	(399)
Amortisation and impairment losses end of year	**(61,652)**	**(19,406)**
Carrying amount end of year	**6,314**	**1,501**

	Land and buildings DKK'000	Plant and machinery DKK'000	Leasehold improvements DKK'000
10. Property, plant and equipment			
Cost beginning of year	14,139	195,543	13,091
Exchange rate adjustments	0	(21)	1
Additions	0	18,291	665
Disposals	0	(5,236)	(6)
Cost end of year	**14,139**	**208,577**	**13,751**
Depreciation and impairment losses beginning of the year	(8,644)	(156,582)	(8,698)
Exchange rate adjustments	0	1	0
Depreciation for the year	(563)	(21,242)	(1,583)
Reversals regarding disposals	0	4,415	0
Depreciation and impairment losses end of the year	**(9,207)**	**(173,408)**	**(10,281)**
Carrying amount end of year	**4,932**	**35,169**	**3,470**

Notes to financial statements

	Investments in group enterprises DKK'000	Deposits DKK'000
11. Fixed asset investments		
Cost beginning of year	206,005	40,910
Additions	121,306	119
Disposals	0	(2)
Cost end of year	**327,311**	**41,027**

Investments in subsidiaries are specified as follows:

Name:	Place of registered office	Votes and ownership	Result	Equity
Novasol AS	Oslo	100%	1.422 TNOK	6.319 TNOK
Novasol Service GmbH*	Hamburg	100%	48 TEUR	2.326 TEUR
Novasol AB	Gothenburg	100%	1.487 TSEK	3.232 TSEK
Novasol B.V.*	Eindhoven	100%	0 TEUR	(66) TEUR
Novasol S.R.O	Prague	100%	5.216 TCZK	2.876 TCZK
Novasol Polska Sp.Z.o.o.	Stettin	100%	151 TPLN	1.009 TPLN
Novasol Hungária Kft.	Siofok	100%	1.972 THUF	39.094 THUF
Novasol Reise GmbH*	Hamburg	100%	323 TEUR	3.507 TEUR
Novasol Turisticka Agencija d.o.o.	Medulin	100%	4.224 THRK	5.811 THRK
Friendly Rentals S.L.*	Barcelona	100%	(83) TEUR	684 TEUR
Asteria Srl.	Stavelot	100%	1.222 TEUR	6.293 TEUR
Vacation Rentals SARL	Cannes	100%	(66) TEUR	1.661 TEUR
Fincallorca GmbH*	Bielefeld	100%	314 TEUR	125 TEUR

* 2018 accounts are the latest signed accounts for these entities.

12. Cash

The Novasol companies participate in a cash pool scheme.

	Number	Par value DKK'000	Nominal value DKK'000
13. Contributed capital			
Ordinary A shares	37,500	100	3,750
	37,500		**3,750**

Notes to financial statements

14. Deferred tax	2019 DKK'000	2018 DKK'000
Beginning of year	21,062	35,925
Opening adjustment	0	(5,615)
Recognised in the income statement	9,012	(9,248)
End of year	**30,074**	**21,062**

15. Other payables	2019 DKK'000	2018 DKK'000
Due within 1 year	166,379	121,927
Due between 1 and 5 years	0	0
Due after 5 years	7,141	0
	173,520	**121,927**

16. Unrecognised rental and lease commitments	2019 DKK'000	2018 DKK'000
Liabilities under rental or lease agreements until maturity in total	132,790	115,976

17. Contingent liabilities	2019 DKK'000	2018 DKK'000
Recourse and non-recourse guarantee commitments	1,047	1,047
Contingent liabilities in total	**1,047**	**1,047**

In recent years the Company has been reviewing its VAT situation and the settlement of indirect taxes in the countries in which the Company carries on its activities. The Company has ongoing collaboration with relevant consultants in the individual European countries to monitor compliance with the European legislation. However, due to high complexity in the VAT legislation and to some degree different interpretation by the EU countries it cannot be ruled out that the tax authorities in the countries concerned disagree with Novasol's interpretation of the VAT legislation. Novasol consider the general risk for such disagreements to be less likely and therefore only made a provision regarding an ongoing dispute on VAT on pre ordered non mandatory cleaning services in Denmark.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Compass Bidco ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to financial statements

18. Related parties with controlling interest

Controlling interest

Compass Bidco ApS, Amaliegade 10, 1256 Copenhagen K, Denmark	Owner
Platinum Equity LLC, 360 North Crescent Drive, Beverly Hills, CA 90210, United States	Ultimate owner

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The company is included in the consolidated report for the parent company:

PE Compass Holding II Limited
100 New Bridge Street
London
United Kingdom
EC4V 6JA

The Group annual report of PE Compass Holding II Limited may be obtained at the following address:

PE Compass Holding II Limited
100 New Bridge Street
London
United Kingdom
EC4V 6JA

19. Fee to auditors appointed at the general meeting

According to section 96(3) of the Danish Financial Statement Act, audit fees are only specified in the consolidated financial statement for the parent company PE Compass Holding II Limited.

Accounting policies

Reporting class and currency
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large). The annual report is presented in TDKK.

Correction of material misstatements
During the financial year a material misstatement relating to intercompany charges to one of the foreign subsidiaries was discovered and corrected. The net effect TDKK 45.676 has been treated as a material misstatement and hence corrected on the equity.

Comparative figures
During the year, some reclassifications were made in the comparative figures in the income statement and balance sheet. The reclassifications do not affect the company's result or equity in 2019 and 2018.

Consolidated financial statements
With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of PE Compass Holding II Limited, the Company has not prepared consolidated financial statements.

Cash flow statement
With reference to section 86 (4) of the Danish financial statements act the company has not prepared a cash flow statement.

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as 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

Accounting policies

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 rate 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.

Segment information on revenue

The disclosure on revenue allocated on geographical areas has been prepared based on the geography of the customer. No disclosure on activities has been prepared as management sees the activities of the company as one.

Income statement

Revenue

The recognition criterion for revenue for rental of holiday houses is acceptance of the rental agreement. For revenue relating to services regarding the rental of holiday houses the revenue is recognized at the time of delivery.

Cost of sales

The corresponding rental expenses are expensed.

Other external expenses

Other external expenses comprise costs for catalogues, distribution, sales, advertising, administration, premises, bad debts etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

Accounting policies

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
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 in equity by the portion attributable to entries directly in equity.

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the year's taxable income, adjusted for paid on-account tax.

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 20 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. The amortisation periods used are 7 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment

Land and buildings, plant and machinery 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. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labour costs.

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 of the assets:

Buildings	30 years
Plant and machinery	25 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in subsidiaries are recognised and measured to the lower of historical cost and net realisable value.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The cost of goods for resale, raw materials and consumables amprises the acquisition price plus delivery costs.

The net realizable value of inventories is stated as the expected selling price less costs of completion and costs incurred to execute the sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Accounting policies

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

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised and measured under the balance sheet liability method comprising all temporary differences between the varying amount and the tax base of assets and liabilities. The tax base of the assets is stated based on the planned use of the individual assets.

Deferred tax is measured in accordance with the tax rules and tax rates in the various countries that will apply under the legislation in force at the balance sheet date when the deferred tax. Any change in deferred tax as a consequence of changes in tax rates are recognised in the income statement.

Deferred tax assets, including the tax value of tax losses allowed for carry forward, are measured in the balance sheet at the value at which the asset is expected to be realisable, either through offsetting in deferred tax liabilities or as net tax assets.

The parent company is jointly taxed with Danish companies in the Wyndham Worldwide Group. The current income tax is distributed between the jointly taxed companies in proportion to their taxable incomes (full absorption with refunds for tax losses).

Other taxes
This item includes tax amounts calculated on another basis than income for the year, including environmental tax etc., which are not refunded to the Entity.

Deferred tax relating to re-taxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Debt
At the time of borrowing, debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. Debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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

Accounting policies

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income
Deferred income is measured in the balance sheet at cost of services not yet provided added expected profit.

Financial highlights
Definition of financial ratios

Operating Margin:	$\frac{\text{Operating Profit}}{\text{Rental Revenue}}$
Revenue/Assets:	$\frac{\text{Rental Revenue}}{\text{Total Assets}}$
Assets/Equity:	$\frac{\text{Total Assets}}{\text{Equity}}$
Return on Equity:	$\frac{\text{Profit for the year}}{\text{Average Equity}}$