

Novasol A/S

Virumgårdsvej 27

2830 Virum

Central Business Registration

No 17484575

Annual report 2021

The Annual General Meeting adopted the annual report on 29.06.2022

Chairman of the General Meeting

Name: Mary Ann Sigler

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Entity details

Entity

Novasol A/S
Virumgårdsvej 27
2830 Virum
Denmark

Central Business Registration No: 17484575
Registered in: Lyngby-Taarbæk, Denmark
Financial year: 01.01.2021 – 31.12.2021

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

Board of Directors

Rupa Pravin Patel, Chairwoman
Henrik V. Kjellberg
Dennis Kilian
Per Brogaard
Martin Røvsing

Executive Board

Henrik V. Kjellberg, 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 01.01.2021 – 31.12.2021.

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 31.12.2021 and of the results of their operations for the financial year 01.01.2021 – 31.12.2021.

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, 25.05.2022

Board of directors

Rupa Parvin Patel
Chairwoman

Henrik Vilhelm Kjellberg

Dennis Kilian

Per Brogaard

Martin Røvsing

Executive Board

Henrik Vilhelm Kjellberg
Chief Executive Officer

Dennis Kilian
Chief Financial Officer

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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

Independent auditor's report

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.

Trekantområdet, 25.05.2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer
State Authorised Public Accountant
Mne24817

Lasse Berg
State Authorised Public Accountant
Mne35811

Management Commentary

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Financial highlights					
Key figures					
Rental revenue	904.523	774.841	881.305	850.563	821.445
Gross profit/loss	412.384	340.888	345.046	288.337	367.128
Operating profit/loss	60.518	28.632	54.303	-21.630	111.820
Net financials	-53.598	-56.299	-10.707	8.875	11.030
Profit/loss for the year	-28.301	-37.972	6.958	-24.193	103.052
Total assets	1.783.012	1.749.523	1.848.952	1.628.749	1.719.152
Investments in property, plant and equipment	10.085	2.931	18.956	25.611	25.439
Equity	453.654	483.851	522.861	470.753	434.604
Ratios					
Operating margin	6,7%	3,7%	6,2%	-2,5%	13,6%
Revenue/Assets	0,5	0,4	0,5	0,5	0,5
Assets/Equity	3,9	3,6	3,5	3,4	4,0
Return on equity	-6,0%	-7,5%	1,4%	-5,3%	21,8%

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 2017 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, BornholmTours as well as Ardennes Etape located in Belgium, and Fincallorca focused on the German market. 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 around 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 2021 Novasol had an increase in rental revenue by DKK 129.682 million, when compared to the previous year. The previous year was heavily impacted by the Covid-19 pandemic, whereas 2021 was only partially affected in the spring by cross boarder closing as well as the early winter lock downs in most countries in Europe. The increase in revenue was due to a significant increase in arrivals in the high season period in most countries, as well as material increase in the willingness from northern and central European customers to travel to the South of Europe in the high season of the summer. Domestic accommodation experienced a big uplift in especially Denmark, Germany and the Netherlands – and were high in demand all through the autumn months as well.

In 2021 Novasol has continued the centralization of more 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 Novasol's position in a market characterised by major competition.

The management considers the result in 2021 as being satisfying, seen in the light of the Covid-19 pandemic impacting the early part of the season and its impact on society in general and especially the travel industry.

Equity amounted to DKK 448.100 million corresponding to an equity ratio of 25,1%.

Novasol had an average of 657 employees compared to 591 prior year.

Unusual circumstances affecting recognition and measurement

Novasol was also in 2021 impacted by the Covid-19 pandemic.

Management Commentary

Capital resources

After making enquiries as well as a budget for 2022, Management have confidence in that Novasol has adequate resources to continue in operational existence for the foreseeable future. The present ongoing war in Ukraine constitutes a risk in the eastern European part (Poland and Slovenia) of the business, but

is at present not seen as material. This is on basis of fact that the paramount of the demand and supply is in the western part of Europe.

Branches

Novasol has branches in Belgium, Spain and Italy.

Outlook

In 2022, Novasol expects revenues almost unaffected by the Covid-19 pandemic and only limited impacted by the ongoing war in Ukraine. No travel nor accommodation restriction are implemented by the governments in Europe. The summer season carries positive outlooks, due to continued appetite for domestic holiday making as well as the return of cross boarder bookings in Denmark, Germany and the Netherlands. The Southern parts of Europe is also showing signs of being back to normal – though bookings are coming in slightly later to the high season than in previous normal years. The product offering has shown to be robust also in troubled times.

In total, Novasol expects a 2022 with a positive result exceeding 2021.

Operating risks

In recent years, Novasol has been reviewing its VAT situation and its settlement of indirect taxes in the countries in which Novasol conducts its activities. Novasol 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. In respect to VAT "Skattestyrelsen" in Denmark has ruled, that Novasol is liable for paying VAT on non-mandatory cleaning purchased at the time of booking. Novasol does not agree in this ruling and has made a complaint.

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.

Novasol 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.

Management Commentary

Interest-rate risks

As Novasol 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

Novasol 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 Novasol's business model we refer to description above.

Novasol 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 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.

Based on our risk assessment, we have opted out of having separate policies with regards to the environment, social- and personnel matters, human rights and anti-corruption, as we do not believe there are any special risks for this, and we follow the statutory guidelines.

Statutory report on the underrepresented gender, Danish Financial Statements Act § 99b

Novasol 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. Due to an increase in the number of Board members in 2021, Novasol no longer has an equal gender distribution. The gender distribution of Novasol's shareholder-elected directors is the following in 2021 1 woman (Chairwoman) and 4 men. Our target is to increase the number of women in the Board to 2 by 2024.

The current gender distribution at Novasol's other management levels are approximately 50% men and 50% women. Based on Act No. 1383 of 23 December 2012, Novasol 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 senior management team comprises of 2 women and 5 men.

Management Commentary

Statement of policy on data ethics, Danish Financial Statement Act § 99d

It is Novasol's assessment that it does not have data that has not been adequately handled though the GDPR legislation, which is why there is currently no need for a data ethics policy.

Events after the balance sheet date

In February 2022, Novasol acquired three Croatian companies: ISTRIA HOME d.o.o. - (Istria Home), MEUS d.o.o. - (My Istria) and ADRIA LUXURY RENT d.o.o. - (Croatia Luxury Rent). All three are operating on the Istria peninsula. By adding these to the existing portfolio of Novasol, Novasol is now by far the market leader in this region of vacation rental.

Income statement

	Notes	2021 DKK'000	2020 DKK'000
Rental Revenue	2	904.523	774.841
Other external expenses		- 495.230	- 443.493
Other operating income over gross profit	3	3.091	9.540
Gross profit/Loss		412.384	340.888
Staff costs	4	- 329.241	- 290.857
Depreciation, amortisation and impairment losses	5	- 22.625	- 21.399
Operating profit/loss		60.518	28.632
Other financial income	6	40.165	29.696
Other financial expenses	7	- 93.763	- 85.995
Profit/loss before tax		6.920	- 27.667
Tax on profit/loss for the year	8	- 35.221	- 10.304
Profit/loss for the year	9	- 28.301	- 37.971

Balance sheet

	Notes	2021 DKK'000	2020 DKK'000
Acquired rights		14.557	2.941
Goodwill		1.110	2.428
Other intangible assets		18.964	20.505
Intangible assets	10	34.631	25.874
Land and buildings		6.619	6.818
Plant and machinery		8.909	6.121
Leasehold improvements		4.286	2.544
Property, plant and equipment	11	19.814	15.483
Investments in group enterprises		239.676	253.118
Deposits		43.401	42.050
Fixed asset investments	12	283.077	295.168
Fixed assets		337.521	336.525
Manufactured goods and goods for resale		3.020	3.342
Inventories		3.020	3.342
Trade receivables		757.072	392.510
Receivables from group enterprises		614.234	729.791
Other receivables		3.821	2.800
Prepayments	13	9.950	7.538
Receivables		1.385.077	1.132.639
Cash	14	57.394	132.472
Current assets		1.445.491	1.268.453
Assets		1.783.012	1.604.978

Balance sheet

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	15	3.750	3.750
Retained earnings		449.904	480.102
Equity		453.654	483.852
Deferred tax	16	30.543	17.489
Provisions		30.543	17.489
Other payables	17	6.321	23.593
Non-current liabilities other than provisions		6.321	23.593
Trade payables		800.834	624.971
Payables to group enterprises		200.402	243.299
Income tax payable		40.769	8.621
Other payables	17	188.100	153.503
Deferred Income	18	62.389	49.650
Current liabilities other than provisions		1.292.494	1.080.044
Liabilities other than provisions		1.298.815	1.103.637
Equity and liabilities		1.783.012	1.604.978
Subsequent events	1		
Unrecognised rental and lease commitments	19		
Related parties with controlling interest	20		
Fee to auditors appointed at the general meeting	21		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3.750	480.102	483.852
Exchange rate adjustments	-	(1.896)	(1.896)
Profit/loss for the year	-	(28.301)	(28.301)
Equity end of year	3.750	449.904	453.654

Notes to financial statement

1. Subsequent events

In February 2022, Novasol acquired three Croatian companies: ISTRIA HOME d.o.o. - (Istria Home), MEUS d.o.o. - (My Istria) and ADRIA LUXURY RENT d.o.o. - (Croatia Luxury Rent). All three are operating on the Istria peninsula. By adding these to the existing portfolio of Novasol, Novasol is now by far the market leader in this region of vacation rental.

	2021	2020
	DKK'000	DKK'000
2. Rental revenue		
Germany	436.750	421.387
Scandinavia	338.192	262.329
Other countries	129.581	91.125
	904.523	774.841

3. Other operating income

Covid-19 support	3.091	9.540
	3.091	9.540

4. Staff costs

Wages and salaries	303.775	268.545
Pension costs	17.756	16.008
Other social security costs	7.710	6.304
	329.241	290.857
Average number of employees	657	591

	Remuneration of management	Pension liabilities	Remuneration of management	Pension liabilities
	2021	2021	2020	2020
	DKK'000	DKK'000	DKK'000	DKK'000
Executive Board	8.862	1.371	7.388	539
	8.862	1.371	7.388	539

Notes to financial statement

	2021 DKK'000	2020 DKK'000
5. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	17.134	18.430
Depreciation of property, plant and equipment	5.491	2.969
	22.625	21.399
6. Other financial income		
Financial income arising from group enterprises	30.267	27.451
Interest income	9.898	2.245
	40.165	29.696
7. Other financial expenses		
Financial expenses from group enterprises	8.744	1.499
Interest expenses	3.675	1.314
Impairment losses on investments in group enterprises	79.249	68.354
Other financial expenses	212	1.311
Currency loss	1.883	13.517
	93.763	85.995
8. Tax on profit/loss for the year		
Tax on current year taxable income	23.737	15.711
Change in deferred tax for the year	13.085	(20.005)
Adjustment concerning previous years	(1.601)	14.598
	35.221	10.304
9. Proposed distribution of profit/loss		
Retained earnings	(28.301)	(37.972)
	(28.301)	(37.972)

Notes to financial statement

	2021	2021	2021
	Acquired rights	Goodwill	Computer software
	DKK'000	DKK'000	DKK'000
10. Intangible assets			
Cost beginning of year	31.970	20.907	69.911
Adjustments	-	(14)	-
Additions	14.146	-	11.703
Cost end of year	46.116	20.893	81.614
Amortisation and impairment losses beginning of year	(29.029)	(18.479)	(49.406)
Adjustments	-	-	46
Amortisation for the year	(2.530)	(1.304)	(13.290)
Amortisation and impairment losses end of year	(31.559)	(19.783)	(62.650)
Carrying amount end of year	14.557	1.110	18.964

Notes to financial statement

	2021 Land and buildings DKK'000	2021 Plant and machinery DKK'000	2021 Leasehold improve- ments DKK'000
11. Property, plant and equipment			
Cost beginning of year	13.174	51.114	9.438
Adjustments	(22)	(7)	0
Additions	160	6.983	2.942
Cost end of year	13.312	58.090	12.380
Depreciation and impairment losses beginning of the year	(6.356)	(44.993)	(6.894)
Depreciation for the year	(350)	(3.964)	(1.200)
Adjustments	13	(224)	-
Depreciation and impairment losses end of the year	(6.693)	(49.181)	(8.094)
Carrying amount end of year	6.619	8.909	4.286

Notes to financial statement

	2021	2021
	Investments in group enterprises DKK'000	Deposits DKK'000
12. Fixed asset investments		
Cost beginning of year	253.118	42.050
Additions	66.860	1.351
Disposals	(1.053)	-
Cost end of year	318.925	43.401
Impairment	(79.249)	-
Impairment losses end of year	(79.249)	-
Carrying amount end of year	239.676	43.401

Name:

	Place of registered office	Votes and ownership	Currency	Result DKK'000	Equity DKK'000
Novasol AS	Oslo	100,0%	NOK	-105	6.214
Novasol Service GmbH	Hamburg	100,0%	EUR	9	2.302
Novasol AB	Göteborg	100,0%	SEK	542	3.774
Novasol B.V.*	Eindhoven	100,0%	EUR	152	3.241
Novasol S.R.O	Prague	100,0%	CZK	-74	2.802
Novasol Polska Sp.Z.o.o.	Stettin	100,0%	PLN	130	1.139
Novasol Hungária Kft.	Siofok	100,0%	HUF	1.967	38.061
Novasol Reise GmbH	Hamburg	100,0%	EUR	76	3.812
Novasol Turisticka Agencija d.o.o.	Medulin	100,0%	HRK	1.998	7.809
Asteria Srl.	Stavelot	100,0%	EUR	-1.248	5.045
Vacation Rentals SARL	Cannes	100,0%	EUR	216	1.867
Fincallorca GmbH	Bielefeld	100,0%	EUR	-1.339	756
StrandBergen B.V.	Bergen aan Zee	100,0%	EUR	161	467
BornholmTours ApS	Nexø	100,0%	DKK	3.428	5.699

2020 accounts are the latest signed accounts for these entities.

* 2019 figures

13. Prepayments

Prepayments consist of prepaid expenses concerning rent, IT, service costs, etc.

14. Cash

The Novasol companies participate in a cash pool scheme.

Notes to financial statement

	Number	Par value DKK'000	Nominal value DKK'000
15. Contributed capital			
Ordinary A shares	37.500	100	3.750
	37.500		3.750

	2021 DKK'000	2020 DKK'000
16. Deferred tax		
Beginning of year	17.489	30.074
Adjustment concerning previous years	(32)	7.420
Recognised in the income statement	13.085	(20.005)
End of year	30.543	17.489

17. Other payables		
Due within 1 year	188.100	153.503
Due between 1 and 5 years	-	-
Due after 5 years	6.321	23.593
	194.421	177.096

18. Deferred Income

Deferred income consists of payments received in respect of income in subsequent years.

19. Unrecognised rental and lease commitments

Hereof liabilities under rental or lease agreements until maturity in total

149.491	135.013
149.491	135.013

20. 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.

Notes to financial statement

Transactions

Novasol 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

Novasol 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

21. 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.

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 2021 and 2020.

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 affected 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 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.

Accounting policies

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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

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.

Computer software

Computer software are measured at cost less accumulated amortization and impairment. Amortization is provided on a straight-line basis over the expected useful lives of the assets.

The amortisation periods used are 3 years.

Computer software are written down to the lower of recoverable amount and carrying amount.

Accounting policies

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.

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.

Accounting policies

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 comprises 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.

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.

Accounting policies

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.

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:	$\frac{\text{Profit for the year}}{\text{Average Equity}}$