

**Kuoni Destination
Management A/S**
Vesterbrogade 6 D, 2.
1620 Copenhagen V
Business Registration No
18778203

Annual report 2018

The Annual General Meeting adopted the annual report on 05.06.2019

Chairman of the General Meeting

Name: Orlando Jose Lopes Ferreira

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018	7
Balance sheet at 31.12.2018	8
Statement of changes in equity for 2018	10
Notes	11
Accounting policies	13

Entity details

Entity

Kuoni Destination Management A/S
Vesterbrogade 6 D, 2.
1620 Copenhagen V

Central Business Registration No (CVR): 18778203
Registered in: Copenhagen
Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Orlando Jose Lopes Ferreira, Chairman
Lars Mikael Ingelius
Inger Merete Weiss

Executive Board

Lars Mikael Ingelius, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kuoni Destination Management A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Copenhagen, 05.06.2019

Executive Board

Lars Mikael Ingelius
CEO

Board of Directors

Orlando Jose Lopes Ferreira
Chairman

Lars Mikael Ingelius

Inger Merete Weiss

Independent auditor's report

To the shareholders of Kuoni Destination Management A/S

Opinion

We have audited the financial statements of Kuoni Destination Management A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

Material uncertainty related to going concern

We refer to note 1 in the financial statements, which show that the Entity is dependent on the parent company in order to continue as a going concern. Our audit opinion have not been qualified as a result of this uncertainty.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

København, 05.06.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Frommelt Hertz
State Authorised Public Accountant
Identification No (MNE) mne31543

Management commentary

Primary activities

The company's main activities is to operate as an operator of congresses and incoming tourism in Scandinavia.

Development in activities and finances

Profit after tax for the period 1 January to 31 December 2018 shows a loss of 1.539K DKK, compared to a loss of 1.805k DKK last year. The result is by the management deemed as not satisfactory.

More than half of the Company's share capital has been lost, and the company is subject to the provisions on capital loss in section 119 of the Danish Companies Act. It is the managements expectation that the company will regain the capital through own operations.

The parent company, Kuoni Travel Investment Ltd. has issued a guarantee to the Company, which confirms that the parent company will ensure that the Company has sufficient liquidity to meet its liabilities. The guarantee is limited to 30.000k DKK, and is effective until 31 May 2020. The management has accounted for the guarantee in the financial statements of Kuoni Destination Management A/S and on this basis considers that the financial statements can be prepared on a going concern basis.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Gross profit		6.905.247	5.492
Staff costs	2	(7.974.923)	(8.299)
Depreciation, amortisation and impairment losses		<u>(48.722)</u>	<u>(68)</u>
Operating profit/loss		(1.118.398)	(2.875)
Other financial income	3	1.235.228	5.628
Other financial expenses	4	<u>(1.656.300)</u>	<u>(4.385)</u>
Profit/loss before tax		(1.539.470)	(1.632)
Tax on profit/loss for the year	5	<u>0</u>	<u>(567)</u>
Profit/loss for the year		<u>(1.539.470)</u>	<u>(2.199)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(1.539.470)</u>	<u>(2.199)</u>
		<u>(1.539.470)</u>	<u>(2.199)</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Other fixtures and fittings, tools and equipment		33.476	82
Property, plant and equipment	6	33.476	82
Deposits		168.730	162
Fixed asset investments	7	168.730	162
Fixed assets		202.206	244
Manufactured goods and goods for resale		26.754	27
Inventories		26.754	27
Trade receivables		1.197.146	3.128
Receivables from group enterprises		1.210.244	1.151
Other receivables		620.111	441
Prepayments		6.480.859	1.008
Receivables		9.508.360	5.728
Cash		8.935.542	3.701
Current assets		18.470.656	9.456
Assets		18.672.862	9.700

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		600.000	600
Retained earnings		<u>(9.899.470)</u>	<u>(8.360)</u>
Equity		<u>(9.299.470)</u>	<u>(7.760)</u>
Prepayments received from customers		15.837.615	2.456
Trade payables		2.378.593	2.279
Payables to group enterprises		8.362.761	9.420
Other payables		1.274.447	3.305
Deferred income		<u>118.916</u>	<u>0</u>
Current liabilities other than provisions		<u>27.972.332</u>	<u>17.460</u>
Liabilities other than provisions		<u>27.972.332</u>	<u>17.460</u>
Equity and liabilities		<u>18.672.862</u>	<u>9.700</u>
Going concern	1		
Unrecognised rental and lease commitments	8		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
	<u> </u>	<u> </u>	<u> </u>
Equity beginning of year	600.000	(8.360.000)	(7.760.000)
Profit/loss for the year	<u> 0</u>	<u> (1.539.470)</u>	<u> (1.539.470)</u>
Equity end of year	<u> 600.000</u>	<u> (9.899.470)</u>	<u> (9.299.470)</u>

Notes

1. Going concern

The parent company, Kuoni Travel Investment Ltd. has issued a guarantee to the Company, which confirms that the parent company will ensure that the Company has sufficient liquidity to meet its liabilities. The guarantee is limited to 30.000k DKK, and is effective until 31 May 2020. The management has accounted for the guarantee in the financial statements of Kuoni Destination Management A/S and on this basis considers that the financial statements can be prepared on a going concern basis.

	2018	2017
	DKK	DKK'000
2. Staff costs		
Wages and salaries	6.916.022	7.240
Pension costs	586.025	652
Other social security costs	135.239	106
Other staff costs	337.637	301
	7.974.923	8.299
Average number of employees	18	18

	2018	2017
	DKK	DKK'000
3. Other financial income		
Exchange rate adjustments	1.235.228	5.628
	1.235.228	5.628

	2018	2017
	DKK	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	301.165	116
Other interest expenses	6	0
Exchange rate adjustments	1.230.761	4.157
Other financial expenses	124.368	112
	1.656.300	4.385

	2018	2017
	DKK	DKK'000
5. Tax on profit/loss for the year		
Change in deferred tax	0	567
	0	567

Notes

	Other fixtures and fittings, tools and equipment DKK	
6. Property, plant and equipment		
Cost beginning of year	651.505	
Cost end of year	651.505	
Depreciation and impairment losses beginning of year	(569.309)	
Depreciation for the year	(48.720)	
Depreciation and impairment losses end of year	(618.029)	
Carrying amount end of year	33.476	
	Deposits DKK	
7. Fixed asset investments		
Cost beginning of year	161.657	
Additions	7.073	
Cost end of year	168.730	
Carrying amount end of year	168.730	
	2018 DKK	2017 DKK'000
8. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	490.690	474

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

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 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange 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.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange 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.

Balance sheet

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment 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 of the assets:

Accounting policies

Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 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.

Inventories

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns 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.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.