



**Kuoni Destination Management
A/S**

Vesterbrogade 6, 2.
1620 København V
CVR No. 18778203

Annual report 2020

The Annual General Meeting adopted the
annual report on 20.07.2021

Shinji Kamio

Chairman of the General Meeting

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Entity details

Entity

Kuoni Destination Management A/S

Vesterbrogade 6, 2.

1620 København V

CVR No.: 18778203

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Lars Mikael Ingelius

Keiichiro Otofujii

Marco Russi, formand

Executive Board

Lars Mikael Ingelius, adm. dir.

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

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 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 20.07.2021

Executive Board

Lars Mikael Ingelius
adm. dir.

Board of Directors

Lars Mikael Ingelius

Keiichiro Otofujii

Marco Russi
formand

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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of 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 draw attention to Note 1 in the financial statements, which describes the impact of the Covid19 Pandemic on the business and activities of the company in 2020. The activity have reduced significantly, and a loss have occurred for the financial year 2020, the company is expecting to receive support from the parent group to continue its operations in 2021 and beyond. Due to the uncertainties of the Covid19 Pandemic and the recovery of the travel business a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

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.

Copenhagen, 20.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 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 2020 shows a loss of 210k DKK, compared to a loss of 1.605k 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 going concern assessment of the entity is described in detail in note 1 of the annual report.

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 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss	2	191,721	4,151,293
Staff costs	3	(1,168,301)	(5,553,670)
Depreciation, amortisation and impairment losses		0	(33,477)
Operating profit/loss		(976,580)	(1,435,854)
Other financial income	4	833,354	139,723
Other financial expenses	5	(66,995)	(309,267)
Profit/loss for the year		(210,221)	(1,605,398)
Proposed distribution of profit and loss			
Retained earnings		(210,221)	(1,605,398)
Proposed distribution of profit and loss		(210,221)	(1,605,398)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	6	0	0
Fixed assets		0	0
Trade receivables		534,549	568,879
Receivables from group enterprises		196,824	88,096
Other receivables		34,468	36,462
Prepayments		85,389	62,421
Receivables		851,230	755,858
Cash		532,668	310,629
Current assets		1,383,898	1,066,487
Assets		1,383,898	1,066,487

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		600,000	600,000
Retained earnings		(11,715,089)	(11,504,868)
Equity		(11,115,089)	(10,904,868)
Other payables		260,055	123,601
Non-current liabilities other than provisions	7	260,055	123,601
Prepayments received from customers		0	376,110
Trade payables		909,142	805,024
Payables to group enterprises		11,085,204	8,895,507
Other payables		241,962	1,770,394
Deferred income		2,624	719
Current liabilities other than provisions		12,238,932	11,847,754
Liabilities other than provisions		12,498,987	11,971,355
Equity and liabilities		1,383,898	1,066,487

Going concern

1

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	600,000	(11,504,868)	(10,904,868)
Profit/loss for the year	0	(210,221)	(210,221)
Equity end of year	600,000	(11,715,089)	(11,115,089)

Notes

1 Going concern

The coronavirus (Covid-19) pandemic, which has developed in 2020 has had a significant impact on the global travel sector, in which Kuoni Destination Management A/S operate. The travel restrictions triggered by the COVID-19 pandemic have a highly negative impact on the Company's earnings and liquidity performance. The Company had liquidity requirement that was significantly higher than the cash inflows resulting from current operations. As a result, in 2020 variety measures, like restructuring, cost reduction and government support have been taken by the Company to protect cash.

Management has assessed the impact Covid-19 on the going concern assumption, noting the following key considerations:

- The Company benefits from support under applicable government support programs across relevant local geographies.
- From internal communications and confirmation received from JTB Corp, the ultimate parent company, JTB Corp. will continue to provide cash funding required as necessary, further demonstrated by the inclusion of a letter of support received.

Overall assessment of going concern

Management's assessment of going concern is based on the following:

- The ultimate parent company, JTB Corp has assured Kuoni Travel investments that they will continue to commit and support the group cash funding required as necessary.
- The Danish government have introduced a number of initiatives in response to the negative financial impact, including temporarily extending payment deadlines for labour market contributions and income tax, compensation of fixed costs, etc.
- The Company has taken variety measures like restructuring, cost reduction by downsizing the number of employees.
- The Company is part of a group cash pooling arrangement with other companies in the KTI Group which have significant cash resources available. The corona crisis has implied some uncertainty about the future of the entire aviation and travel industry and put the Group's cash resources under pressure. Management has initiated a number of cash management activities to ensure liquidity in the future, and at the same time Management expects the Company to benefit from the compensation and liquidity-boosting measures implemented by the government for the entire industry.
- The Company has obtained a Letter of Support from the parent group, to continue its operation 12 months from the signing of the annual report, the continued support is dependent on no changes in ownership of the group.

Based on the above assurances the financial statements of the Company have been prepared on a going concern basis and the directors further confirm that the Company has adequate resources to continue in operational existence for the foreseeable future. Nonetheless, in case of a long-term impact of Covid-19 on the travel business and the parent Company therefore potentially not being able or willing to continue providing liquidity to the Group, an uncertainty that may cast doubt about the Company's ability to continue as a going concern exists

2 Gross profit/loss

As a result of Covid-19, the company has been entitled to compensation for staff costs. The company has received 272k DKK in compensation. The compensation compensate the company for having to send employees

home, which are inevitable despite the closure of society during the period when the authorities had imposed restrictions on reducing Covid-19 spread of infection.

3 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	1,035,333	4,905,574
Pension costs	106,118	389,757
Other social security costs	24,396	100,992
Other staff costs	2,454	157,347
	1,168,301	5,553,670
Average number of full-time employees	6	10

4 Other financial income

	2020	2019
	DKK	DKK
Exchange rate adjustments	833,354	137,751
Other financial income	0	1,972
	833,354	139,723

5 Other financial expenses

	2020	2019
	DKK	DKK
Financial expenses from group enterprises	0	175,915
Other interest expenses	2,749	1,613
Exchange rate adjustments	0	69,444
Other financial expenses	64,246	62,295
	66,995	309,267

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	651,505
Disposals	(285,541)
Cost end of year	365,964
Depreciation and impairment losses beginning of year	(651,505)
Reversal of impairment losses	285,541
Depreciation and impairment losses end of year	(365,964)
Carrying amount end of year	0

7 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Other payables	260,055
	260,055

Non-current liabilities consist entirely of transitional period holiday allowances.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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, and 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, and gains and losses from the sale of intangible assets and 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, and 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, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet**Property, plant and equipment**

Plant and machinery, and 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.

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:

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

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.