



**Kuoni Destination Management
A/S**

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

Annual report 2019

The Annual General Meeting adopted the
annual report on 31.08.2020

Orlando Jose Lopes Ferreira
Chairman of the General Meeting

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Entity details

Entity

Kuoni Destination Management A/S

Vesterbrogade 6 D, 2.

1620 København V

CVR No.: 18778203

Registered office: København

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Orlando Jose Lopes Ferreira

Lars Mikael Ingelius

Inger Merete Weiss

Executive Board

Lars Mikael Ingelius, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

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 01.01.2019 - 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 Entity's financial position at 31.12.2019 and of the results of its 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.

Copenhagen, 31.08.2020

Executive Board

Lars Mikael Ingelius
CEO

Board of Directors

Orlando Jose Lopes Ferreira

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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 in 2020. The activity of the company have reduced significantly, and a large loss are expected for the financial year 2020, the company is expecting to receive support from the parent group to continue its operations in 2020 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, 31.08.2020

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 2019 shows a loss of 1.605 DKK, compared to a loss of 1.539 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 2021. 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

After the balance sheet date, the transmission of coronavirus was confirmed in a number of countries, including all of the countries where Kuoni Group have activities. On 13 March 2020, the Danish Ministry of Foreign Affairs announced that all non-essential travel to the whole world was advised against. Most countries in the world have issued similar restrictions on non-essential travel. Accordingly, as of 13 March 2020 to the date of presentation of the financial statements, travels from Asia, South America and North America to Europe and from Europe to Asia and North America have been cancelled. There is significant uncertainty about how long the Danish Ministry of Foreign Affairs and the authorities in the other countries where the Kuoni Group have activities will prolong the entry restrictions and travel advice, including the effect that the COVID19-crisis will have on consumers' demands, etc.

The outbreak of the coronavirus and the new travel advice have had a severe negative impact on the Group's sale of travels since February 2020, including cancellation of future travels and also travel departures after the presentation of the financial statements.

These matters have affected the sales and, in addition, had a negative impact on the cash flows of the Kuoni Group.

At the time of presentation of the financial statements, it remains uncertain when travel can be expected to resume to normal and when the consumers will travel again. Consequently, it is not possible to assess with sufficient accuracy the potential future extend of and precise impact on the Kuoni Group's sale of travels for the full year and the impact on the Group's revenue and earnings for entire 2020.

Overall assessment of going concern

The financial statements have been presented on the assumption of going concern. The management deems a material unceirtanty for the going concern assumption. Management's assessment of this is based on the following:

- The Danish government and a number of other countries in which the Group operate 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 government and the social partners have concluded a tripartite agreement on a temporary compensation scheme for employees at risk of dismissal. Due to the severe negative impact on travel, the Group has for a period of time laid off a number of employees.
- The parent group have obtained a Letter of comfort from the ultimate parent, to continue its operation 12 months from the signing of the annual report.
- A government guarantee to the Travel Guarantee Fund in Denmark to help travel companies through the strengthening of the Travel Guarantee Fund with a government guarantee of DKK 1.5 billion.
- If the Group needs increased liquidity, the Executive Board and the Board of Directors estimate that new liquidity undertakings can be achieved through the Group's owners.
- 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 Group to benefit from the compensation- and liquidity-boosting measures implemented by the government for the entire industry.

In the light of this, it is the overall assessment of the Executive Board and the Board of Directors that the Kuoni Group has sufficient capital and cash resources to continue its operations. Reference is made to note 1. On this basis, the annual report of Kuoni Destination Management A/S is presented on a going concern basis.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		4,151,293	6,905,246
Staff costs	2	(5,553,670)	(7,974,923)
Depreciation, amortisation and impairment losses		(33,477)	(48,722)
Operating profit/loss		(1,435,854)	(1,118,399)
Other financial income	3	139,723	1,235,228
Other financial expenses	4	(309,267)	(1,656,299)
Profit/loss for the year		(1,605,398)	(1,539,470)
Proposed distribution of profit and loss			
Retained earnings		(1,605,398)	(1,539,470)
Proposed distribution of profit and loss		(1,605,398)	(1,539,470)

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		0	33,477
Property, plant and equipment	5	0	33,477
Deposits		0	168,730
Other financial assets	6	0	168,730
Fixed assets		0	202,207
Manufactured goods and goods for resale		0	26,754
Inventories		0	26,754
Trade receivables		568,879	1,197,146
Receivables from group enterprises		88,096	1,210,244
Other receivables		36,462	620,110
Prepayments		62,421	6,480,859
Receivables		755,858	9,508,359
Cash		310,629	8,935,542
Current assets		1,066,487	18,470,655
Assets		1,066,487	18,672,862

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		600,000	600,000
Retained earnings		(11,504,868)	(9,899,470)
Equity		(10,904,868)	(9,299,470)
Other payables		123,601	0
Non-current liabilities other than provisions		123,601	0
Prepayments received from customers		376,110	15,837,615
Trade payables		805,024	2,378,593
Payables to group enterprises		8,895,507	8,362,761
Other payables		1,770,394	1,274,447
Deferred income		719	118,916
Current liabilities other than provisions		11,847,754	27,972,332
Liabilities other than provisions		11,971,355	27,972,332
Equity and liabilities		1,066,487	18,672,862

Going concern

1

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	600,000	(9,899,470)	(9,299,470)
Profit/loss for the year	0	(1,605,398)	(1,605,398)
Equity end of year	600,000	(11,504,868)	(10,904,868)

Notes

1 Going concern

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2 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	4,905,574	6,916,022
Pension costs	389,757	586,025
Other social security costs	100,992	135,239
Other staff costs	157,347	337,637
	5,553,670	7,974,923
Average number of full-time employees	10	18

3 Other financial income

	2019	2018
	DKK	DKK
Exchange rate adjustments	137,751	1,235,228
Other financial income	1,972	0
	139,723	1,235,228

4 Other financial expenses

	2019	2018
	DKK	DKK
Financial expenses from group enterprises	175,915	301,165
Other interest expenses	1,613	6
Exchange rate adjustments	69,444	1,230,760
Other financial expenses	62,295	124,368
	309,267	1,656,299

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	651,505
Cost end of year	651,505
Depreciation and impairment losses beginning of year	(618,028)
Depreciation for the year	(33,477)
Depreciation and impairment losses end of year	(651,505)
Carrying amount end of year	0

6 Financial assets

	Deposits DKK
Cost beginning of year	168,730
Disposals	(168,730)
Cost end of year	0
Carrying amount end of year	0

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.

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.

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.