

## **Tumlare Corporation A/S**

Vesterbrogade 6D  
1620 Copenhagen V  
Central Business Registration  
No 46357019

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 25.05.2018

### **Chairman of the General Meeting**

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Name: John Block Gartmann

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## Entity details

### Entity

Tumlare Corporation A/S  
Vesterbrogade 6D  
1620 Copenhagen V

Central Business Registration No: 46357019  
Registered in: Copenhagen  
Financial year: 01.01.2017 - 31.12.2017

### Board of Directors

Eijiro Yamakita, Chairman of the board  
Munemura Takeshi  
Claudio Torti

### Executive Board

Claudio Torti, Managing Director  
John Block Gartmann, Director of Finance

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postbox 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 Tumlare Corporation A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the group financial statement and the parent financial statements give a true and fair view of the groups and entity's financial positions at 31.12.2017 and of the results of the group and the entity's operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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, 22.05.2018

### Executive Board

Claudio Torti  
Managing Director

John Block Gartmann  
Director of Finance

### Board of Directors

Eijiro Yamakita  
Chairman of the board

Munemura Takeshi

Claudio Torti

# Independent auditor's report

## To the shareholders of Tumlare Corporation A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Tumlare Corporation A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

## Independent auditor's report

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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 22.05.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Thomas Frommelt Hertz  
State Authorised Public Accountant  
Identification number (MNE) mne31543

## Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	2.039.932	1.727.541	1.463.733	1.463.733	1.726.326
Gross profit/loss	236.385	231.099	211.492	211.492	234.289
Operating profit/loss	2.107	16.178	2.424	2.424	24.654
Net financials	(5.572)	9.394	(5.645)	(5.645)	1.781
Profit/loss for the year	(2.916)	16.774	(2.896)	(2.896)	19.886
Total assets	285.519	336.477	244.048	244.048	281.992
Investments in property, plant and equipment	4.375	2.347	2.751	2.751	5.033
Equity incl minority interests	51.395	55.763	25.320	25.320	39.672
<b>Ratios</b>					
Gross margin (%)	11,6	13,4	14,4	14,4	13,6
Net margin (%)	(0,1)	1,0	(0,2)	(0,2)	1,2
Return on equity (%)	(5,4)	41,4	(11,4)	(8,9)	58,2
Equity ratio (%)	18,0	16,6	10,4	10,4	14,1
Gross Profit Margin	15,2	17,5	19,5	19,2	18,0

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Gross Profit Margin	$\frac{(\text{Revenue} - \text{Cost of sales}) \times 100}{\text{Revenue}}$	The Entity's profit in main activity.



## Management commentary

### Primary activities

The main business field of the Company and the Group is to carry on travel and tourist agency activities and any other related business activity, including trade, import and export.

### Development in activities and finances

The Group has realized a loss after taxes of 2.9 million DKK in 2017, compared with a profit of 16.8 million DKK in 2016.

The 2017 result is affected by a 13.6 million DKK cost related to a fraud incident in India, which have been expensed in the parent company. The fraud incident has been handled and the internal controls environment have been strengthened accordingly.

Consolidated revenue increased by 18.1%, consolidated gross margin for tours increased by 2.5%, and consolidated gross profit increased by 2.3%.

The development compared to previous year was due to a number of reasons which is described below.

### Inbound

The Inbound business to Europe was still partially affected by the terror attacks in France and Benelux. And large drops in Inbound business were overall seen to these areas.

However, at the same time, the attack also meant, that business increased to Russia, the Nordics and Eastern Europe, as these areas were considered as more 'safe heavens'. Thus, the drop was more than covered by the increase to these areas.

While the Turnover increased overall for the Group and especially from Japan, Taiwan, China and the US, the increased competition of business to Russia, Eastern and Nordic countries as well as the saturated supply meant that margins were under pressure in the listed source markets. On a positive note the Brazilian market returned in good shape and also provided a very good high gross profit margin.

### Outbound

Outbound activities continued to show positive improvements and contributed with a positive result to the overall Group result. All countries were positive, out of which Denmark, Hungary and Sweden were the main profit contributors.

The segments that showed biggest improvements were again in 2017 Japan-bound leisure business, whereas some challenges were seen in Business Travel Management-segment.

### Profit/loss for the year in relation to expected developments

Thanks to an overall very strong top line production against budget, the group expectation were also met in the revenue result despite of the considerable drop of the gross profit margin, a gap that was covered by the volume increase. However and taken the partially continued impacts on terror in Europe into consideration as well as the increased competition to more safety destinations, the Management considers the result as satisfactory.

## Management commentary

### Outlook

The Management expects a profitable result in the fiscal year 2018.

The Inbound business is expected to further grow on top line in Taiwan, India, South East Asia and US. Japan, however is rather gloomy and we will not expect top line increase, but rather an improvement on the gross margin level. The overall pressure on the margin will continue especially among the fast growing markets.

Outbound activities, hereunder especially the Japan bound business, will continue to be a focus area, and shall be developed further in all Outbound-entities.

### Particular risks

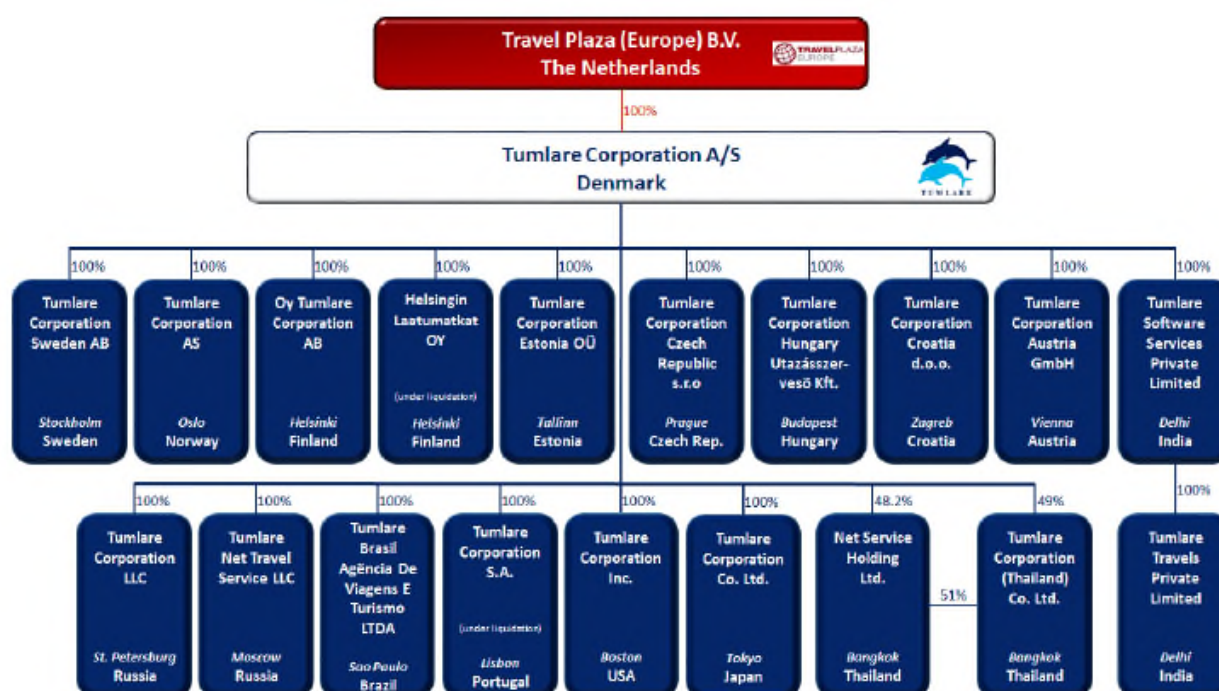
The operation of the Group is considerably influenced by the development in the international market and events affecting the travel industry in general.

### Financial risks

The Group's activities are international, and as a consequence the cash flow and equity are affected by the development in exchange and interest rates for a number of currencies. It is the policy of the company, when it appears relevant; to meet commercial currency risks primarily via forward exchange transactions.

The Group has reported net financial loss of 5.6 million DKK which is a result of the big fluctuation of currencies in 2017.

### Group relations



## Management commentary

The parent company comprises of a number of branches in various countries that support the group activities.

### **Statutory report on corporate social responsibility**

#### **Statutory account of the company's CSR performance 2017**

This section covers Tumlare Corporation A/S's non-financial statutory disclosure of corporate social responsibility (CSR) according to the Danish Financial Statements Act § 99a and § 99b. Tumlare Corporation A/S is a part of the JTB Group.

### **Our mission and values**

As one of Europe's leading destinations management companies our mission is to provide exceptional service quality and outstanding travel experiences based on delivery across diverse cultures with our local leadership. By listening to our clients and valuing their feedback, we seek to ensure a continuous improvement of our service.

### **Our approach to CSR**

At Tumlare, we perceive CSR as part of our core values. We believe that working with CSR is not only the right thing to do, but also a benefit for our activities. In 2015, we have initiated the implementation of JTB Group's global anti-discrimination and anti-harassment policy. Our intention to undertake a CSR strategy process and develop a CSR strategy have been postponed to 2018, due to organizational changes and restructuring. However, we have outlined our CSR approach in the JTB Group Code of Conduct and the JTB Way, which is a statement of our corporate values. The Code of Conduct includes issues such as employees, business ethics, environment and social contributions.

### **Employees**

In Tumlare, our strategic objective is "to attract, develop and retain staff of the highest quality." In 2016, we have continued our focus on employee development. We have during the year facilitated a series of training sessions to further develop our employees. During the year, ten selected managers were invited to participate in a leadership training session to gain a deeper knowledge about the company's global business strategy. In addition, 35 employees were enrolled in an e-learning program about how to improve their leadership skills in a global organization; and three employees were given the opportunity to participate in an overseas training program to build up a networking platform and enhance information exchange, in order to strengthen the collaboration between offices.

In 2017, we have continued our focus on employee retention. During the year, we have, by reinforcing our exit interview policy from 2013, managed to keep our staff turnover at the same level of 2016. The expansion of our shared service centers, do seems to be a challenge, and further work is made to keep the level of staff turnover at an acceptable level. We have also introduced an internal job application system to keep talented employees within the organization and support their career development.

## Management commentary

To create a great working environment for all our employees Tumlare supports sports activities and promotes a healthy lifestyle as these key factors help our employees keep fit, both physically and mentally. In certain offices, we arrange sports days or challenge days, in other offices we provide a free fruit basket to all our employees. We want all our employees to feel that we consider them to be part of the Tumlare-family.

We haven't conducted any employee engagement survey in 2017. Since the restructuring of the organization was not finalized fully, the plan is now to launch one in 2018, as we are interested in their feedback.

### Diversity

At Tumlare, we strive towards an unprejudiced, open-minded culture, where all employees are treated fair and equal without consideration to race, ancestry, place of origin, ethnic origin, language, citizenship, creed, religion, gender, sexual orientation, marital status, physical/and or mental handicap or financial ability. This commitment is described in the JTB Group Code of Conduct and the Tumlare Employee Handbook.

In 2017, we strengthened our focus on providing re-employment possibilities for retired employees. We have during the year offered employment opportunities to four employees.

In 2017, 1 of 4 members equalling 25 % of our Executive Board were female. It is our goal to increase this distribution to 50 % in 2019. Furthermore, 43 % of our managers are female. We wish as a minimum to maintain this distribution going forward. We have a strong focus on empowering women in management positions and promoting work/life balance, which is described in our Employee Handbook. We provide good opportunities for maternity leave, with a minimum of six months up to three years, depending on the national law of the various offices. When managers are on maternity leave, we offer the position to second line managers, until the return of the main manager.

### Human Rights

We do not have a stand-alone policy for human rights. However, material issues are covered as part of the JTB Group Code of Conduct and include the following key areas:

- Protection of children from sexual exploration in the travel and tourist industry
- Data protection of employee and customer information
- Respect of intellectual property

In 2015, we have initiated the implementation of JTB Group's global anti-discrimination and anti-harassment policy as a supplement to our code of conduct. The policy formulates Tumlare's stand on how to prevent and actively work against any form for discrimination and harassment. We encourage all employees to report cases of unlawful discrimination, harassment or victimisation to their direct managers or to our Human Resources Department. In 2017, no such incidents have been reported.

## Management commentary

### Anti-corruption and business ethics

As a part of the JTB Group Code of Conduct, we have outlined ethical and behavioral guidelines. This includes guidelines for anti-corruption, fair transactions and zero tolerance against bribery of any kind. We have also established a whistle blower system, which we encourage our employees and third party collaborators to use.

Through the system they can report any misconducts experienced in our business, such as; fraudulent advertising, corruption and bribery, discrimination, harassment, or improper disclosure of confidential information. In 2017, no misconduct was reported to Tumlare.

All employees in Tumlare must sign and comply with our Code of Conduct. During the year, we have conducted ongoing mandatory training to ensure that all employees are aware of and understand the content of the Code of Conduct. We ensure continued compliance with the Code of Conduct by conducting internal audits in all offices. In 2017, we have conducted 12 internal audits.

### Environment

Tumlare emphasizes the importance of good corporate citizenship, contributing to sustainable development of society and to the preservation of the environment and natural resources. We have introduced the Brighter Earth Project, in cooperation with JTB Group, aiming to to implement activities that make the earth a "brighter" place, and combine environmental conservation activities with team building activities related to employee engagement. This includes several paper and plastic recycling initiatives

### Social contribution

We encourage our local offices to contribute to their local communities and in 2017, a number of local community projects have again been organised. Tumlare Delhi office has continued their combined charity program, volunteerism and also service contribution. They support a girl residential school not only financially, but also by providing technical and educational support, involving local employees in the activities, as well as contributing to the maintenance services.

As part of our core business offering, we organise technical visits to showcase local expertise and specialties, contributing to knowledge sharing and intercultural exchange. The technical visits aim to improve knowledge between countries, improve mutual understanding, and further enable grounds for international collaboration.

### 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.

The liquidation of the Finnish Outbound entity (Helsingin Laatumatkat OY) has been completed 1<sup>st</sup> March 2018.

## Consolidated income statement for 2017

	<b>Notes</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Revenue	1	2.039.932	1.727.541
Cost of sales		(1.730.399)	(1.425.623)
Other external expenses	2	(73.148)	(70.819)
<b>Gross profit/loss</b>		<b>236.385</b>	<b>231.099</b>
Staff costs	3	(216.857)	(211.701)
Depreciation, amortisation and impairment losses	4	(3.783)	(3.220)
Other operating expenses	5	(13.638)	0
<b>Operating profit/loss</b>		<b>2.107</b>	<b>16.178</b>
Other financial income	6	45.386	30.558
Other financial expenses	7	(50.958)	(21.164)
<b>Profit/loss before tax</b>		<b>(3.465)</b>	<b>25.572</b>
Tax on profit/loss for the year	8	549	(8.798)
<b>Profit/loss for the year</b>	9	<b>(2.916)</b>	<b>16.774</b>

## Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Acquired licences		5	5
Goodwill		0	0
<b>Intangible assets</b>	10	<b>5</b>	<b>5</b>
Other fixtures and fittings, tools and equipment		6.687	6.991
Leasehold improvements		1.757	1.654
<b>Property, plant and equipment</b>	11	<b>8.444</b>	<b>8.645</b>
Investments in associates		0	0
Deposits		7.760	8.102
Deferred tax		12.267	6.360
<b>Fixed asset investments</b>	12	<b>20.027</b>	<b>14.462</b>
<b>Fixed assets</b>		<b>28.476</b>	<b>23.112</b>
Manufactured goods and goods for resale		5.731	231
<b>Inventories</b>		<b>5.731</b>	<b>231</b>
Trade receivables		98.750	87.285
Receivables from group enterprises		21.560	25.051
Receivables from associates		171	1.074
Other receivables		17.902	9.757
Income tax receivable		720	1.452
Prepayments	14	37.803	49.722
<b>Receivables</b>		<b>176.906</b>	<b>174.341</b>
Other investments		83	125
<b>Other investments</b>		<b>83</b>	<b>125</b>
<b>Cash</b>		<b>74.323</b>	<b>138.668</b>
<b>Current assets</b>		<b>257.043</b>	<b>313.365</b>
<b>Assets</b>		<b>285.519</b>	<b>336.477</b>

## Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		10.001	10.001
Retained earnings		41.320	45.713
<b>Equity attributable to the Parent's owners</b>		<b>51.321</b>	<b>55.714</b>
<b>Share of equity attributable to minority interests</b>		<b>74</b>	<b>49</b>
<b>Equity</b>		<b>51.395</b>	<b>55.763</b>
Deferred tax		349	417
<b>Provisions</b>		<b>349</b>	<b>417</b>
Trade payables		108.041	166.221
Payables to group enterprises		42.585	31.380
Income tax payable		2.566	2.571
Other payables		39.868	35.434
Deferred income	15	40.715	44.691
<b>Current liabilities other than provisions</b>		<b>233.775</b>	<b>280.297</b>
<b>Liabilities other than provisions</b>		<b>233.775</b>	<b>280.297</b>
<b>Equity and liabilities</b>		<b>285.519</b>	<b>336.477</b>
Associates	13		
Unrecognised rental and lease commitments	17		
Mortgages and securities	18		
Group relations	19		
Subsidiaries	20		



## Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	10.001	45.713	49	55.763
Exchange rate adjustments	0	(1.367)	(2)	(1.369)
Other equity postings	0	(83)	0	(83)
Profit/loss for the year	0	(2.943)	27	(2.916)
<b>Equity end of year</b>	<b>10.001</b>	<b>41.320</b>	<b>74</b>	<b>51.395</b>

## Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Operating profit/loss		2.110	16.177
Amortisation, depreciation and impairment losses		3.781	3.256
Working capital changes	16	(55.316)	17.961
<b>Cash flow from ordinary operating activities</b>		<b>(49.425)</b>	<b>37.394</b>
Financial income received		374	4.149
Financial income paid		(3.277)	(580)
Income taxes refunded/(paid)		(4.588)	(5.260)
<b>Cash flows from operating activities</b>		<b>(56.916)</b>	<b>35.703</b>
Acquisition etc of property, plant and equipment		(4.375)	(2.347)
Sale of property, plant and equipment		459	100
Acquisition of fixed asset investments		(849)	(642)
Sale of fixed asset investments		779	6.135
Other cash flows from investing activities		42	29
<b>Cash flows from investing activities</b>		<b>(3.944)</b>	<b>3.275</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(60.860)</b>	<b>38.978</b>
Cash and cash equivalents beginning of year		138.668	97.026
Currency translation adjustments of cash and cash equivalents		(3.485)	2.664
<b>Cash and cash equivalents end of year</b>		<b>74.323</b>	<b>138.668</b>

## Notes to consolidated financial statements

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>1. Revenue</b>		
Inbound activities	1.846.073	1.538.598
Outbound activities	187.508	186.391
Other activities	6.351	2.552
	<b>2.039.932</b>	<b>1.727.541</b>
	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>2. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	2.581	2.029
Other assurance engagements	175	153
Tax services	229	316
Other services	324	184
	<b>3.309</b>	<b>2.682</b>
	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>3. Staff costs</b>		
Wages and salaries	168.394	162.507
Pension costs	6.238	6.619
Other social security costs	30.976	30.182
Other staff costs	11.249	12.393
	<b>216.857</b>	<b>211.701</b>
Average number of employees	<b>919</b>	<b>895</b>
	<b>Remunera- tion of manage- ment 2017 DKK'000</b>	<b>Remunera- tion of manage- ment 2016 DKK'000</b>
Executive Board	3.471	3.003
	<b>3.471</b>	<b>3.003</b>
	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>4. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	3.781	3.256
Profit/loss from sale of intangible assets and property, plant and equipment	2	(36)
	<b>3.783</b>	<b>3.220</b>

## Notes to consolidated financial statements

### 5. Other operating expenses

Other operating expenses comprise of expenses related to a fraud incident that occurred in one of the group's subsidiaries.

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>6. Other financial income</b>		
Interest income	374	354
Exchange rate adjustments	45.007	30.204
Fair value adjustments	5	0
	<b>45.386</b>	<b>30.558</b>

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>7. Other financial expenses</b>		
Interest expenses	1.171	580
Exchange rate adjustments	49.769	20.584
Fair value adjustments	18	0
	<b>50.958</b>	<b>21.164</b>

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>8. Tax on profit/loss for the year</b>		
Tax on current year taxable income	4.866	4.590
Change in deferred tax for the year	(6.042)	4.464
Adjustment concerning previous years	627	(256)
	<b>(549)</b>	<b>8.798</b>

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>9. Proposed distribution of profit/loss</b>		
Retained earnings	(2.943)	16.768
Minority interests' share of profit/loss	27	6
	<b>(2.916)</b>	<b>16.774</b>

## Notes to consolidated financial statements

	Acquired licences DKK'000	Goodwill DKK'000
<b>10. Intangible assets</b>		
Cost beginning of year	5	19.436
<b>Cost end of year</b>	<b>5</b>	<b>19.436</b>
Amortisation and impairment losses beginning of year	0	(19.436)
<b>Amortisation and impairment losses end of year</b>	<b>0</b>	<b>(19.436)</b>
<b>Carrying amount end of year</b>	<b>5</b>	<b>0</b>
	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
<b>11. Property, plant and equipment</b>		
Cost beginning of year	25.189	4.661
Exchange rate adjustments	(947)	(284)
Transfers	(259)	0
Additions	3.292	1.083
Disposals	(958)	(445)
<b>Cost end of year</b>	<b>26.317</b>	<b>5.015</b>
Depreciation and impairment losses beginning of the year	(18.198)	(3.007)
Exchange rate adjustments	731	166
Transfers	259	0
Depreciation for the year	(3.249)	(532)
Reversal regarding disposals	827	115
<b>Depreciation and impairment losses end of the year</b>	<b>(19.630)</b>	<b>(3.258)</b>
<b>Carrying amount end of year</b>	<b>6.687</b>	<b>1.757</b>

## Notes to consolidated financial statements

	<b>Investments in associates DKK'000</b>	<b>Deposits DKK'000</b>	<b>Deferred tax DKK'000</b>
<b>12. Fixed asset investments</b>			
Cost beginning of year	7	8.102	6.360
Exchange rate adjustments	0	(412)	(69)
Additions	0	849	6.303
Disposals	0	(779)	(327)
<b>Cost end of year</b>	<b>7</b>	<b>7.760</b>	<b>12.267</b>
Impairment losses beginning of year	(7)	0	0
Share of profit/loss for the year	(5)	0	0
Fair value adjustments	5	0	0
<b>Impairment losses end of year</b>	<b>(7)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>7.760</b>	<b>12.267</b>

	<b>Registered in</b>	<b>Equity inte- rest %</b>
<b>13. Associates</b>		
Net Service Holding Ltd.	Thailand	48,2

### 14. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

### 15. Short-term deferred income

Deferred income comprises of received income for recognition in subsequent financial years. In the travel industry it is common to have such large prepayments received from costumers.

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>16. Change in working capital</b>		
Increase/decrease in inventories	(5.500)	1.323
Increase/decrease in receivables	(3.297)	(58.485)
Increase/decrease in trade payables etc	(46.519)	75.123
	<b>(55.316)</b>	<b>17.961</b>
	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>17. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>13.695</b>	<b>10.879</b>

## Notes to consolidated financial statements

### 18. Mortgages and securities

The group has provided payment guarantee's for a total of DKK '000 6.149 (2016: 5.017)

### 19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
JTB Corp., Japan, ultimate owner

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Travel Plaza (Europe) B.V., the Netherlands

	<u>Registered in</u>	<u>Equity inte- rest %</u>	<u>Equity DKK'000</u>	<u>Profit/loss DKK'000</u>
<b>20. Subsidiaries</b>				
Universal Net Link Ltd.	Thailand	73,6	280	104
Tumlare Corporation Croatia d.o.o	Croatia	100,0	538	115
Tumlare Corporation Austria GmbH	Austria	100,0	3.988	(39)
Tumlare Corporation Sweden AB	Sweden	100,0	10.104	(205)
Tumlare Corporation Hungary Utazásszervezo Kft	Hungary	100,0	23.203	2.484
Oy Tumlare Corporation AB	Finland	100,0	4.960	126
Helsingin Laatumatkat Oy	Finland	100,0	0	8.771
Tumlare Corporation AS	Norway	100,0	3.480	720
Tumlare Brasil Agência De Viagens E Turismo LTDA	Brasil	100,0	1.472	205
Tumlare Software Services Private Limited	India	100,0	2.922	765
Tumlare Travels Private Limited	India	100,0	712	363
Tumlare Corporation Inc.	USA	100,0	3.258	1.031
Tumlare Corporation Co. Ltd.	Japan	100,0	15.998	1.840
Tumlare Corporation Czech Republic s.r.o.	Czech Republic	100,0	2.373	265
Tumlare Corporation S.A.	Portugal	100,0	65	(1)
Tumlare Corporation LLC	Russia	100,0	939	559
Tumlare Net Travel Service LLC	Russia	100,0	2.655	173
Tumlare Corporation Estonia OÜ	Estonia	100,0	964	814

## Parent income statement for 2017

	<b>Notes</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Revenue		1.890.764	1.516.860
Cost of sales		(1.626.048)	(1.259.261)
Other external expenses	1	(175.404)	(148.135)
<b>Gross profit/loss</b>		<b>89.312</b>	<b>109.464</b>
Staff costs	2	(85.451)	(95.554)
Depreciation, amortisation and impairment losses	3	(1.763)	(1.531)
Other operating expenses	4	(13.116)	0
<b>Operating profit/loss</b>		<b>(11.018)</b>	<b>12.379</b>
Income from investments in group enterprises		18.104	5.481
Other financial income	5	24.350	20.287
Other financial expenses	6	(39.717)	(15.767)
<b>Profit/loss before tax</b>		<b>(8.281)</b>	<b>22.380</b>
Tax on profit/loss for the year	7	5.338	(5.612)
<b>Profit/loss for the year</b>	8	<b>(2.943)</b>	<b>16.768</b>



## Parent income statement for 2017

	<b>Notes</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Goodwill		0	0
<b>Intangible assets</b>	9	<b>0</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		2.451	3.425
Leasehold improvements		1.008	732
<b>Property, plant and equipment</b>	10	<b>3.459</b>	<b>4.157</b>
Investments in group enterprises		77.817	70.278
Investments in associates		0	0
Deposits		2.224	2.419
Deferred tax		11.800	5.500
<b>Fixed asset investments</b>	11	<b>91.841</b>	<b>78.197</b>
<b>Fixed assets</b>		<b>95.300</b>	<b>82.354</b>
Manufactured goods and goods for resale		1.489	65
<b>Inventories</b>		<b>1.489</b>	<b>65</b>
Trade receivables		70.081	54.358
Receivables from group enterprises		57.305	68.605
Receivables from associates		158	1.079
Other receivables		11.670	4.144
Income tax receivable		219	54
Prepayments	12	20.937	26.600
<b>Receivables</b>		<b>160.370</b>	<b>154.840</b>
Other investments		75	117
<b>Other investments</b>		<b>75</b>	<b>117</b>
<b>Cash</b>		<b>28.522</b>	<b>86.795</b>
<b>Current assets</b>		<b>190.456</b>	<b>241.817</b>
<b>Assets</b>		<b>285.756</b>	<b>324.171</b>

## Parent balance sheet at 31.12.2017

	<b>Notes</b>	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
Contributed capital	13	10.001	10.001
Reserve for net revaluation according to the equity method		33.488	18.423
Retained earnings		7.832	27.290
<b>Equity</b>		<b>51.321</b>	<b>55.714</b>
Trade payables		92.854	152.136
Payables to group enterprises		81.027	59.262
Income tax payable		1.066	1.061
Other payables		34.520	19.600
Deferred income	14	24.968	36.398
<b>Current liabilities other than provisions</b>		<b>234.435</b>	<b>268.457</b>
<b>Liabilities other than provisions</b>		<b>234.435</b>	<b>268.457</b>
<b>Equity and liabilities</b>		<b>285.756</b>	<b>324.171</b>
Unrecognised rental and lease commitments	15		
Mortgages and securities	16		

## Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.001	18.423	27.290	55.714
Exchange rate adjustments	0	(2.956)	1.589	(1.367)
Other equity postings	0	(83)	0	(83)
Profit/loss for the year	0	18.104	(21.047)	(2.943)
<b>Equity end of year</b>	<b>10.001</b>	<b>33.488</b>	<b>7.832</b>	<b>51.321</b>

## Notes to parent financial statements

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>1. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	1.051	1.385
Other assurance engagements	77	61
Tax services	65	42
Other services	185	73
	<b>1.378</b>	<b>1.561</b>
	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	69.311	74.918
Pension costs	3.184	3.647
Other social security costs	8.985	12.170
Other staff costs	3.971	4.819
	<b>85.451</b>	<b>95.554</b>
Average number of employees	<b>269</b>	<b>337</b>
	<b>Remunera- tion of manage- ment 2017 DKK'000</b>	<b>Remunera- tion of manage- ment 2016 DKK'000</b>
Executive Board	3.471	3.003
	<b>3.471</b>	<b>3.003</b>
	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	1.696	1.519
Profit/loss from sale of intangible assets and property, plant and equipment	67	12
	<b>1.763</b>	<b>1.531</b>

#### 4. Other operating expenses

Other operating expenses comprise of expenses related to a fraud incident that occurred in one of the subsidiaries.

## Notes to parent financial statements

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>5. Other financial income</b>		
Financial income arising from group enterprises	423	494
Interest income	298	215
Exchange rate adjustments	23.624	19.578
Fair value adjustments	5	0
	<b>24.350</b>	<b>20.287</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>6. Other financial expenses</b>		
Financial expenses from group enterprises	475	473
Interest expenses	1.138	460
Exchange rate adjustments	38.086	14.834
Fair value adjustments	18	0
	<b>39.717</b>	<b>15.767</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>7. Tax on profit/loss for the year</b>		
Tax on current year taxable income	1.095	1.550
Change in deferred tax for the year	(6.300)	4.400
Adjustment concerning previous years	(133)	(338)
	<b>(5.338)</b>	<b>5.612</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>8. Proposed distribution of profit/loss</b>		
Transferred to reserve for net revaluation according to the equity method	18.104	5.481
Retained earnings	(21.047)	11.287
	<b>(2.943)</b>	<b>16.768</b>

## Notes to parent financial statements

	<b>Goodwill DKK'000</b>	
<b>9. Intangible assets</b>		
Cost beginning of year		19.436
<b>Cost end of year</b>		<b>19.436</b>
Amortisation and impairment losses beginning of year		(19.436)
<b>Amortisation and impairment losses end of year</b>		<b>(19.436)</b>
<b>Carrying amount end of year</b>		<b>0</b>
	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improve- ments DKK'000</b>
<b>10. Property, plant and equipment</b>		
Cost beginning of year	9.476	3.060
Exchange rate adjustments	(291)	(154)
Transfers	(325)	0
Additions	616	1.055
Disposals	(787)	(445)
<b>Cost end of year</b>	<b>8.689</b>	<b>3.516</b>
Depreciation and impairment losses beginning of the year	(6.051)	(2.328)
Exchange rate adjustments	189	93
Transfers	259	0
Depreciation for the year	(1.308)	(388)
Reversal regarding disposals	673	115
<b>Depreciation and impairment losses end of the year</b>	<b>(6.238)</b>	<b>(2.508)</b>
<b>Carrying amount end of year</b>	<b>2.451</b>	<b>1.008</b>

## Notes to parent financial statements

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Deposits DKK'000	Deferred tax DKK'000
<b>11. Fixed asset investments</b>				
Cost beginning of year	48.360	7	2.419	5.500
Exchange rate adjustments	0	0	(47)	0
Additions	0	0	256	6.300
Disposals	(7.895)	0	(404)	0
<b>Cost end of year</b>	<b>40.465</b>	<b>7</b>	<b>2.224</b>	<b>11.800</b>
Revaluations beginning of year	21.918	0	0	0
Exchange rate adjustments	(2.956)	0	0	0
Share of profit/loss for the year	18.104	0	0	0
Other adjustments	(83)	0	0	0
Reversal regarding disposals	369	0	0	0
<b>Revaluations end of year</b>	<b>37.352</b>	<b>0</b>	<b>0</b>	<b>0</b>
Impairment losses beginning of year	0	(7)	0	0
Share of profit/loss for the year	0	(5)	0	0
Fair value adjustments	0	5	0	0
<b>Impairment losses end of year</b>	<b>0</b>	<b>(7)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>77.817</b>	<b>0</b>	<b>2.224</b>	<b>11.800</b>

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK'000	Profit/loss DKK'000
Investments in associates comprise:					
Net Service Holding Ltd.	Thailand	Ltd.	48,2	(19)	(5)

## 12. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

## Notes to parent financial statements

	<b>Number</b>	<b>Par value DKK'000</b>	<b>Nominal value DKK'000</b>
<b>13. Contributed capital</b>			
Ordinary shares	10.001	1	10.001
	<b>10.001</b>		<b>10.001</b>

### 14. Deferred income

Deferred income comprises received income from recognition in subsequent financial years. In the travel industry, it is common to have such large prepayments received from customers.

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>15. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>4.031</b>	<b>9.363</b>

### 16. Mortgages and securities

The company has provided payment guarantees of DKK'000 4.086 (2016: 4.667)

The company has issued a financial support statement, for grants of financial resources for the subsidiary Oy Tumlare Corporation AB to meet its obligations. The financial support statement is irredeemable until the 31.12.2019.



## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied to these consolidated financial statements and parent 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.

### Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent, see group structure. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

## Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

### Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

### Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

### 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

## Accounting policies

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

### Income statement

#### Revenue

Revenue from the sale of tours is recognized in the income statement as the individual tour is held, on basis of percentage of completion. Additional revenue is recognized on time of invoicing. Revenue is recognized net of VAT, duties and sales discount and measured at fair value of the consideration fixed. Realized and unrealized exchange gain on receivables, liabilities and transactions on foreign exchange is also recognized in the revenue.

#### Cost of sales

Cost of sales comprises tour costs directly related to costs which have been paid to obtain revenue. Tour costs are recognized when the individual travel is terminated.

#### 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

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

## Accounting policies

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.

### Other operating expenses

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

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

### Other financial income from group enterprises

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

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, 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 interest expenses on payables to group enterprises, 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.

### Balance sheet

#### Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

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

## Accounting policies

### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

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

### Property, plant and equipment

Property, plant and equipment which comprises leasehold improvements, 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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	1-5 years
Leasehold improvements	3-10 years

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

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

## Accounting policies

### Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### 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.

### Other investments

Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

## Accounting policies

### 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.

### Income tax receivable or payable

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

### Deferred income

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

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt and purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.