

Tumlare Corporation A/S

Vesterbrogade 6D
1620 Copenhagen V
Central Business Registration
No 46357019

Annual report 2019

The Annual General Meeting adopted the annual report on 31.08.2020

Chairman of the General Meeting

Name: Shinji Kamio

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2019	16
Consolidated balance sheet at 31.12.2019	17
Consolidated statement of changes in equity for 2019	19
Consolidated cash flow statement for 2019	20
Notes to consolidated financial statements	21
Parent income statement for 2019	29
Parent balance sheet at 31.12.2019	30
Parent statement of changes in equity for 2019	32
Notes to parent financial statements	33
Accounting policies	40

Entity details

Entity

Tumlare Corporation A/S
Vesterbrogade 6D
1620 Copenhagen V

Central Business Registration No (CVR): 46357019
Registered in: Copenhagen
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Lukas Kreienbühl, Chairman
Claudio Torti
Adrian Heinz Hugentobler

Executive Board

Claudio Torti
John Block Gartmann

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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of the group and the entity's operations and cash flows 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

Claudio Torti

John Block Gartmann

Board of Directors

Lukas Kreienbühl
Chairman

Claudio Torti

Adrian Heinz Hugentobler

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 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, 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 31.12.2019, and of the results of their operations and the consolidated cash flows 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 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.

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 group and the parent company in 2020. The activity of the group have reduced significantly, and a large loss are expected for the financial year 2020, the group 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 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

Independent auditor's report

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 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.

Independent auditor's report

- 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.

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.

Violation of other legislation

The company have in 2019 violated the cash transactions ban as stipulated in §5 of the Danish Anti Money Laundering Act, as cash amounts above the limit have been received. Management may be held responsible.

Copenhagen, 31.08.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

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

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	2.278.195	2.045.747	2.039.932	1.727.541	1.463.733
Gross profit/loss	199.198	216.208	236.385	231.099	211.492
Operating profit/loss	(53.889)	(15.728)	2.107	16.178	2.424
Net financials	4.535	(14.138)	(5.572)	9.394	(5.645)
Profit/loss for the year	(56.035)	(46.326)	(2.916)	16.774	(2.896)
Profit/loss excl minority interests	(56.088)	(46.343)	(2.943)	16.768	11.731
Total assets	470.001	381.539	285.519	336.477	244.048
Investments in property, plant and equipment	2.315	4.990	4.375	2.347	2.751
Equity	(50.826)	7.220	51.395	55.763	25.320
Equity excl minority interests	(50.987)	7.124	51.321	55.714	25.281
Ratios					
Gross margin (%)	8,7	10,6	11,6	13,4	14,4
Net margin (%)	(2,5)	(2,3)	(0,1)	1,0	(0,2)
Return on equity (%)	(257,2)	(158,6)	(5,5)	41,4	36,1
Equity ratio (%)	(10,8)	1,9	18,0	16,6	10,4
Gross Profit Margin	16,2	15,6	15,2	17,5	19,5

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

Ratios	Calculation formula	Calculation formula reflects
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 (%)	$\frac{\text{Profit/loss excl minority interests} \times 100}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests} \times 100}{\text{Total assets}}$	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 develop travel and tourist agency activities and any other related business activity, including trade, import and export. The Tumlare Group curates and delivers group travel, meetings, incentives, congresses and events, mainly focused on customers located in Asian markets.

Development in activities and finances

The Group realized a loss after taxes of roughly 56 million DKK in 2019, compared with a loss of 46.3 million DKK in 2018. The parent company have lost more than 50% of its contributed capital, and is therefore subject to the legislation in § of the Danish Companies Act. It is the managements assessment that the capital will be reestablished trough the capital injections, own operations or other measures by the owners.

The Group's top line continued to increase, with consolidated revenue up by 11.4%. However, the consolidated gross profit declined by 7.9% (-17 million DKK), due an overall decrease in margin decrease which impacted primarily markets such as China and India.

Alongside the decrease in margin percentage of sales, the decrease in operating profit of Tumlare during the year reflects a substantial increase in staff costs during 2019 (adverse 21.1 million DKK). This cost increase resulted mainly from the integration of Group Travel into TUS in April 2019 (adverse 12.3 million DKK), together with the increase in scope and size of Tumlare's hub operations in Estonia (adverse 6 million DKK).

From a business unit perspective, the development compared to prior year can be explained as follows:

Inbound

The overall revenue result of 2019 was in line with the latest forecast, and it also traded ahead vs 2018. Almost all markets achieved latest Forecast. Compared to 2018, mainly the APAC markets show a positive trend and recorded an increase in Sales of EUR 6.3m resp. 3.4%. Main drivers for this positive trend were China and Thailand as well as Japan. On the other hand, Europe Sales were suffering and recorded Sales of EUR -2.4m vs. 2018.

In terms of Gross Profit, APAC and Europe source markets both achieved the Forecast estimations. On the other hand, absolute Gross Profit has decreased compared to 2018. This is because of the overall margin decrease compared to the previous year. Main driver for the margin decrease were the China and India markets, as well as Americas.

Outbound

Outbound activities continued to show a positive trend and contributed with a positive result to the overall Group result. All countries saw an increase in Gross Profit.

All the business segments showed an improvement in 2019 with a positive impact on sales volume and as well as gross profit compared to 2018. The segments that showed biggest improvements in 2019 were again Japan-bound leisure business and the Business Travel Management-segment also showed a significant improvement with a growth of 16.9% compared to 2018.

Management commentary

Outlook for 2020

As of March 2020, the Groups' operation was severely disrupted by the impact of Covid-19 in the travel industry. The continuation of virus pandemic until the date of this report, associated with the uncertainty and health situation that it caused in most of the markets and/or destinations where the Group operates, led to a sharp decline of our business operations in those markets.

As a result, we expect a full reduction of our revenue up until end of Q3, with the potential for some first modest signs of recovery in Q4 of 2020. Our current working models suggest a recovery of business to take place in 2021 up to roughly 50% of the budget for 2020, particularly towards H2 of 2021.

During 2020, the Group focused on deploying initiatives that will allow it to adjust to the new travel reality post Covid-19, through the adoption of a business model that is centered on the enhancement of premium travel propositions, while adjusting the size and creating a flexible and agile organization that meets the requirements of the future business.

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.

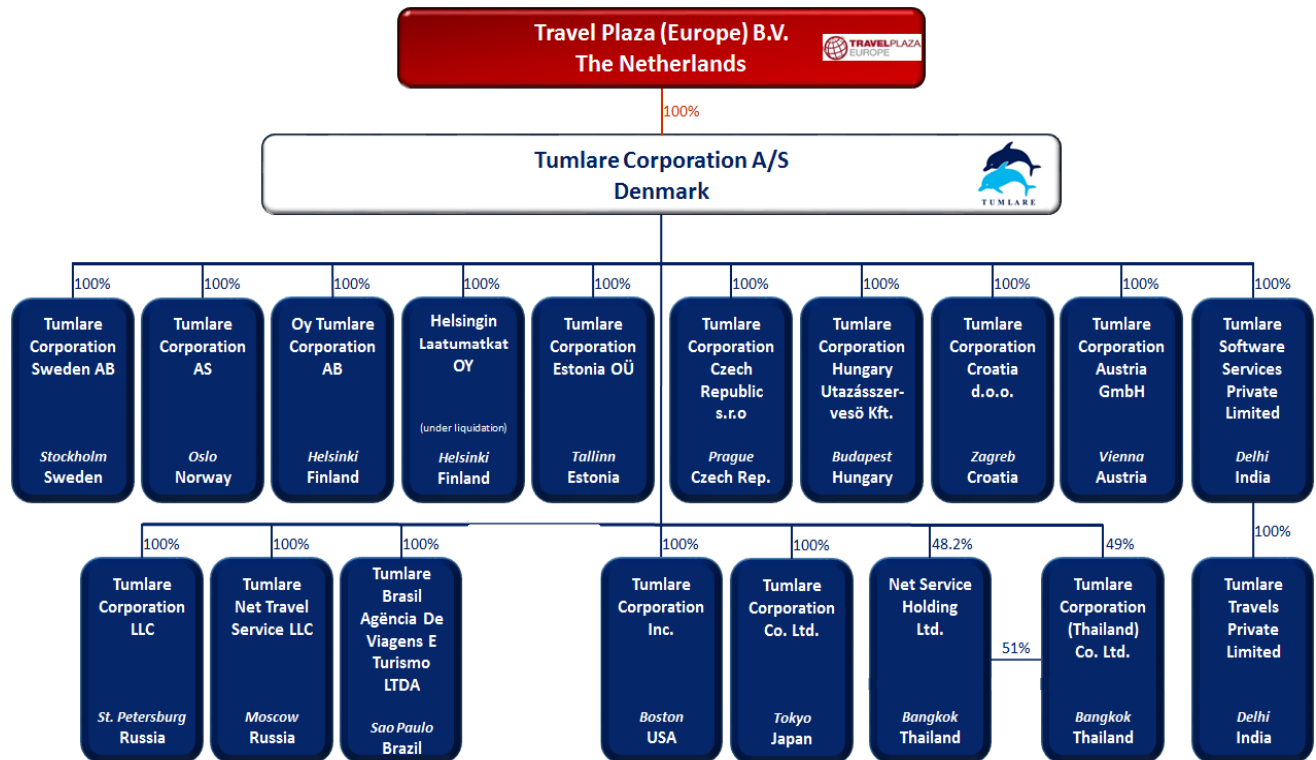
Financial risks

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 profit of 4,5 million DKK which is a result of the fluctuation of currencies in 2019.

Management commentary

Group Relations



The annual report for the parent company also consists of a representative office and branches. The following representative offices and branches are included in the financial statement:

- Representative offices:
 - Saint Petersburg
 - Moscow
 - China
- Branches:
 - Hong Kong
 - Taipei
 - Warszawa
 - Paris
 - London
 - Rome
 - Madrid
 - Kuala Lumpur

Management commentary

Statutory report on corporate social responsibility

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

At Tumlare, we create truly inspiring travel experiences that go beyond expectations. Proudly part of the JTB Corporation, we curate and deliver group travel (including small groups), as well as customized FIT travel. Our team members are located across 34 countries throughout Europe, Asia Pacific and the Americas. Tumlare's business model focuses primarily on Inbound travel from Asian markets, namely Japan, but also China, Hong-Kong, Malaysia and India. Alongside it, we also cater a smaller Outbound unit which focuses on bringing European customers to Japan.

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 2021, due to the disruption caused by Covid-19 to our business and the subsequent adjustment of the organization to a new business reality. 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

We perceive that the primary risk regarding employees is if employees are not motivated or engaged. If the risk materializes, this may impact our ability to attract and retain employees. At Tumlare, our strategic objective is "to attract, develop and retain staff of the highest quality." Given the ongoing transformation within the company it is particularly important to ensure that the various teams remain committed and motivated.

In 2018, Tumlare introduced a uniform approach to performance management. During 2019, we strengthened our position as a performance driven organisation with processes in place to enable employees to have S.M.A.R.T. goals set for them at the start of the year, followed by a Mid-Year Review to encourage goal-based discussions and amend goals or course correct as required. Talent identification and risk assessment

Management commentary

processes are run with a view to identifying and retaining high potential talent, building career ladders and creation succession plans. Year-end reviews are held, ratings given, and future development discussed. This is supported by an HRIS system.

At Tumlare, we also focus increasingly more on Staff Recognition. In 2018, we launched the Excellence Awards, including 3 award categories to recognise colleagues' achievements and commitment: Above & Beyond, Outstanding Contribution and CEO Awards. In 2019, we expanded these recognition mechanisms by participating in JTB Corporation's annual GBU Awards. These recognize outstanding achievements in various businesses of the JTB Group with the intention of fostering unity, diversity, innovation and synergy between group companies keeping customer centricity.

In 2019, Tumlare also kicked off its employee engagement survey, named 'Shape Our Future with Your Voice'. Through this anonymous survey, both Tumlare and the JTB Group aim to gain insight into employees' knowledge of the vision of the Company and better understand how employees feel about the way of working in their locations. The full results were made available in March of 2020 and they will be analyzed and used to further develop the Corporate Culture at Tumlare and JTB Group.

Simultaneously, the company introduced surveys to gauge onboarding and exit experiences, with all new joiners invited to complete the 'We Care' onboarding survey, within a month of joining the organisation. Employees leaving the organisation are requested to complete the Exit Survey which throws up what we as an organisation can do differently to further retain and attract talent.

During the past year, Tumlare further enhanced its offer on classroom trainings on Leadership and Management skills as well as business critical skills in-house via the Kuoni Tumlare Academy. Our learning programs in 2019 focused on Situational leadership, Hiring successfully, Managing teams effectively, Presentation, Negotiation, Conflict resolution, Logical and Creative thinking, & FISH! to build motivation and customer focus. Over 200 Tumlare staff (170 in Europe and 40 in Asia) were trained via these classroom sessions in 2019.

We synergized with the JTB University to share and access each other's content and offer a wider range of classroom training options to our staff globally. Our staff are regular participants at JTB University's signature programs. 47 staff across Kuoni Tumlare attended 12 different programs on Leadership & Management at various levels, thereby interacting also with participants from different companies in JTB Corp. and further build synergy.

Our online learning platform was enhanced to enable employees to find thousands of learning resources ranging from audio, video, audio books online, available 24X7 and supported through a mobile application to promote learning on the go.

Human Rights

We believe that the primary risk regarding human rights is if employees feel discriminated. This may impact our ability to attract and retain employees as well as impact our reputation. We do not have a stand-alone policy for human rights. However, we strongly believe in the protection of the well-being of individuals by

Management commentary

ensuring that across our extensive network of employees and suppliers in different areas of the globe are not subject to harassment, or discrimination. We also aim to maintain the data of our staff and external parties safe. This is in order to avoid any potential breaches and legal consequences if that data was made available, but also to ensure that are identified as a trusted partner by the different travel associations and key suppliers.

Material issues are covered as part of the JTB Group Code of Conduct and include the following 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 victimization to their direct managers or to our Human Resources Department. On a yearly basis all employees, alongside all new joiners need to follow online courses on both GDPR and the Code of Conduct. In 2018, no such incidents have been reported.

Anti-corruption and business ethics

The primary risk in relation to this area is that the tourism industry is often identified with money laundering activities in specific parts of the world, which may have severe consequences in terms of the license to operate, but also in terms of who we can work with in each country.

As a part of the JTB Group Code of Conduct, we have outlined ethical and behavioral guidelines and the Anti-Corruption training was re-visited in 2019 and revamped for its launch in 2020. This ensures that our employees are aware of the company's Code of Conduct and that it remains relevant to our business and current times.

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 understand the content of the Code of Conduct. While from a managerial point of view we ensure continued compliance with the Code of Conduct by conducting internal audits in all offices. In 2019, no misconduct was reported to Tumlare.

In 2019, we have conducted 5 internal audits and we further enhanced the controls that are part of ICS (Internal Control Framework), which is a JTB wide framework of internal controls covering all key SOD and financial processes (AP, AR, GL, and payroll related) within the Tumlare organization. On the basis of this assessment, Tumlare Denmark maintains a 'Good' score.

Management commentary

Environment

The primary risk regarding environment is if our activities cause an unnecessary and excessive impact on the environment. This could both impact the local environment as well as our reputation. Tumlare emphasizes the importance of good corporate citizenship, contributing to sustainable development of society and to the preservation of the environment and natural resources.

During 2019, we further invested in the Brighter Earth Project, in cooperation with JTB Group, aiming to implement activities that make the earth a “brighter” place, and combine environmental conservation activities with team building activities related to employee engagement.

As part of it, our local offices were empowered to run local initiatives, fit to their environmental challenges. In the Bangkok office we introduced reusable cups and bags issued to staff as part of an awareness-raising campaign, showing our continued commitment to reducing our ecological footprint, wherever possible.

We successfully continued to conduct technical visits to schools and suppliers which are recognized in promoting sustainable development, while we promote sustainable practices at our offices and in the way we travel to decrease our carbon footprint.

Social contribution

While we don't believe that this section represents added risks to our operations, we encourage our local offices to contribute to their local communities and in 2018, a number of local community projects have again been organized.

As part of these local contributions, our Procurement team in Italy supported the organisation of the biggest Operation Smile charity event in Rome in September 2019, named 'Il Polo del Sorriso'. The event took place in Roma polo Club and welcomed 800 attendees, including politicians and famous actors. Sponsored by Maserati, Ducati, Hotel Eden, Swarovski Optic, Prink and Medusa Films. 'Operation Smile' aimed at obtaining more than EUR 40,000 during the event, with the raised funds used to support the 'Smile House' project and provide medical care to children affected by cleft lip and cleft palate.

Given the complexity of our operation on the ground and further integration of processes with Kuoni, we continued to setup regular exchanges of information and training sessions between the local offices and the operational and financial hubs (Tallinn, Budapest, Saint Petersburg), to ensure that we standardize our ways of operating, but also to drive multicultural awareness.

Statutory report on the underrepresented gender

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.

Management commentary

In 2019, no members of our Executive Board were female as Tumlare is currently in the process of streamlining the structures of the Kuoni and Tumlare entities in Denmark and new Board appointments need to take place after that. It remains our goal to increase this distribution to at least one third female representation in the Board by 2021, once our organizational changes are finalized.

The Group has a strong focus on empowering women in management positions and in 2019 we hold a ratio of 60% female employees placed in HQ managerial functions in Denmark (9 female vs 6 male employees). Similar ratios are visible across individual local teams, in the various offices of Tumlare.

Given the international presence of Tumlare across the globe, we have given our local offices the power to adopt local initiatives that address diversity topics in their own cultural environment. One of those initiatives was the Diversity Day at the Bangkok office. The value of diversity in the workplace isn't really recognized in Thailand, but we have built our workforce on merit regardless of sex, age, race, religion, sexual orientation, socio-economic status etc. To celebrate the Stonewall anniversary, we decided to recognise our own rainbow of diversity and the wonderful team-spirit that we enjoy with some spectacular rainbow cakes.

Tumlare actively promotes work/life balance, which is described in our Employee Handbook. As a standard we present our employees with a broad opportunity for maternity leave, with a minimum of six months up to three years, depending on the national law of the various offices.

At the same time, given the matrix setup of the organisation whereby managers and employees tend to work from different locations, we have introduced more flexible working hour schedules and committed to firm plans to work from home on a regular basis.

Our commitment to create a work environment where our people can enjoy a healthy and balanced lifestyle also resulted in the adoption of a number of Global Initiatives. In May 2019, we launched the Global Walking Challenge, a one-month initiative encouraging all our staff to lace up their sneakers and get moving! We set employee teams the challenge of achieving 500,000 steps on a weekly 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 sales markets and destination offices where the Tumlare Group operates. 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 Tumlare 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 March 2020, including cancellation of future travels and also travel departures after the presentation of the financial statements.

Management commentary

These matters have affected the sales and, in addition, had a negative impact on the cash flows of the Tumlare 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. The Tumlare Group is regularly updating its forecast scenarios to determine the expected impact of the current health crisis on the Group's revenue for the full year of 2020.

Given the current business uncertainty, the Tumlare Group also secured the financial backing from KTI and JTB Corp, which all but ensure the seamless continuation of its business activities for the remainder of the year and beyond.

Overall assessment of going concern

The consolidated and the parent financial statements have been presented on the assumption of going concern. The management deems a material uncertainty 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 Group have 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.
- 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.
- In addition, the Executive Board expects that the Group's tied up cash and cash equivalents

Management commentary

with The Travel Guarantee Fund will be reduced due to the decrease in travel and, moreover, the required cover for this.

- The Company is part of a group cash pooling arrangement with other companies in the TPE Group which have significant cash resources available. The coronacrisis 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.
- The Group have 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.

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

Consolidated income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Revenue	2	2.278.195	2.045.747
Cost of sales		(1.909.772)	(1.726.990)
Other external expenses	3	(169.225)	(102.549)
Gross profit/loss		199.198	216.208
Staff costs	4	(248.626)	(227.485)
Depreciation, amortisation and impairment losses	5	(4.461)	(4.451)
Operating profit/loss		(53.889)	(15.728)
Other financial income	6	24.882	16.588
Other financial expenses	7	(20.347)	(30.726)
Profit/loss before tax		(49.354)	(29.866)
Tax on profit/loss for the year	8	(6.681)	(16.460)
Profit/loss for the year	9	(56.035)	(46.326)

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Acquired licences		0	5
Goodwill		0	0
Intangible assets	10	0	5
Other fixtures and fittings, tools and equipment		6.002	7.142
Leasehold improvements		865	1.328
Property, plant and equipment	11	6.867	8.470
Investments in associates		0	0
Deposits		7.601	8.580
Deferred tax		2.057	1.233
Fixed asset investments	12	9.658	9.813
Fixed assets		16.525	18.288
Manufactured goods and goods for resale		1.732	5.088
Inventories		1.732	5.088
Trade receivables		167.947	112.025
Receivables from group enterprises		7.875	35.195
Other receivables		29.334	18.559
Prepayments	14	61.228	39.670
Receivables		266.384	205.449
Other investments		59	70
Other investments		59	70
Cash		185.301	152.644
Current assets		453.476	363.251
Assets		470.001	381.539

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital		10.001	10.001
Retained earnings		(60.988)	(2.877)
Equity attributable to the Parent's owners		(50.987)	7.124
Share of equity attributable to minority interests		161	96
Equity		(50.826)	7.220
Deferred tax		273	73
Provisions		273	73
Trade payables		152.627	86.535
Payables to group enterprises		205.847	144.968
Income tax payable		4.042	4.916
Other payables		54.359	70.053
Deferred income	15	103.679	67.774
Current liabilities other than provisions		520.554	374.246
Liabilities other than provisions		520.554	374.246
Equity and liabilities		470.001	381.539
Going concern	1		
Associates	13		
Unrecognised rental and lease commitments	17		
Assets charged and collateral	18		
Transactions with related parties	19		
Group relations	20		
Subsidiaries	21		

Consolidated statement of changes in equity for 2019

	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	(2.877)	96	7.220
Exchange rate adjustments	0	(2.023)	12	(2.011)
Profit/loss for the year	0	(56.088)	53	(56.035)
Equity end of year	10.001	(60.988)	161	(50.826)

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Operating profit/loss		(53.889)	(15.728)
Amortisation, depreciation and impairment losses		4.461	5.049
Working capital changes	16	89.603	109.486
Cash flow from ordinary operating activities		40.175	98.807
Financial income received		24.882	16.588
Financial expenses paid		(20.347)	(30.726)
Income taxes refunded/(paid)		(8.179)	(1.949)
Cash flows from operating activities		36.531	82.720
Sale of intangible assets		5	0
Acquisition etc of property, plant and equipment		(2.315)	(6.061)
Sale of property, plant and equipment		(214)	854
Acquisition of fixed asset investments		(162)	(1.078)
Sale of fixed asset investments		1.331	443
Acquisition of enterprises		(171)	0
Cash flows from investing activities		(1.526)	(5.842)
Increase/decrease in cash and cash equivalents		35.005	76.878
Cash and cash equivalents beginning of year		152.644	74.323
Currency translation adjustments of cash and cash equivalents		(2.348)	1.443
Cash and cash equivalents end of year		185.301	152.644

Notes to consolidated financial statements

1. Going concern

After the balance sheet date, the transmission of coronavirus was confirmed in a number of countries, including all of the sales markets and destination offices where the Tumlare Group operates. 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 Tumlare 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 March 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 Tumlare 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. The Tumlare Group is regularly updating its forecast scenarios to determine the expected impact of the current health crisis on the Group's revenue for the full year of 2020.

Given the current business uncertainty, the Tumlare Group also secured the financial backing from KTI and JTB Corp, which all but ensure the seamless continuation of its business activities for the remainder of the year and beyond.

Overall assessment of going concern

The consolidated and the parent financial statements have been presented on the assumption of going concern. The management deems a material uncertainty 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.

Notes to consolidated financial statements

- 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 Group have 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.
- 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.
- In addition, the Executive Board expects that the Group's tied up cash and cash equivalents with The Travel Guarantee Fund will be reduced due to the decrease in travel and, moreover, the required cover for this.
- The Company is part of a group cash pooling arrangement with other companies in the TPE Group which have significant cash resources available. The coronacrisis 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.
- The Group have 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.

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

	2019 DKK'000	2018 DKK'000
2. Revenue		
Inbound activities	2.087.850	1.898.469
Outbound activities	175.095	144.428
Other activities	15.250	2.850
	2.278.195	2.045.747

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	2.072	2.740
Other assurance engagements	187	129
Tax services	181	195
Other services	306	258
	2.746	3.322
	2019 DKK'000	2018 DKK'000
4. Staff costs		
Wages and salaries	195.597	175.693
Pension costs	7.861	9.673
Other social security costs	35.390	32.348
Other staff costs	9.778	9.771
	248.626	227.485
Average number of employees	981	951
	Remunera- tion of manage- ment 2019 DKK'000	Remunera- tion of manage- ment 2018 DKK'000
Executive Board	3.218	3.092
	3.218	3.092
	2019 DKK'000	2018 DKK'000
5. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	4.295	4.460
Profit/loss from sale of intangible assets and property, plant and equipment	166	(9)
	4.461	4.451
	2019 DKK'000	2018 DKK'000
6. Other financial income		
Financial income arising from group enterprises	26	0
Other interest income	318	196
Exchange rate adjustments	24.538	16.392
	24.882	16.588

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
7. Other financial expenses		
Financial expenses from group enterprises	2.876	0
Other interest expenses	698	1.320
Exchange rate adjustments	16.773	29.406
	20.347	30.726
	2019 DKK'000	2018 DKK'000
8. Tax on profit/loss for the year		
Current tax	4.962	4.035
Change in deferred tax	(579)	11.441
Adjustment concerning previous years	2.298	984
	6.681	16.460
	2019 DKK'000	2018 DKK'000
9. Proposed distribution of profit/loss		
Retained earnings	(56.088)	(46.343)
Minority interests' share of profit/loss	53	17
	(56.035)	(46.326)
	Acquired licences DKK'000	Goodwill DKK'000
10. Intangible assets		
Cost beginning of year	5	19.436
Additions	0	28.199
Disposals	(5)	0
Cost end of year	0	47.635
Amortisation and impairment losses beginning of year	0	(19.436)
Impairment losses for the year	0	(28.199)
Amortisation and impairment losses end of year	0	(47.635)
Carrying amount end of year	0	0

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
11. Property, plant and equipment		
Cost beginning of year	27.148	5.044
Exchange rate adjustments	394	178
Additions	2.315	0
Disposals	(2.597)	(1.704)
Cost end of year	27.260	3.518
Depreciation and impairment losses beginning of year	(20.006)	(3.716)
Exchange rate adjustments	(65)	(130)
Depreciation for the year	(3.784)	(511)
Reversal regarding disposals	2.597	1.704
Depreciation and impairment losses end of year	(21.258)	(2.653)
Carrying amount end of year	6.002	865

	Investments in associates DKK'000	Deposits DKK'000	Deferred tax DKK'000
12. Fixed asset investments			
Cost beginning of year	7	8.580	1.233
Exchange rate adjustments	0	190	74
Additions	0	162	806
Disposals	0	(1.331)	(56)
Cost end of year	7	7.601	2.057
Impairment losses beginning of year	(7)	0	0
Impairment losses end of year	(7)	0	0
Carrying amount end of year	0	7.601	2.057

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

Notes to consolidated financial statements

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.

	2019 DKK'000	2018 DKK'000
16. Change in working capital		
Increase/decrease in inventories	3.356	643
Increase/decrease in receivables	(60.935)	(29.278)
Increase/decrease in trade payables etc	147.182	138.121
	89.603	109.486

	2019 DKK'000	2018 DKK'000
17. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	17.910	24.260

18. Assets charged and collateral

The group has provided payment guarantee's for a total of DKK'000 25.064 (2018: DKK'000 596)

19. Transactions with related parties

The annual report only discloses transactions with related parties that have not been carried out on market terms. Only one such transaction have been performed during the financial year.

The subsidiary Tumlare Corporation Inc. have in 2019 performed a purchase of activity from a sister group company. The purchase price of 1.945k EUR is not considered as market value, and the goodwill resulting from the purchase have subsequently been written off in 2019.

20. 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., Netherlands

Notes to consolidated financial statements

	Registered in	Equity inter- rest %
21. Subsidiaries		
Tumlare Corporation Co. Ltd.	Thailand	73,6
Tumlare Corporation Croatia d.o.o	Croatia	100,0
Tumlare Corporation Austria GmbH	Austria	100,0
Tumlare Corporation Sweden AB	Sweden	100,0
Tumlare Corporation Hungary Utazásszervezo Kft	Hungary	100,0
Oy Tumlare Corporation AB	Finland	100,0
Tumlare Corporation AS	Norway	100,0
Tumlare Brasil Agência De Viagens E Turismo LTDA	Brasil	100,0
Tumlare Software Services Private Limited	India	100,0
Tumlare Travels Private Limited	India	100,0
Tumlare Corporation Inc.	USA	100,0
Tumlare Corporation Co. Ltd.	Japan	100,0
Tumlare Corporation Czech Republic s.r.o.	Czech Republic	100,0
Tumlare Corporation LLC	Russia	100,0
Tumlare Net Travel Service LLC	Russia	100,0
Tumlare Corporation Estonia OÜ	Estonia	100,0
Helsingin Laatumatkat OY	Finland	100,0

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue		2.059.677	1.915.470
Cost of sales		(1.748.679)	(1.642.479)
Other external expenses	2	(262.024)	(217.633)
Gross profit/loss		48.974	55.358
Staff costs	3	(79.328)	(86.793)
Depreciation, amortisation and impairment losses	4	(1.570)	(2.052)
Operating profit/loss		(31.924)	(33.487)
Income from investments in group enterprises		(29.438)	12.603
Other financial income	5	19.462	12.557
Other financial expenses	6	(11.714)	(25.723)
Profit/loss before tax		(53.614)	(34.050)
Tax on profit/loss for the year	7	(2.421)	(12.293)
Profit/loss for the year	8	(56.035)	(46.343)

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Goodwill		0	0
Intangible assets	9	0	0
Other fixtures and fittings, tools and equipment		2.233	2.300
Leasehold improvements		279	625
Property, plant and equipment	10	2.512	2.925
Investments in group enterprises		26.841	90.131
Investments in associates		0	0
Deposits		1.693	2.007
Fixed asset investments	11	28.534	92.138
Fixed assets		31.046	95.063
Manufactured goods and goods for resale		1.445	4.949
Inventories		1.445	4.949
Trade receivables		83.456	75.514
Receivables from group enterprises		220.803	50.297
Other receivables		18.341	8.333
Income tax receivable		0	439
Prepayments	12	47.052	24.407
Receivables		369.652	158.990
Other investments		52	63
Other investments		52	63
Cash		29.445	104.621
Current assets		400.594	268.623
Assets		431.640	363.686

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital	13	10.001	10.001
Retained earnings		(60.990)	(2.877)
Equity		(50.989)	7.124
Trade payables		95.425	74.848
Payables to group enterprises		272.108	204.536
Income tax payable		3.889	1.723
Other payables		30.539	26.406
Deferred income	14	80.668	49.049
Current liabilities other than provisions		482.629	356.562
Liabilities other than provisions		482.629	356.562
Equity and liabilities		431.640	363.686
Going concern	1		
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.001	(2.877)	7.124
Exchange rate adjustments	0	(2.078)	(2.078)
Profit/loss for the year	0	(56.035)	(56.035)
Equity end of year	10.001	(60.990)	(50.989)

Notes to parent financial statements

1. Going concern

After the balance sheet date, the transmission of coronavirus was confirmed in a number of countries, including all of the sales markets and destination offices where the Tumlare Group operates. 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 Tumlare 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 March 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 Tumlare 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. The Tumlare Group is regularly updating its forecast scenarios to determine the expected impact of the current health crisis on the Group's revenue for the full year of 2020.

Given the current business uncertainty, the Tumlare Group also secured the financial backing from KTI and JTB Corp, which all but ensure the seamless continuation of its business activities for the remainder of the year and beyond.

Overall assessment of going concern

The consolidated and the parent financial statements have been presented on the assumption of going concern. The management deems a material uncertainty 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.

Notes to parent financial statements

- 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 Group have 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.
- 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.
- In addition, the Executive Board expects that the Group's tied up cash and cash equivalents with The Travel Guarantee Fund will be reduced due to the decrease in travel and, moreover, the required cover for this.
- The Company is part of a group cash pooling arrangement with other companies in the TPE Group which have significant cash resources available. The coronacrisis 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.
- The Group have 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.

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

The parent company have lost more than 50% of its contributed capital, and is therefore subject to the legislation in § of the Danish Companies Act. It is the managements assessment that the capital will be reestablished trough the capital injections, own operations or other measures by the owners.

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	1.254	1.464
Other assurance engagements	0	78
Tax services	171	66
Other services	266	186
	1.691	1.794
	2019 DKK'000	2018 DKK'000
3. Staff costs		
Wages and salaries	61.472	70.241
Pension costs	4.934	3.687
Other social security costs	9.261	9.399
Other staff costs	3.661	3.466
	79.328	86.793
Average number of employees	267	284
	Remunera- tion of manage- ment 2019 DKK'000	Remunera- tion of manage- ment 2018 DKK'000
Executive Board	3.218	3.092
	3.218	3.092
	2019 DKK'000	2018 DKK'000
4. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	1.543	2.004
Profit/loss from sale of intangible assets and property, plant and equipment	27	48
	1.570	2.052

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
5. Other financial income		
Financial income arising from group enterprises	1.429	303
Other interest income	272	149
Exchange rate adjustments	17.761	12.105
	19.462	12.557
	2019 DKK'000	2018 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	2.497	1.927
Other interest expenses	714	131
Exchange rate adjustments	8.503	23.665
	11.714	25.723
	2019 DKK'000	2018 DKK'000
7. Tax on profit/loss for the year		
Current tax	2.742	808
Change in deferred tax	0	11.800
Adjustment concerning previous years	(321)	(315)
	2.421	12.293
	2019 DKK'000	2018 DKK'000
8. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	0	12.603
Retained earnings	(56.035)	(58.946)
	(56.035)	(46.343)
		Goodwill DKK'000
9. Intangible assets		
Cost beginning of year		19.436
Cost end of year		19.436
Amortisation and impairment losses beginning of year		(19.436)
Amortisation and impairment losses end of year		(19.436)
Carrying amount end of year		0

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
10. Property, plant and equipment		
Cost beginning of year	8.685	3.415
Exchange rate adjustments	350	117
Additions	889	0
Disposals	(706)	(1.704)
Cost end of year	9.218	1.828
Depreciation and impairment losses beginning of year	(6.385)	(2.790)
Exchange rate adjustments	(131)	(95)
Depreciation for the year	(1.175)	(368)
Reversal regarding disposals	706	1.704
Depreciation and impairment losses end of year	(6.985)	(1.549)
Carrying amount end of year	2.233	279

Notes to parent financial statements

	Invest- ments in group enterprises DKK'000	Investments in associates DKK'000	Deposits DKK'000
11. Fixed asset investments			
Cost beginning of year	40.465	7	2.007
Exchange rate adjustments	0	0	44
Additions	23	0	4
Disposals	0	0	(362)
Cost end of year	40.488	7	1.693
Revaluations beginning of year	49.666	0	0
Exchange rate adjustments	(329)	0	0
Transfers	(49.337)	0	0
Revaluations end of year	0	0	0
Impairment losses beginning of year	0	(7)	0
Transfers	49.337	0	0
Share of profit/loss for the year	(29.438)	0	0
Dividend	(33.546)	0	0
Impairment losses end of year	(13.647)	(7)	0
Carrying amount end of year	26.841	0	1.693

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in associates comprise:			
Net Service Holding Ltd.	Thailand	Ltd.	48,2

12. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	Number	Par value DKK'000	Nominal value DKK'000
13. Contributed capital			
Ordinary shares	10.001	1	10.001
	10.001		10.001

Notes to parent financial statements

14. 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.

	2019 DKK'000	2018 DKK'000
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	1.327	2.588

16. Assets charged and collateral

The company has provided payment guarantees of DKK'000 20.010 (2018: DKK'000 395)

17. Related parties with controlling interest

Related parties with controlling influence consist of the Company's Management and the Board of Directors.

18. Transactions with related parties

The annual report only discloses transactions with related parties that have not been carried out on market terms. No such transactions were completed during the financial year.

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 (large).

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. 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 is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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.

Income statement

Revenue

Revenue from the sale of tours is recognised 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 recognised net of VAT, duties and sales discounts and is 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 cost directly related to costs which have been paid to obtain revenue. Tour costs are recognized as the individual tour is held, on basis of percentage of completion.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible

Accounting policies

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

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 or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

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 or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. 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 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 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 machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. 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

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

Investments in group enterprises

In the parent financial statements, 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 unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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 enterprises' equity values plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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 the tax-based value of assets and liabilities, for which the tax-based value 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

Other current asset investments 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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Income tax receivable or payable

Current tax receivable or payable 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, 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.