**Nustay A/S**
Nyhavn 43B, ground floor
1051 Copenhagen K
Business Registration No. 36 09 03 16

# Annual report 2019
**(1 January to 31 December 2019)**

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# Entity details

## Entity

Nustay A/S
Nyhavn 43B, ground floor
1051 Copenhagen K

Business Registration No. 36 09 03 16
Registered in: Copenhagen
Financial year: 1 January to 31 December 2019

## Board of Directors

Simon Skouboe, Chairman
Carl Erik Skovgaard
Christian Strøjer
Mathias Lundøe Nielsen

## Executive Board

Mathias Lundø Nielsen, Chief Executive Officer

## Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

The Annual General Meeting adopted the annual report on 28 August 2020

**Chairman of the General Meeting**

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Name: Chantel Pernille Patel

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Nustay A/S for the financial year 1 January to 31 December 2019.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 December 2019 as well as their results and consolidated cash flow for the financial year 1 January to 31 December 2019.

In our opinion, the management commentary contains a fair review of the development of the Group's and Parent's business and financial matters, the results for the year and the Group's and the Parent's financial position, together with a description of the principal risks and uncertainties that the Group and Parent face.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14 August 2020

## Executive Board

Mathias Lundø Nielsen
Chief Executive Officer

## Board of Directors

| | |
|---|---|
| Simon Skouboe<br>Chairman | Carl Erik Skovgaard |
| Mathias Lundø Nielsen | Christian Strøjer |

# Independent auditor's report

## To the shareholders of Nustay A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Nustay A/S for the financial year 1 January to 31 December 2019, which comprise the income statement, statement of comprehensive income, 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 consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 December 2019, and of the results of their operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 the information in note 3 and note 30 which indicates that there may be an uncertainty in respect of going concern of the Company and the Group. In preparing the financial statements, Management has assumed that additional capital/liquidity will be provided, among others to implement the Company's plans and to settle the Company's obligations. As stated in note 3, there is uncertainty related to the proceeds from the planned exercise of issued warrants as well as uncertainty related to the expected turnover in the second half of 2020. Both matters lead to significant uncertainty which may question the Company's ability to continue its operations. Our conclusion is not modified on this matter.

# Independent auditor's report

**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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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 Parent'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 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 these 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.

# Independent auditor's report

- 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 Parent'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 Parent'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.

**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.

# Independent auditor's report

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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.

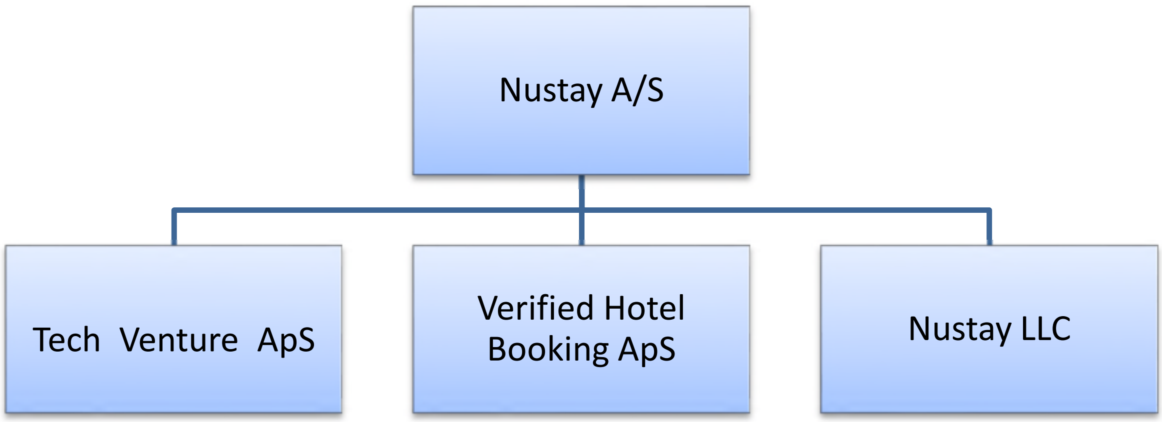
Copenhagen, 14 August 2020

**Deloitte**
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Claus Jorch Andersen
State-Authorised Public Accountant
MNE no. mne33712

# Management commentary

## Group chart




## Group financial highlights

| | 2019 DKK'000 | 2018 DKK'000 | 2017 DKK'000 | 2016 DKK'000 |
|---|---|---|---|---|
| **Key figures** | | | | |
| Revenue | 10,030 | 1,341 | 1,086 | 118 |
| Gross profit/(loss) | (27,970) | (10,786) | (2,774) | (2,546) |
| Operating profit/(loss) (EBIT) | (37,188) | (17,863) | (4,776) | (4,339) |
| Net financial income/(expenses) | (1,208) | (584) | 48 | (19) |
| Net profit/(loss) for the year | (31,535) | (14,048) | (4,187) | (3,728) |
| Total comprehensive income/(loss) | 0 | 0 | 0 | 0 |
| Balance sheet total | 44,334 | 23,042 | 13,520 | 10,003 |
| Equity | 1,986 | 8,554 | 11,647 | 9,508 |
| Investments in properties, plant and equipment | 1,816 | 671 | 292 | 14 |
| Investments in developments projects | 8,560 | 5,015 | 3,719 | 2,124 |
| Average number of employees (number) | 14 | 5 | 3 | 4 |
| **Ratios** | | | | |
| Profit margin (%) | (371) | (1,332) | (440) | (3,677) |
| Return on assets (%) | (84) | (77) | (35) | (43) |
| Return on equity (%) | (598) | (139) | (40) | (56) |
| Solvency ratio (%) | 5 | 37 | 86 | 95 |

# Management commentary

The Company was established on 16 September 2014 for which reason the financial year 2014/15 covers the period 16 September 2014 to 31 December 2015.

As of 2017, Nustay A/S presents its financial statements in accordance with International Financial Reports Standards. The comparative figures for 2016 are restated in accordance with IFRS while the comparative figures for 2014/15 are stated in accordance with Danish GAAP.

Financial highlights are defined and calculated in accordance with current recommendations issued by the Danish Society of Financial Analysts. The ratios have been compiled in accordance with the following calculation formulas:

$$\text{Profit margin} = \frac{\text{Operating profit/(loss) x 100}}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Operating profit/(loss) x 100}}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit/(loss) for the year x 100}}{\text{Average equity}}$$

$$\text{Solvency ratio} = \frac{\text{Equity x 100}}{\text{Total assets}}$$

# Management commentary

## Primary activities

The Company's primary activities comprise development, operation and marketing of IT systems for online communication and booking of hotel rooms.

## Description of the results for the year

Revenue reached DKK 114,835 thousand. Net of hotel costs, fees and cancellations revenue reached DKK 10,030 thousand. Results for the year show a loss of DKK 31,535 thousand and equity of DKK 1,986 thousand at 31 December 2019.

The main focus for 2019 has been on the further development of our platform and supplier network. This year's results are characterised by investments made in this connection.

Management is very satisfied with the investments made which have further improved the Company's unique market position in a very competitive market.

## Uncertainty related to going concern

As described in note 3 and note 30, Nustay's liquidity is under pressure due to the significant impact from the COVID-19 crisis.

Nustay has taken a number of initiatives to secure operations in short- and long-term and Management is continuously working to prepare the Company to be ready to return to its normal operation when the immediate crisis has passed. Amongst actions has been a reduction of fixed costs by approximately 50 percent with an impact already start of April 2020. Development pace has been slowed down for a period of time. Nustay's marketing costs have also been significantly reduced due to a lower level of activity, meaning that the total costs will be reduced also in this area. Nustay's measures can be quickly adjusted when the market situation improves.

Through the rights issue of shares and warrants as described in note 30, the financial pressure has been reduced but not eliminated due to the prolonged impact from the COVID-19 crisis. At this point in time, it is not possible to state in more detail what the full financial effects will be for Nustay since the situation of the pandemic is ongoing and there is no current estimate of when, for example, the European travel-industry calms down and turns into a more positive trend. Therefore, Nustay's liquidity is under pressure which results in material uncertainty related to going concern.

End of August 2020, the liquidity forecast was updated by Management showing that two key assumptions should be fulfilled if sufficient liquidity would be available to execute the planned activities until end of December 2020. The forecast and included preconditions form the basis for presentation of the annual report on the assumption of going concern.

# Management commentary

The key assumption included is that Management is currently expecting that the warrants issued in 2020 will provide approximately further DDK 22.8 million in cash to Nustay. The exercise period for the warrants 27 August 2020 – 10 September 2020. The exercise price is DKK 1.25 for one new share in Nustay. The last key assumption is that activity and handled revenue will start to normalize in September 2020 resulting in a minimum of approximately DKK 800 thousand in (net) commission in the remaining part of 2020. Both the net proceeds of the issue of new shares based on utilization of warrants and the normalization of activity and handled revenue are basis for significant uncertainty at the time of preparation of the annual report. This results in uncertainty related to going concern.

## Description of the Company’s expected development

The year of 2020 will constitute a larger focus on sales and improving the profitability of marketing activities. Further, development of the platform and the hotel supply chain will assist this focus. A negative result is expected for the full year of 2020, magnitude depending a lot on the speed of the recovery after the COVID-19 crisis as desribed in note 30.

## Description of uncertainties related to recognition and measurement

As the Company is a development company, there is a natural uncertainty associated with the measurement of the Company’s development activities. The current financial year ending 31 December 2020 is expected to be affected significantly by impact from COVID-19 in the travel industry. Management does not consider it likely that the Company will receive the same amount of activity and handled revenue in 2020 as previously estimated. At this point in time, it is not possible to state in more detail what the full financial effects will be for Nustay since the situation of the pandemic is on-going and there is no current estimate of when, for example, the European travel-industry calms down and turns into a more positive trend. This entails significant uncertainty about the outlook for the financial performance in the coming years. This could entail a need for impairment of intangible assets (net value at 31 December 2019 of DKK 18 million) and the ability to utilize deferred tax assets (net value at 31 December 2019 of DKK 9.9 million) within 3-4 years.

## Intellectual capital resources

The main intellectual capital resources are related to our heavy investment in our technical platform as well as our highly developed supplier network.

## Particular risks

Business risks are mainly related to the Company’s ability to constantly offer the best prices on a customer friendly platform.

The Company is mitigating the risks by continuously investing in and developing our platform and supplier network.

Financial risks are explained in note 27.

# Management commentary

## Research and development costs

As earlier stated, the main activity of the Company comprises the development of its platform and supplier network. This development is expected to continue alongside the commercialisation over the coming years.

## Events after the balance sheet date

In March 2020, Nustay secured DKK 27.3 million through rights issue of shares and warrants. Through the rights issue, a total of 30,367,775 shares and 18,220,665 warrants have been issued. The issue of rights secured Nustay approximately DKK 27.3 million before issue costs and conversion of debt (net proceeds DKK 21.5 million). Costs attributable to the rights issue amount to approximately DKK 3.6 million. An amount of the net proceeds of approximately DKK 15.0 was used to settle bridge loans.

As described in the investor update of 23 March 2020, Nustay - like all operators in the travel industry - continuously evaluates the developments of COVID-19. The developments in Europe, and globally, during 2020 have caused Nustay’s operations to be significantly affected. Nustay has experienced a substantial decrease in handled revenue and sales since January 2020. This affects Nustay's financial situation. The Company has taken measures to secure operations in short- and long-term and Management is continuously working to prepare the Company to be ready to return to its normal operation when the immediate crisis has passed. The fact that Nustay’s hotel suppliers are also suffering from the COVID-19 situation, also has an impact on Nustay. Through the rights issue of shares and warrants, the financial pressure has been reduced but not eliminated due to the prolonged impact from the COVID-19 crisis.

The breakout and the spread of COVID-19 do not affect the evaluation of the annual report for 2019, as the event does not contain matters of affect to the annual report for 2019.

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

# Income statement for 2019

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Notes | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|---|
| 1,341 | 10,030 | Revenue | 4 | 10,030 | 1,341 |
| (12,127) | (38,046) | Other external expenses | 5 | (38,000) | (12,127) |
| **(10,786)** | **(28,016)** | **Gross profit/(loss)** | | **(27,970)** | **(10,786)** |
| (5,774) | (7,212) | Staff costs | 6 | (7,211) | (5,774) |
| (1,303) | (2,007) | Depreciation and amortisation | 7 | (2,007) | (1,303) |
| **(17,863)** | **(37,235)** | **Operating profit/(loss) (EBIT)** | | **(37,188)** | **(17,863)** |
| 0 | 1 | Financial income | 8 | 34 | 0 |
| (584) | (1,162) | Financial expenses | 9 | (1,242) | (584) |
| **(18,447)** | **(38,396)** | **Profit/(loss) before tax** | | **(38,396)** | **(18,447)** |
| 4,399 | 6,861 | Tax on profit/(loss) for the year | 10 | 6,861 | 4,399 |
| **(14,048)** | **(31,535)** | **Profit/(loss) for the year** | | **(31,535)** | **(14,048)** |

| | Notes | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|
| **Earnings per share (based on 728,826 shares issued)** | | | |
| Basic earnings per share | 11 | **(0.004)** | **(0.01)** |
| Diluted earnings per share | 11 | **(0.004)** | **(0.01)** |
| **Profit/(loss) for the year** | | **(31,535)** | **(14,048)** |
| Other comprehensive income for the year | | 0 | 0 |
| **Comprehensive income for the year** | | **(31,535)** | **(14,048)** |

# Balance sheet at 31 December 2019

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Notes | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|---|
| 10,082 | 8,440 | Development projects completed | 12 | 8,440 | 10,082 |
| 957 | 9,517 | Development projects in progress | 13 | 9,517 | 957 |
| **11,039** | **17,957** | **Intangible assets** | | **17,957** | **11,039** |
| 638 | 831 | Other fixtures and fittings, tools and equipment | 14 | 859 | 638 |
| 161 | 1,315 | Leasehold improvements | 15 | 1,315 | 161 |
| **799** | **2,146** | **Property, plant and equipment** | | **2,174** | **799** |
| 100 | 129 | Investments in subsidiaries | 16 | 0 | 0 |
| 661 | 1,426 | Deposits | 17 | 1,426 | 661 |
| 4,214 | 9,971 | Deferred tax assets | 18 | 9,971 | 4,214 |
| **4,975** | **11,526** | **Other non-current assets** | | **11,397** | **4,875** |
| **16,813** | **31,629** | **Non-current assets** | | **31,528** | **16,713** |
| 687 | 6,503 | Trade receivables | 19 | 6,503 | 687 |
| 0 | 20 | Receivables from group enterprises | | 0 | 0 |
| 1,815 | 1,048 | Other receivables | 20 | 1,049 | 1,815 |
| 2,123 | 3,827 | Prepayments | 20 | 3,826 | 2,123 |
| **4,625** | **11,398** | **Receivables** | | **11,378** | **4,625** |
| **1,704** | **444** | **Cash** | | **1,428** | **1,704** |
| **6,329** | **11,842** | **Current assets** | | **12,806** | **6,329** |
| **23,142** | **43,471** | **Assets** | | **44,334** | **23,042** |

# Balance sheet at 31 December 2019

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Notes | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|---|
| 568 | 729 | Share capital | 21 | 729 | 568 |
| 8,610 | 14.006 | Reserve for development costs | | 14,006 | 8,610 |
| (624) | (12,749) | Retained earnings | | (12,749) | (624) |
| **8,554** | **1,986** | **Equity** | | **1,986** | **8,554** |
| 4,563 | 0 | Payables to shareholders and management | | 0 | 4,563 |
| 0 | 188 | Vacation allowance | | 188 | 0 |
| **4,563** | **188** | **Long-term liabilities** | | **188** | **4,563** |
| 99 | 97 | Other bank debt | | 97 | 99 |
| 7,003 | 25,694 | Trade payables | | 26,503 | 7,003 |
| 100 | 98 | Payables to group enterprises | | 0 | 0 |
| 1,019 | 1,250 | Payables to shareholders and management | | 1,250 | 1,019 |
| 1,804 | 14,158 | Other payables | 22 | 14,310 | 1,804 |
| **10,025** | **41,297** | **Current liabilities** | | **42,160** | **9,925** |
| **14,588** | **41,485** | **Liabilities** | | **42,348** | **14,488** |
| **23,142** | **43,471** | **Equity and liabilities** | | **44,334** | **23,042** |

| | |
|---|---|
| Accounting policies | 1, 32 |
| Significant accounting estimates and judgements | 2 |
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# Statement of changes in equity for 2019

## Parent

| | Share capital DKK'000 | Reserve for development costs DKK'000 | Retained earnings DKK'000 | Total DKK'000 |
|---|---|---|---|---|
| Equity at 1 January 2019 | 568 | 8,610 | (624) | 8,554 |
| Loss for the period | 0 | 0 | (31,535) | (31,535) |
| Capital increase[1] | 161 | 0 | 26,428 | 26,589 |
| Cost related to capital increase | 0 | 0 | (2,267) | (2,267) |
| Transferred to reserves | 0 | 5,396 | (5,396) | 0 |
| Share option program[2] | 0 | 0 | 645 | 645 |
| **Equity at 31 December 2019** | **729** | **14,006** | **(12,749)** | **1,986** |
| | | | | |
| Equity at 1 January 2018 | 377 | 4,360 | 6,910 | 11,647 |
| Loss for the period | 0 | 0 | (14,048) | (14,048) |
| Capital increase[1] | 191 | 0 | 8,944 | 9,135 |
| Transferred to reserves | 0 | 4,250 | (4,250) | 0 |
| Share option program[2] | 0 | 0 | 1,820 | 1,820 |
| **Equity at 31 December 2018** | **568** | **8,610** | **(624)** | **8,554** |

Reserves comprise the development costs reserve covering the book value of capitalised development less amortisation, if any, and deferred tax (22%).

[1] Capital increase consists of new shares issued amounting to DKK 161 thousand and a total share premium account of DKK 26,428 thousand. Costs related to capital increase amounts to DKK 2,267 thousand.

[2] Please refer to note 6 for a description of the share option programme. An amount of DKK 645 relates to the amount expended in 2019.

# Statement of changes in equity for 2019

## Group

| | Share capital DKK'000 | Reserve for development costs DKK'000 | Retained earnings DKK'000 | Total DKK'000 |
|---|---|---|---|---|
| Equity at 1 January 2019 | 568 | 8,610 | (624) | 8,554 |
| Loss for the period | 0 | 0 | (31,535) | (31,535) |
| Capital increase[1] | 161 | 0 | 26,428 | 26,589 |
| Cost related to capital increase | 0 | 0 | (2,267) | (2,267) |
| Transferred to reserves | 0 | 5,396 | (5,396) | 0 |
| Share option program[2] | 0 | 0 | 645 | 645 |
| **Equity at 31 December 2019** | **729** | **14,006** | **(12,749)** | **1,986** |
| | | | | |
| Equity at 1 January 2018 | 377 | 4,360 | 6,910 | 11,647 |
| Loss for the period | 0 | 0 | (14,048) | (14,048) |
| Capital increase[1] | 191 | 0 | 8,944 | 9,135 |
| Transferred to reserves | 0 | 4,250 | (4,250) | 0 |
| Share option program[2] | 0 | 0 | 1,820 | 1,820 |
| **Equity at 31 December 2018** | **568** | **8,610** | **(624)** | **8,554** |

Reserves comprise the development costs reserve covering the book value of capitalised development less amortisation, if any, and deferred tax (22%).

[1] Capital increase consists of new shares issued amounting to DKK 161 thousand and a total share premium account of DKK 26,428 thousand. Costs related to capital increase amounts to DKK 2,267 thousand.

[2] Please refer to note 6 for a description of the share option programme. An amount of DKK 645 relates to the amount expended in 2019.

# Cash flow statement for 2019

| | Note | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|
| Operating profit/(loss) (EBIT) | | (37,188) | (17,863) |
| Depreciation and amortisation | | 2,007 | 1,303 |
| Other regulations | | 645 | 1,820 |
| Working capital changes | 24 | 11,645 | 4,127 |
| | | **(22,891)** | **(10,613)** |
| Income taxes received | | 1,198 | 818 |
| Interest received | | 34 | 0 |
| Interest paid | | (1,242) | (584) |
| **Cash flows from operating activities** | | **(22,901)** | **(10,379)** |
| Acquisition of intangibles | | (8,560) | (5,015) |
| Acquisition of property, plant and equipment | | (1,788) | (671) |
| Payment of deposits | | (765) | (254) |
| **Cash flows from investing activities** | | **(11,113)** | **(5,940)** |
| Capital increases, net | | 24,322 | 9,135 |
| Loans from shareholders and management | | (4,332) | 5,582 |
| Other loans | | 13,750 | 1,317 |
| **Cash flows from financing activities** | | **33,740** | **16,034** |
| **Increase/(decrease) in cash and cash equivalents** | | **(274)** | **(285)** |
| Cash and cash equivalents at 1 January 2019 | | 1,605 | 1,890 |
| Change in cash and cash equivalents 2019 | | (274) | (285) |
| **Cash and cash equivalents at 31 December 2019** | 25 | **1,331** | **1,605** |

# Notes

## 1. Accounting policies

**General accounting policies**

Nustay A/S presents its financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and disclosure requirements in accordance with the Danish Financial Statements Act for class B entities with additional disclosure for reporting class C enterprises.

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

Please see note 32 for accounting policies in general.

**Basis for presentation**

The consolidated financial statements and parent financial statements (including comparative figures) included in this annual report are presented in DKK 1,000.

The consolidated financial statements and parent financial statements are presented in DKK, which is considered the functional currency of the Group's and the Parent's activities.

**Definition of materiality**

The provisions in IFRS contain extensive disclosure requirements. The specific disclosures required according to IFRS are stated in the consolidated financial statements and parent financial statements included in this annual report unless the disclosures concerned are considered irrelevant or immaterial for financial decisions made by the financial statement users.

**Standards and interpretations not yet effective**

At the time of signation on this annual report, a number of new or revised standards and interpretations exist that have not become effective yet and that, accordingly, have not been incorporated in the annual report. In Management's opinion, these standards and interpretations will not have any significant impact on the annual report in the next few years.

**Implementation of new IFRS standards**

The Company has implemented new and revised IFRS standards and interpretations for 2019. This has not resulted in any changes in the Company's accounting policies.

# Notes

## 1. Accounting policies (continued)

### Affect of new IFRS regulation

The Company continuously assesses the impact of new IFRS accounting standards and interpretations and implements new accounting standards and interpretations at the latest when they become mandatory. The Company has implemented new and amended IFRS standards as well as interpretations for 2019 which will become effective for financial years beginning 1 January 2019 or later:

- IFRS 16, Leasing
- IFRIC 23, Uncertainty over income tax treatments

The implementation of IFRS 16 on leasing has not resulted in any changes as leased assets with low value are not recognised. The Company's only leased asset is leasing on the Group's office lease. Other new and amended standards have not led to changes in accounting policies.

## 2. Significant accounting estimates and judgements

### Revenue

The Company recognises revenue when it is earned and realisable based on the following criteria: persuasive evidence that an arrangement exists, services have been rendered, the price is fixed or determinable and collectability is reasonably assured.

Under an agency model, the Company acts as the agent in the transaction, passing reservations booked by the traveler to the relevant travel provider.

The Company records revenue on transactions when the traveler books the transaction, as we have no significant post-delivery obligations. The Company records a reserve for chargebacks and cancellations at the time of the transaction based on historical experience.

The Company's revenue is presented on a net basis being handled revenue deducted hotel costs, cancellations and fees.

# Notes

## 2. Significant accounting estimates and judgements (continued)

**Development projects**

At 31 December 2019, the Company has recognised DKK 9,517 thousand regarding ongoing development projects and DKK 8,440 thousand regarding completed developments projects. The value of these development projects depends on the Company's ability to develop, market and sell the projects.

Management believes that the Company will realise the implementation of its plans within a foreseeable future and Management, therefore, finds the valuation sound. If the Company's introduction of its products is delayed or if sales based on the Company's products deviate significantly from the plans, there may be uncertainty associated with the valuation.

**Deferred tax**

Based on the Company's current long term planning, the Company expects to be able to utilise the deferred tax assets within the coming years. If the actual performance deviates significantly from the plans, there may be uncertainty associated with the valuations.

Please refer to note 30 for desription of uncertainty related to the valuation due to events after the balance sheet date.

## 3. Going concern

As described in the management commentary and note 30, Nustay's liquidity is under pressure due to the significant impact from the COVID-19 crisis.

Nustay has taken a number of initiatives to secure operations in short- and long-term and Management is continuously working to prepare the Company to be ready to return to its normal operation when the immediate crisis has passed. Amongst actions has been a reduction of fixed costs by approximately 50 percent with an impact already start of April 2020. Development pace has been slowed down for a period of time. Nustay's marketing costs have also been significantly reduced due to a lower level of activity, meaning that the total costs will be reduced also in this area. Nustay's measures can be quickly adjusted when the market situation improves.

Through the rights issue of shares and warrants as described in note 30, the financial pressure has been reduced but not eliminated due to the prolonged impact from the COVID-19 crisis. At this point in time, it is not possible to state in more detail what the full financial effects will be for Nustay since the situation of the pandemic is ongoing and there is no current estimate of when, for example, the European travel-industry calms down and turns into a more positive trend. Therefore, Nustay's liquidity is under pressure which results in material uncertainty related to going concern.

# Notes

End of August 2020, the liquidity forecast was updated by Management showing that two key assumptions should be fulfilled if sufficient liquidity would be available to execute the planned activities until end of December 2020. The forecast and included preconditions form the basis for presentation of the annual report on the assumption of going concern.

The key assumption included is that Management is currently expecting that the warrants issued in 2020 will provide approximately further DDK 22.8 million in cash to Nustay. The exercise period for the warrants 27 August 2020 – 10 September 2020. The exercise price is DKK 1.25 for one new share in Nustay. The last key assumption is that activity and handled revenue will start to normalize in September 2020 resulting in a minimum of approximately DKK 800 thousand in (net) commission in the remaining part of 2020. Both the net proceeds of the issue of new shares based on utilization of warrants and the normalization of activity and handled revenue are basis for significant uncertainty at the time of preparation of the annual report. This results in uncertainty related to going concern.

## 4. Revenue

Revenue is generated through a website available to customers all over the world. In 2019 revenue amounted to DKK 10,030 thousand (2018: DKK 1,341 thousand). The Company's revenue is presented on a net basis being handled revenue deducted hotel costs, cancellations and fees.

The Group and Parent do not report geographical information.

## 5. Other external expenses

Other external expenses comprise rental costs, advertising costs, consultancy costs and other administration costs.

# Notes

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|
| | | **6. Staff costs and remuneration** | | |
| 3,850 | 6,168 | Wages and salaries | 6,168 | 3,850 |
| 0 | 30 | Pension | 30 | 0 |
| 25 | 26 | Other social security costs | 26 | 25 |
| 1,899 | 988 | Other staff costs | 987 | 1,899 |
| **5,774** | **7,212** | | **7,211** | **5,774** |
| | | Of this, total remuneration for: | | |
| | | **Executive Board/Board of Directors:** | | |
| 2,240 | 1,200 | Wages and salaries | 1,200 | 2,240 |
| 0 | 0 | Pension | 0 | 0 |
| **2,240** | **1,200** | | **1,200** | **2,240** |
| **5** | **9** | Average number of employees | **14** | **5** |

**Incentive programme**

| | Number of options | Vesting period Months | Exercise price per option DKK | Fair value per option at grant date DKK'000 |
|---|---|---|---|---|
| Granted, February 2016 | 6,662 | 36 | 1 | 95 |
| Granted, January 2017 | 200 | 24 | 1 | 119 |
| Granted, February 2019 | 66.425 | 48 | 1 | 6 |
| Granted, February 2019 | 297,425 | 48 | 1 | 6 |

# Notes

## 6. Staff costs and remuneration (continued)

**Stock options**

The development in outstanding stock options during the current and prior years:

| | Number of options 2019 | Number of options 2018 | Avg. exercise price per option DKK 2019 | Avg. exercise price per option DKK 2018 |
|---|---|---|---|---|
| Outstanding at 1 January | 6,710 | 7,562 | 158 | 99 |
| New options issued during the period | 363,850 | 10,397 | 6 | 158 |
| Forfeited during the period | (295,630) | (700) | - | - |
| Exercised during the period | (6,710) | (10,549) | - | - |
| Expired during the period | 0 | 0 | - | - |
| **Outstanding at 31 December** | **68,220** | **6,710** | | |

| | 2019 | 2018 |
|---|---|---|
| Weighted average remaining contractual (months) | 0 | 0 |
| Number of options which can be excercised at the balance sheet date | 68,220 | 6,710 |
| Number of options full vested | 0 | 0 |
| Weighted average share price (DKK) at the exercise date during the period | 6 | 158 |

In the period from 2016-2018 a number of external consultants have been granted the right to purchase shares in Nustay A/S at a strike price at 1 DKK. The share options granted in 2016 are subject to completion of a number of events to occur, driven by external factors. The share options granted in 2017 and 2018 are subject to completion of a service period of 24 to 36 months and can be exercised after publication of the annual report of Nustay A/S in the year 2019.

In February 2019, 6,710 options were excercised. As a result, all of the granted share options until the end of 2018 have now been excercised. In 2018, the Board had an option to issue up to 35,000 new options. This incentive programme has been cancelled in February 2019 and replaced by a new programme as described below.

In February 2019, 363,850 (14,554 before share split) new warrants were signed. The warrants will be vested in the period 31 March 2019 to 31 December 2022.

A valuation of Nustay A/S' shares in connection with capital increases is applied for assessment of the fair value of the shares in Nustay A/S at grant date.

The amount expensed in the income statement as a result of the share option programme amounted to DKK 790 thousand (2017: DKK 1,820 thousand).

# Notes

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|
| | | **7. Depreciation and amortisation** | | |
| | | **Depreciation** | | |
| 1,159 | 1,642 | Development projects completed | 1,642 | 1,159 |
| 126 | 365 | Other fixtures and fittings, tools and equipment | 365 | 126 |
| 18 | 0 | Loss from sale of other fixtures and fittings, tools and equipment | 0 | 18 |
| **1,303** | **2,007** | **Total depreciation** | **2,007** | **1,303** |
| | | **8. Financial income** | | |
| 0 | 0 | Currency adjustments | 33 | 0 |
| 0 | 1 | Interest income | 1 | 0 |
| **0** | **1** | **Interest income from financial activities not measured at fair value in the income statement** | **34** | **0** |
| | | **9. Financial expenses** | | |
| 466 | 1,021 | Interest costs | 1,021 | 466 |
| 118 | 141 | Currency adjustments | 221 | 118 |
| **584** | **1,162** | **Interest expenses from financial activities not measured at fair value in the income statement** | **1,242** | **584** |
| | | **10. Tax** | | |
| 0 | 0 | Current tax | 0 | 0 |
| (4,399) | (6,861) | Change in deferred taxes | (6,861) | (4,399) |
| **(4,399)** | **(6,861)** | | **(6,861)** | **(4,399)** |
| (4,058) | (8,447) | Calculated tax, 22% (2018: 22%) | (8,447) | (4,058) |
| 122 | 49 | Tax-based value of non-deductible expenses | 49 | 122 |
| (463) | 0 | Tax loss not recognised reversed | 0 | (463) |
| 0 | 1,537 | Correction previous years | 1,537 | 0 |
| **(4,399)** | **(6,861)** | | **(6,861)** | **(4,399)** |
| **23.8** | **17.9** | **Effective tax rate** | **17.9** | **23,8** |

# Notes

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|
| | | **11. Earnings per share** | | |
| **(14,048)** | **(31,535)** | Loss for the year attributable to the Company | **(31,535)** | **(14,048)** |
| **376,743** | **728,826** | Weighted average number of shares | **728,826** | **376,743** |
| **(0.01)** | **(0.04)** | Results per share | **(0.04)** | **(0.01)** |
| **(0.01)** | **(0.04)** | Diluted earnings per share | **(0.04)** | **(0.01)** |

Earnings per share and diluted earnings per share are identical if the Entity has not issued any bonds, options or similar.

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|
| | | **12. Development projects completed** | | |
| 5,412 | 11,494 | Cost at 1 January 2019 | 11,494 | 5,412 |
| 6,082 | 0 | Transfer from development projects in progress | 0 | 6,082 |
| **11,494** | **11,494** | **Cost at 31 December 2019** | **11,494** | **11,494** |
| (253) | (1,412) | Depreciation at 1 January 2019 | (1,412) | (253) |
| (1,159) | (1,642) | Depreciation | (1,642) | (1,159) |
| **(1,412)** | **(3,054)** | **Depreciation at 31 December 2019** | **(3,054)** | **(1,412)** |
| **10,082** | **8,440** | **Carrying amount at 31 December 2019** | **8,440** | **10,082** |
| | | **13. Development projects in progress** | | |
| 2,024 | 957 | Cost at 1 January 2019 | 957 | 2,024 |
| 5,015 | 8,560 | Additions | 8,560 | 5,015 |
| (6,082) | 0 | Transfer to development projects in progress | 0 | (6,082) |
| **957** | **9,517** | **Cost at 31 December 2019** | **9,517** | **957** |
| **957** | **9,517** | **Carrying amount at 31 December 2019** | **9,517** | **957** |

# Notes

The development projects focus on the core backbone of the Company's online platform, including investment in 3rd party supplier and marketing integrations.

The development projects are depreciated over 7 years which is in line with industry benchmarks where core platforms normally are utilised in between 7 and 10 years.

The first step of the platform went into operations in September 2017. The next step went into operations in October 2018 and mid 2019. Development in 2019 will be transferred to completed projects in 2020 and depreciations on this part will begin in January 2020.

| Parent | | | Group | |
|---|---|---|---|---|
| **2018 DKK'000** | **2019 DKK'000** | | **2019 DKK'000** | **2018 DKK'000** |
| | | **14. Other fixtures and fitting, tools and equipment** | | |
| 231 | 777 | Cost at 1 January 2019 | 777 | 231 |
| 546 | 410 | Additions | 438 | 546 |
| **777** | **1,187** | **Cost at 31 December 2019** | **1,215** | **777** |
| (29) | (139) | Depreciation at 1 January 2019 | (139) | (29) |
| (110) | (217) | Depreciation | (217) | (110) |
| **(139)** | **(356)** | **Depreciation at 31 December 2019** | **(356)** | **(139)** |
| **638** | **831** | **Carrying amount at 31 December 2019** | **859** | **638** |
| | | **15. Leasehold improvements** | | |
| 75 | 178 | Cost at 1 January 2019 | 178 | 75 |
| 125 | 1,378 | Additions | 1,378 | 125 |
| (22) | (98) | Disposals | (98) | (22) |
| **178** | **1,458** | **Cost at 31 December 2019** | **1,458** | **178** |
| (5) | (17) | Depreciation at 1 January 2019 | (17) | (5) |
| (16) | (148) | Depreciation | (148) | (16) |
| 4 | 22 | Reversal relating to disposals | 22 | 4 |
| **(17)** | **(143)** | **Depreciation at 31 December 2019** | **(143)** | **(17)** |
| **161** | **1,315** | **Carrying amount at 31 December 2019** | **1,315** | **161** |

# Notes

| Parent Investments in subsidiaries DKK'000 | |
|---|---|
| | **16. Fixed asset investments** |
| 100 | Cost at 1 January 2019 |
| 29 | Additions |
| 0 | Disposals |
| **129** | **Cost at 31 December 2019** |
| | |
| 0 | Net revaluation at 1 January 2019 |
| 0 | Net share of profit/loss for the year |
| 0 | Dividend distributed |
| **0** | **Net revaluation at 31 December 2019** |
| | |
| **129** | **Carrying amount at 31 December 2019** |

Investments in subsidiaries comprise:
Tech Venture ApS, Randers, 100%
Verified Hotel Booking ApS, Copenhagen, 100%
Nustay LLC, 100%

Tech Venture ApS and Verified Hotel Booking ApS were established in 2018 and both are without any activities in 2018 and 2019. Nustay LLC was established in 2019.

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|
| | | **17. Deposits** | | |
| 407 | 661 | Cost at 1 January 2019 | 661 | 407 |
| 254 | 765 | Additions | 765 | 254 |
| **661** | **1,426** | **Cost at 31 December 2019** | **1,426** | **661** |

*Deposits are deposits regarding rental buildings.*

# Notes

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|
| | | **18. Deferred taxes** | | |
| | | Deferred tax relates to the following account balances: | | |
| (2,429) | (3,950) | Intangible assets | (3,950) | (2,429) |
| (29) | (70) | Property, plant and equipment | (70) | (29) |
| 6,672 | 13,991 | Loss carryforwards (including the Danish tax credit scheme) | 13,991 | 6,672 |
| **(4,214)** | **(9,971)** | | **(9,971)** | **(4,214)** |
| | | Net value is recognised in the balance sheet as: | | |
| 4,214 | 9,971 | Deferred tax assets | 9,971 | 4,214 |
| 0 | 0 | Deferred tax liabilities | 0 | 0 |
| **4,214** | **9,971** | | **9,971** | **4,214** |
| 633 | 4,214 | Deferred tax asset at 1 January | 4,214 | 633 |
| (818) | (1,104) | The Danish tax credit scheme | (1,104) | (818) |
| 4,399 | 6,861 | Deferred tax movements of the year | 6,861 | 4,399 |
| **4,214** | **9,971** | **Deferred tax asset at 31 December 2019** | **9,971** | **4,214** |

Based on current business plans the Company expects to fully utilise the deferred tax asset within the next 3 to 4 years.

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|
| | | **19. Trade receivables** | | |
| 687 | 6,503 | Trade receivables | 6,503 | 687 |
| 0 | 0 | Impairment losses recognised | 0 | 0 |
| **687** | **6,503** | **Trade receivables at 31 December 2019** | **6,503** | **687** |

The carrying amount of the trade receivables is assumed to approximate the fair value.

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|
| | | **20. Other assets** | | |
| 1,815 | 1,048 | Other receivables | 1,049 | 1,815 |
| 2,123 | 3,827 | Prepayments | 3,826 | 2,123 |
| **3,938** | **4,875** | **Total other assets** | **4,875** | **3,938** |

The carrying amount of other assets is assumed to approximate the fair value.

# Notes

## 21. Share capital

The share capital comprises DKK 728,826 divided into shares of DKK 1 each.

The shares have not been divided into classes.

| | 2019<br>DKK'000 |
|---|---|
| Change in the number of shares: | |
| Balance at foundation | 65 |
| Capital increase 2016, 2017, 2018 and 2019 | 664 |
| **Share capital at 31 December 2019** | **729** |

| Parent | | | Group | |
|---|---|---|---|---|
| 2018<br>DKK'000 | 2019<br>DKK'000 | | 2019<br>DKK'000 | 2018<br>DKK'000 |
| | | **22. Other payables** | | |
| 160 | 17 | Wages and salaries, personal income taxes, social security costs, etc. payable | 92 | 160 |
| 326 | 238 | Holiday pay obligation | 301 | 326 |
| 0 | 153 | VAT and duties | 153 | 0 |
| 0 | 13,750 | Other loans | 13,750 | 0 |
| 1,318 | 0 | Other costs payable | 14 | 1,318 |
| **1,804** | **14,158** | **Total other payables** | **14,310** | **1,804** |

## 23. Collateral provided and contingent liabilities

There are no collateral provided and contingent liabilities in the Company.

## 24. Changes in working capitals

| | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|
| Changes in receivables | (6,753) | (1,489) |
| Changes in trade payables etc. | 32,148 | 6,933 |
| Changes in other loans | (13,750) | (1,317) |
| | **11,645** | **4,127** |

# Notes

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **DKK’000** | **DKK’000** |
| **25. Cash and cash equivalents** | | |
| Cash | 1,428 | 1,704 |
| Short-term bank debt | (97) | (99) |
| | **1,331** | **1,605** |

## 26. Related parties

Related parties with significant influence:

| Name of Company | Registered office | Basis of control |
|---|---|---|
| La Dolce Vita Holding ApS | Randers, Denmark | Shareholder with + 5% of the votes |
| Seier Capital A/S | Copenhagen, Denmark | Shareholder with + 5% of the votes |
| SS Holding Kolding ApS | Kolding, Denmark | Shareholder with + 5% of the votes |
| Strøjer Capital ApS | Copenhaen, Denmark | Shareholder with + 5% of the votes |
| Nordnet Securities Bank AB | Stockholm, Sweden | Shareholder with + 5% of the votes |

| | **Other related parties DKK’000** | **Total DKK’000** |
|---|---|---|
| **Transactions between related parties and Nustay ApS** | | |
| **2019** | | |
| Sales of goods | **14** | **14** |
| Purchase of goods | **0** | **0** |
| Amounts owed by related parties | **0** | **0** |
| Amounts owed to related parties | **0** | **0** |
| **2018** | | |
| Sales of goods | **17** | **17** |
| Purchase of goods | **341** | **341** |
| Amounts owed by related parties | **0** | **0** |
| Amounts owed to related parties | **16** | **16** |

*All related party transactions were made on terms equivalent to those that prevail in arm’s length transactions.*

# Notes

## 27. Financial risks and financial instruments

| Parent 2018 DKK'000 | Parent 2019 DKK'000 | | Group 2019 DKK'000 | Group 2018 DKK'000 |
|---|---|---|---|---|
| | | **Categories of financial instruments:** | | |
| 661 | 1,426 | Deposits | 1,426 | 661 |
| 687 | 6,503 | Trade receivables | 6,503 | 687 |
| 1,815 | 1,048 | Other receivables | 1,049 | 1,815 |
| 1,704 | 444 | Cash | 1,490 | 1,704 |
| **4,867** | **9,421** | **Loan and receivables** | **10,468** | **4,867** |
| 99 | 97 | Other bank debt | 97 | 99 |
| 7,003 | 25,694 | Trade payables | 26,503 | 7,003 |
| 100 | 98 | Payables to group enterprises | 0 | 0 |
| 5,582 | 1,250 | Payables to shareholders and management | 1,250 | 5,582 |
| 1,804 | 14,158 | Other payables | 14,310 | 1,804 |
| **14,588** | **41,297** | **Financial liabilities measured at amortised cost** | **42,160** | **14,488** |

**Policy for management of financial risks**

The Company constantly analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Company is controlling these financial risks and its liquidity, including its capital gain and administration of its liquidity surplus. The financial policy is approved by Management and operates with minimising its risk profile. The Company's financial policy is not to speculate in financial risks.

The Company is currently not using any financials instruments to hedge the risk exposures, but where possible the Company implements natural hedges. If considered necessary, the Company will implement financial instruments for hedging.

**Liquidity risks**

The due date for financial obligations are specified below and allocated across the relevant time intervals, which are used internally in the Company. The specified amounts reflect the amounts due for payment incl fees etc.

**Currency risks**

The currency fluctuations' impact on the Company is insignificant as all major transactions are done in either DKK or EUR.

# Notes

**Credit risks**

The Company has no significant risk related to a single party at 31 December 2019 or 31 December 2018.

The credit risk from customers is minimised by collecting payment simultaneously with the sale. The maximal credit risk from receivables and cash is equal to the accounting value.

| | **Parent** | | | |
|---|---|---|---|---|
| | **0 - 6 Month DKK’000** | **6 - 12 Month DKK’000** | **>12 Month DKK’000** | **Total Month DKK’000** |
| **Non-derivative financial liabilities** | | | | |
| **2019** | | | | |
| Other bank debt | 97 | 0 | 0 | 97 |
| Trade payables | 25,694 | 0 | 0 | 25,694 |
| Payables to group enterprises | 98 | 0 | 0 | 98 |
| Payables to shareholders and management | 1,250 | 0 | 0 | 1,250 |
| Other payables | 14,158 | 0 | 0 | 14,158 |
| | **41,297** | **0** | **0** | **41,297** |
| **2018** | | | | |
| Other bank debt | 99 | 0 | 0 | 99 |
| Trade payables | 7,003 | 0 | 0 | 7,003 |
| Payables to group enterprises | 100 | 0 | 0 | 100 |
| Payables to shareholders and management | 1,019 | 0 | 4,563 | 5,582 |
| Other payables | 1,804 | 0 | 0 | 1,804 |
| | **10,025** | **0** | **4,563** | **14,588** |

| | **Group** | | | |
|---|---|---|---|---|
| | **0 - 6 Month DKK’000** | **6 - 12 Month DKK’000** | **>12 Month DKK’000** | **Total Month DKK’000** |
| **Non-derivative financial liabilities** | | | | |
| **2019** | | | | |
| Other bank debt | 97 | 0 | 0 | 97 |
| Trade payables | 26,503 | 0 | 0 | 26,503 |
| Payables to shareholders and management | 1,250 | 0 | 0 | 1,250 |
| Other payables | 14,310 | 0 | 0 | 14,310 |
| | **42,160** | **0** | **0** | **42,160** |

# Notes

| | Group | | | |
|---|---|---|---|---|
| | 0 - 6 Month DKK'000 | 6 - 12 Month DKK'000 | >12 Month DKK'000 | Total Month DKK'000 |
| **2018** | | | | |
| Other bank debt | 99 | 0 | 0 | 99 |
| Trade payables | 7,003 | 0 | 0 | 7,003 |
| Payables to shareholders and management | 1,019 | 0 | 4,563 | 5,582 |
| Other payables | 1,804 | 0 | 0 | 1,804 |
| | **9,925** | **0** | **4,563** | **14,488** |

**Interest risks**

The Company has no interest-bearing assets or liabilities and, therefore, there is no direct risk related to interest.

**Optimisation of capital structure**

Management evaluates on a current basis whether the Company's capital structure is aligned with the Company's and shareholders' interests. The primary objective is to secure a capital structure supporting long-term economic growth while maximising the yield to the Company's stakeholders. The overall strategy of the Company remains unchanged compared to previous years.

| Parent | | | Group | |
|---|---|---|---|---|
| 2018 DKK'000 | 2019 DKK'000 | | 2019 DKK'000 | 2018 DKK'000 |
| | | **28. Proposed distribution of profit/(loss)** | | |
| | | **Distribution of loss** | | |
| **(14,048)** | **(31.535)** | Retained earnings | **(31.535)** | **(14,048)** |
| | | **Distribution of comprehensive income** | | |
| **0** | **0** | Retained earnings | **0** | **0** |

## 29. Adoption of the annual report for publication

At the meeting held on 14 August 2020, the Board of Directors adopted the annual report for publication. The annual report will be presented to the shareholders of Nustay A/S for adoption at the annual general meeting on 28 August 2020.

# Notes

## 30. Events after the balance sheet date

**Capital increase and issue of rights**

In March 2020, Nustay secured DKK 27.3 million through rights issue of shares and warrants. Through the rights issue, a total of 30,367,775 shares and 18,220,665 warrants have been issued. The issue of rights secured Nustay approximately DKK 27.3 million before issue costs and conversion of debt (net proceeds DKK 21.5 million). Costs attributable to the rights issue amount to approximately DKK 3.6 million. An amount of the net proceeds of approximately DKK 15.0 was used to settle bridge loans.

As described in the investor update of 23 March 2020, Nustay - like all operators in the travel industry - continuously evaluates the developments of COVID-19. The developments in Europe, and globally, during 2020 have caused Nustay’s operations to be significantly affected. Nustay has experienced a substantial decrease in handled revenue and sales since January 2020. This affects Nustay's financial situation. The Company has taken measures to secure operations in short- and long-term and Management is continuously working to prepare the Company to be ready to return to its normal operation when the immediate crisis has passed. The fact that Nustay’s hotel suppliers are also suffering from the COVID-19 situation, also has an impact on Nustay. Through the rights issue of shares and warrants, the financial pressure has been reduced but not eliminated due to the prolonged impact from the COVID-19 crisis. Nustay’s liquidity is, therefore, under pressure which is the reason for the material uncertainty related to going concern as described in the management commentary and note 3.

**COVID-19 crisis**

The breakout and the spread of COVID-19 do not affect the evaluation of the annual report for 2019, as the event does not contain matters of affect to the annual report for 2019. However, as described in note 3 and the management commentary, the COVID-19 crisis has resulted in uncertainty related to going concern.

The current financial year ending 31 December 2020 is expected to be affected significantly by the impact from COVID–19 in the travel industry. Management does not consider it likely that the Company will receive the same amount of activity and handled revenue in 2020 as previously estimated. At this point in time, it is not possible to state in more detail what the full financial effects will be for Nustay since the situation of the pandemic is on-going and there is no current estimate of when, for example, the European travel-industry calms down and turns into a more positive trend. This entails significant uncertainty about the outlook for the financial performance in the coming years. This could entail a need for impairment of intangible assets (net value at 31 December 2019 of DKK 18 million) and the ability to utilize deferred tax assets (net value at 31 December 2019 of DKK 9.9 million) within 3-4 years.

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

| Parent | | | Group | |
|---|---|---|---|---|
| 2018 DKK'000 | 2019 DKK'000 | | 2019 DKK'000 | 2018 DKK'000 |
| | | **31. Unrecognised rental and lease commitments** | | |
| 243 | 246 | Liabilities under rental or lease agreements until maturity in total | 246 | 243 |
| **243** | **246** | | **246** | **243** |

# Notes

## 32. Accounting policies

**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 Group and the Parent, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Group and the Parent have 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 Group and 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.

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.

# Noter

## 32. Accounting policies (continued)

**Foreign currency translation**

On initial recognition, foreign currency transactions are translated into the Group's and the Entity's functional currency, DKK, 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 one 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 and other non-monetary assets that have been purchased in foreign currencies, and are measured based on historical costs, are translated using historical rates.

## Income statement

**Revenue**

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

We recognise revenue when it is earned and realisable based on the following criteria: persuasive evidence that an arrangement exists, services have been rendered, the price is fixed or determinable and collectability is reasonably assured.

Under an agency model, we act as the agent in the transaction, passing reservations booked by the traveler to the relevant travel provider.

We record revenue on transactions when the traveler books the transaction, as we have no significant post-delivery obligations. We record a reserve for chargebacks and cancellations at the time of the transaction based on historical experience.

Our revenue is presented on a net basis. The Company's revenue is presented on a net basis being handled revenue deducted hotel costs, cancellations and fees.

**Other external expenses**

Other external expenses include expenses for external consultants, marketing, administration, premises etc.

**Staff costs**

Staff costs comprise wages and salaries as well as social security costs, pension contributions, etc for entity staff recognised in the financial year in which the employees have performed the related work.

# Notes

## 32. Accounting policies (continued)

**Incentive programmes**

The Company's incentive plans include a stock option programme for 68,220 shares.

The stock option programme is accounted for as equity-settled share-based payments to employees and is measured at the fair value of the options at the grant date.

The fair value is expensed on a straight-line basis over the vesting period, based on the Entity's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Entity revises its estimate of the number of options expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss so that the cumulative expense reflects the revised estimate.

**Financial income and expenses**

These items comprise interest income and expenses, realised and unrealised capital gains and losses on foreign currency transactions as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

**Income taxes**

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

Current tax payable and current tax receivable are recognised in the balance sheet, calculated as tax on taxable income for the year, adjusted for prepaid tax.

On calculation of current tax, the tax rates and rules applicable at the balance sheet date are applied.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities using the balance sheet liability method.

Deferred tax is calculated on the basis of the planned use of each asset and the settlement of each liability, respectively.

Deferred tax is measured using the tax rates and tax rules which – based on acts in force or acts actually in force at the balance sheet date – are expected to apply when the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognised in profit or loss unless the deferred tax is attributable to transactions previously recognised directly in equity or other comprehensive income. In the latter case, such changes are also recognised directly in equity or other comprehensive income.

# Notes

## 32. Accounting policies (continued)

Deferred tax assets, including the tax base of tax loss carryforwards, 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 to be set off against future positive taxable income. At each balance sheet date, it is considered whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

## Balance sheet

**Development projects**

Development projects are projects that are clearly defined and identifiable, where the technical feasibility, adequate resources and a potential future market or application in the Entity can be demonstrated and where the intention is to use the project. Development projects are recognised as intangible assets if the cost can be measured reliably and there is sufficient assurance that future earnings, or the net selling price, will cover production, sales, administration, and development costs. Other development costs are recognised in the income statement as incurred.

Development costs are measured at cost less accumulated depreciation and impairment losses. The cost includes wages, salaries, services, depreciation and other costs directly attributable to the Entity's development and which are necessary to complete the project, from the time when the development project first qualifies for recognition as an asset.

After completion of the development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is seven years.

Development projects are reviewed annually to determine whether there are indications of impairment. If such an indication exists, the asset's recoverable amount is calculated. If the recoverable amount is lower than the carrying value, the development projects are impaired to this value. Development projects in progress are tested at least annually for impairment.

**Property, plant and equipment**

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the estimated useful lives of the assets, which is three to five years.

Depreciation methods, useful lives and residual values are reviewed annually.

# Notes

## 32. Accounting policies (continued)

Gains and losses from the sale of other fixtures and fittings, tools and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains or losses are recognised in the income statement as other operating income or expenses.

**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.

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.

**Receivables**

Receivables include receivables from the sale of services and other receivables.

Receivables are measured at fair value on initial recognition and subsequently at amortised cost, usually equalling nominal value less write-downs for bad debts.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting.

**Financial liabilities**

Financial liabilities are measured at amortised cost.

# Notes

## 32. Accounting policies (continued)

## 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 as well as financial income, financial expenses 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 proceeds from the sale of property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Entity's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares and dividends paid to the shareholder.

Cash and cash equivalents comprise cash less short-term bank loans.