

The Annual General Meeting adopted
the annual report on 11.04.2019

Chairman of the meeting.

Arnar Thorisson

CONTENT

FRONT PAGE

The front page pictures a somewhat nostalgic scene of traveling by rail.

But this may also offer a glimpse of the future - if trains once again become a desired means of transportation.

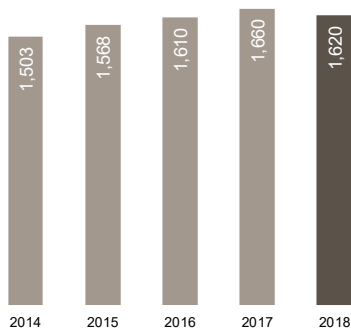


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THE KILROY GROUP - AN OVERVIEW

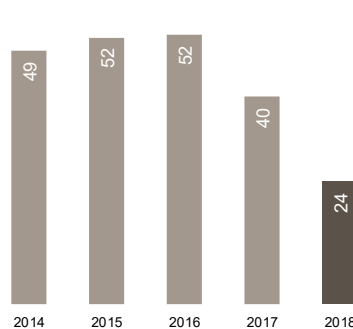
TURNOVER
(DKK MILLION)

1,620



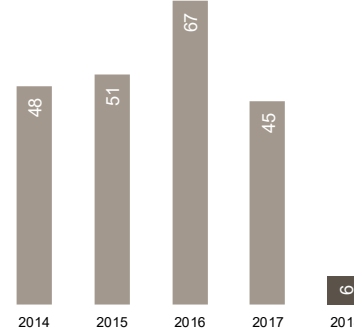
EBITDA
(DKK MILLION)

24



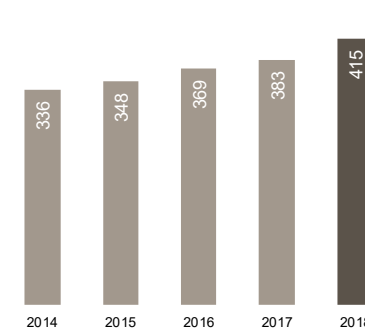
EBT
(DKK MILLION)

6



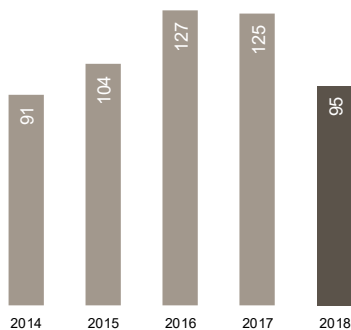
NUMBER OF STAFF
(FTE)

415



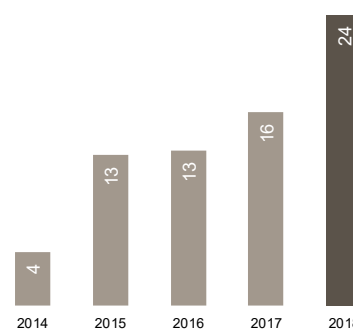
EQUITY
(DKK MILLION)

95



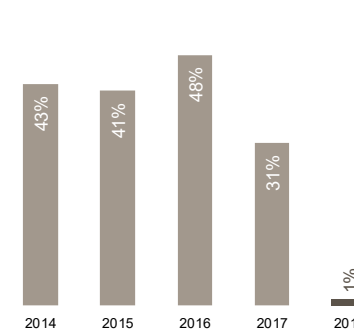
INVESTMENTS
(DKK MILLION)

24



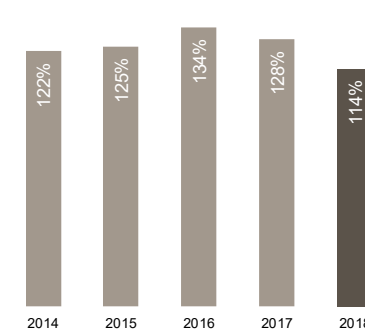
RETURN ON EQUITY
(%)

1



LIQUIDITY RATIO
(%)

114



THE GROUP

KILROY International A/S heads a European group of companies that are leaders in travel, educational counselling and student benefits.

The Group drives a number of brands in eight markets and employs more than 400 people.

Brands

The KILROY Group believes in the importance of strong brands to create long-term benefits for our customers and our company. We dedicate considerable resources to broadening our knowledge and building our competences to meet these customers' evolving needs. We want our brands to have a clear and unique position in their minds – so they value our brands as the ultimate authority.

Our responsibility

We strive to build the businesses of the KILROY Group for the benefit of our customers, the environment and other stakeholders.

Long-term sustainability is imperative.



Our customers dream of doing something different: Studying in a foreign country, achieving self-realization, exploring the world and sharing their experiences with others. We constantly try to fulfil these dreams in our own dedicated way.

We make dreams happen!

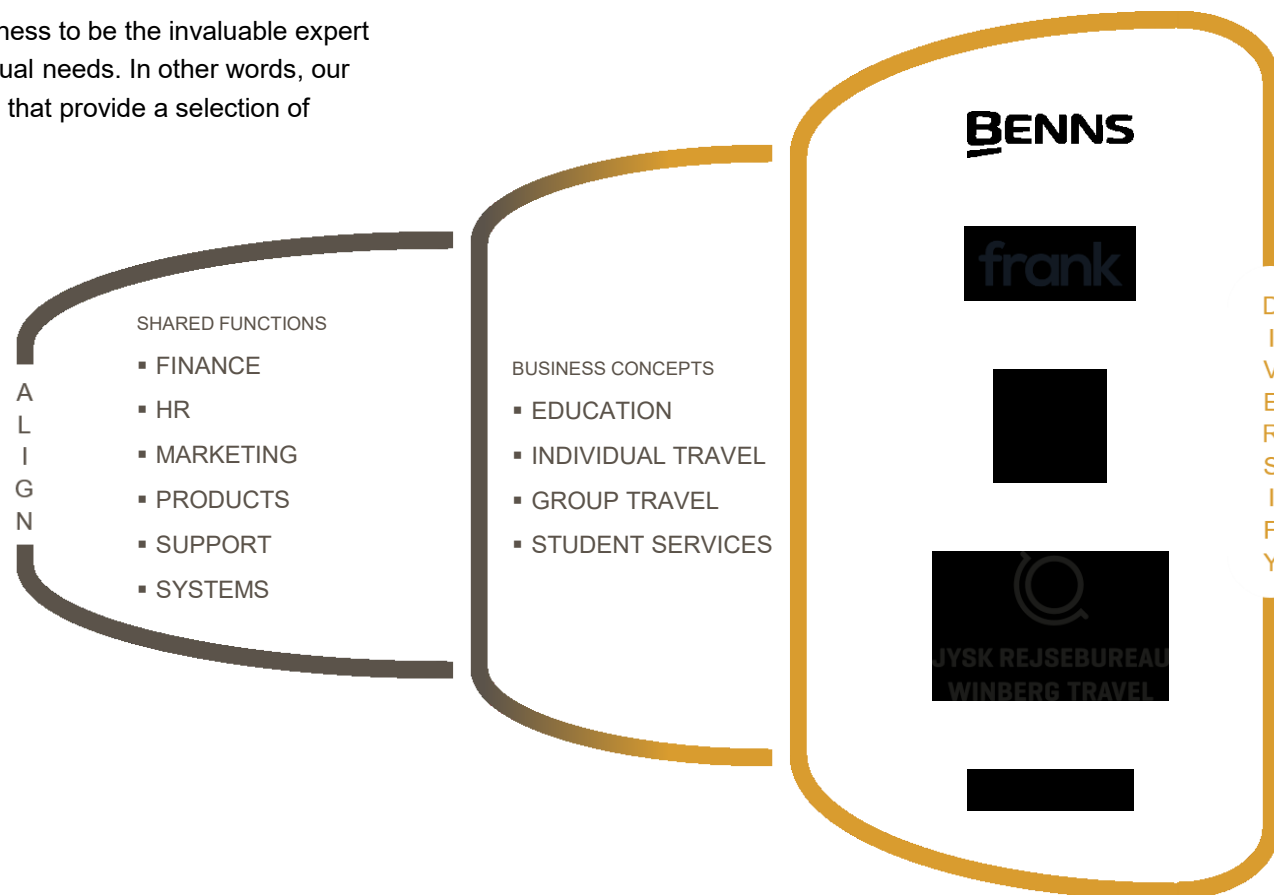
BUSINESS PHILOSOPHY

The key challenge for most businesses is to create high-value products and services, and to do it with affordable and competitive pricing.

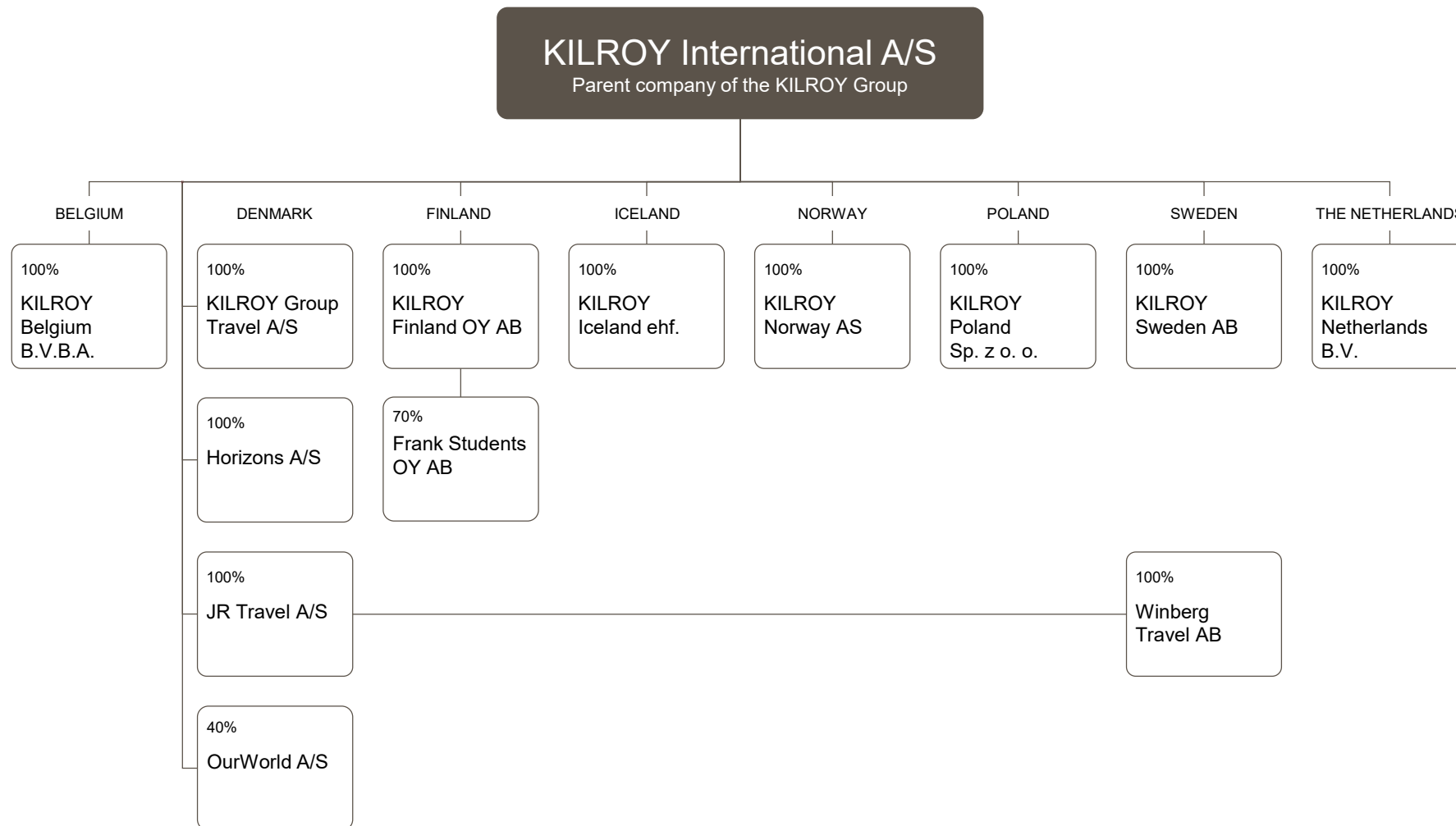
In the KILROY Group, we try to meet this challenge by aligning our operation for the extensive use of shared resources to reduce the cost per transaction.

However, we must still diversify and specialise our business to be the invaluable expert for a wide range of customer segments and their individual needs. In other words, our customers should be able to meet us in different brands that provide a selection of niche competences.

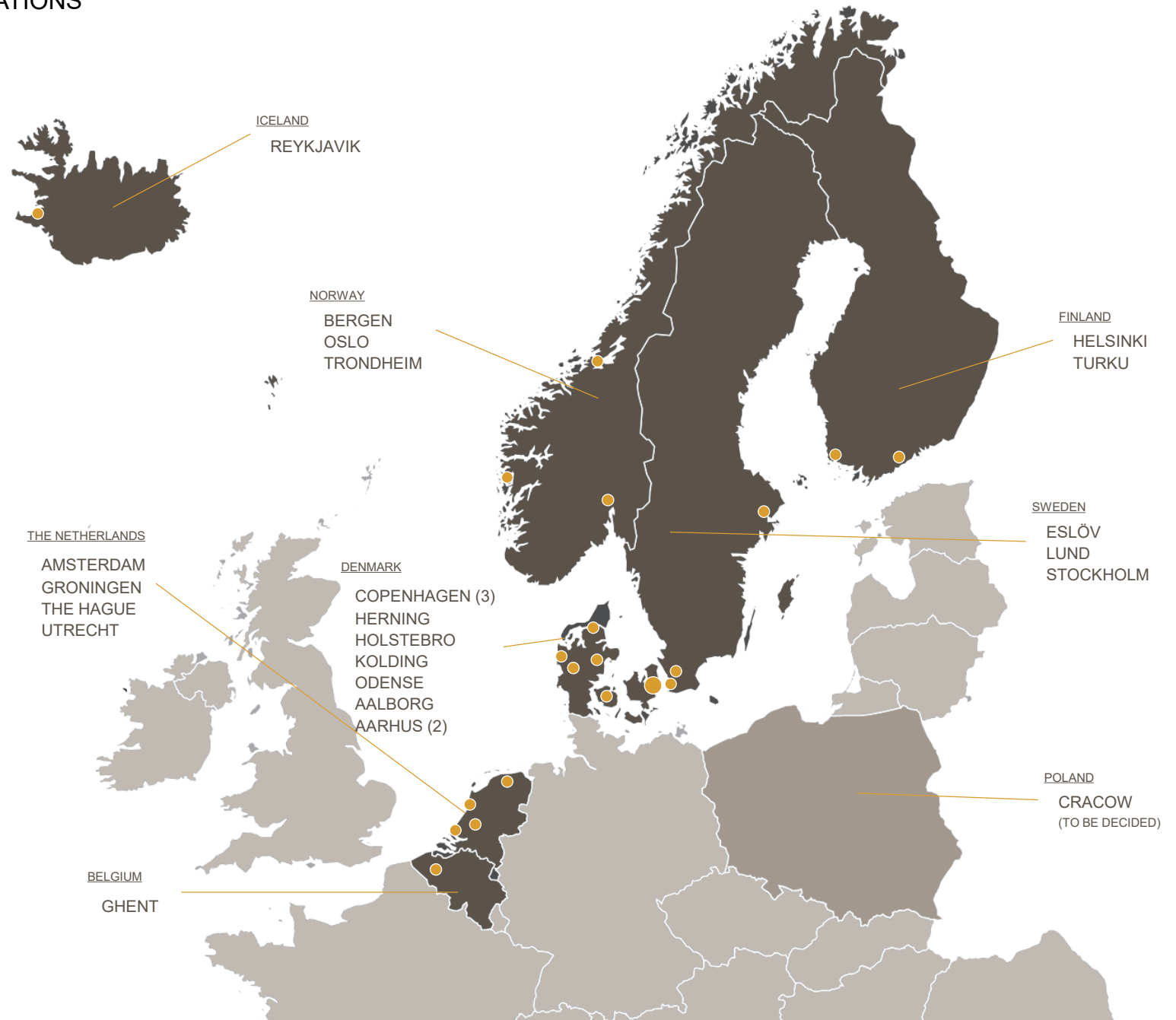
To ensure an effective monitoring of our business performance, the Group's activities are separated into several business units that have full profit-and-loss responsibility.



LEGAL UNITS AS OF APRIL 11, 2019



8 MARKETS 24 LOCATIONS



HISTORY

THE FUTURE IS BUILT ON THE STRENGTH OF THE PAST!

March 1946



1946

Student organisations in all the Nordic countries establish travel agencies:

- DIS Rejser, Denmark
- Travela, Finland
- Univers Reiser, Norway
- SFS Resebyrå, Sweden

1951

Scandinavian Student Travel Service, (SSTS) is established by the Scandinavian student travel agencies with the objective of purchasing flight seats jointly on behalf of all the companies.



Over the years, SSTS develops into a travel organisation specialised in the production and wholesaling of student and youth tours.

In addition to its founders, SSTS also serves other student and youth travel agencies in Europe and the USA, and becomes a major travel operator.

1953

The ISIC Association is established as a The International Student Identity Card (ISIC) Association is established as a non-profit organization, providing an internationally accepted proof of bona fide student status. ISIC is endorsed by UNESCO.

1973/74

The global oil crisis has a heavy impact on student and youth travel, and subsequently, on SSTS' operations.

1987

SSTS is reorganised into a limited company. The majority shareholder is HYY Group, which is owned by the Student Union of Helsinki University.

1990

A wholesale company is established in Spain.

1991

SSTS and the Nordic travel agencies are merged into one group with SSTS as the parent company. The group's name is changed to **KILROY travels**



The legend behind the name:

Young **James Kilroy** worked on the docks of Boston back in the 1940s. His job was to load the great steamships of that day with cases of cargo bound for every corner of the world.

One early November morning, the weather was grey and gloomy, and

Kilroy felt more like staying indoors, sheltered and under cover. "Hey Kilroy," his foreman yelled, "You're daydreaming again. Can't you ever get anything done?" Kilroy was used to the foreman and his insults. And the cargo boxes were waiting to be loaded. There was no way around it: It had to be done, and he might as well get on with it.

But as Kilroy bent down to pick up one of the wooden boxes, he was struck by a great idea. With a piece of chalk, he wrote in big bold letters on each box:

KILROY WAS HERE!

As these cases turned up in foreign ports all around the world, Kilroy's spirit reached across the world as well - a really effective way of getting around! From that moment on, whenever the foreman shouted at Kilroy that he wasn't getting anything done, Kilroy just smiled. He knew better. In ports all over the world there were daily reminders that the foreman was wrong.

Kilroy knew that there's more than one way of crossing borders, and breaking through all kinds of barriers to be free and independent!

HISTORY

THE FUTURE IS BUILT ON THE STRENGTH OF THE PAST!

1994

The German youth travel agency ARTU is acquired.

1996

A sales company is established in the Netherlands.

1999

Benns Rejser A/S in Denmark is acquired. Part of the company is later changed to MyPlanet.

BENNS

2001

The Danish group travel company Team Travel is acquired and merged with group travel activities from Benns Rejser. The merged unit is branded Team Benns.

KILROY Group Travel A/S is established as a new parent company for group travel activities.

KILROY travels Germany ARTU GmbH, is sold.

2003

The Danish ski group travel operator, Peer Gynt, is acquired.

2004

Trading in the Spanish market is ceased.

2005

MyPlanet is divested.

KILROY acquires the ski operator, Ski-experten.

2006

The Danish ski operator Qvistgaard Rejser is acquired.

2007

All educational activities of the International Education Centre (IEC) of Norway are acquired.

The ownership structure is changed. A group of Nordic investors acquires 100% of the shares in KILROY travels International A/S. The majority shareholder is Iceland Invest Ltd.

2008

All educational activities of IEC Online of Finland are acquired.

In addition, KILROY education is established in Denmark and the Netherlands.

2009

The name of the parent company of the Group is changed to KILROY International A/S.

All educational activities of StudyWorld of the Netherlands are acquired.

2010

Horizons A/S is established as a merger of KILROY Denmark and Jysk Rejsebureau.



All travel activities of Wasteels Rejser of Denmark are acquired.

An ownership stake is acquired in OurWorld A/S of Denmark.

2011

An ownership stake is obtained in Ski Group A/S which is established as a merger between the skiing activities of Team Benns Ski and Højmark Rejser.

A KILROY sales company is established in Iceland.

2013

The KILROY Foundation is established. An ownership stake is acquired in Frank, a Finnish company in charge of national student benefits.



2014

ISIC (International Student identity Card) is launched as a separate brand within the KILROY Group.



2015

A KILROY sales company is established in Belgium.

All activities within Team Benns and tur.no is merged and branded BENNS.

2016

A KILROY sales company is established in Poland.

The ownership stake in Ski Group A/S is sold.

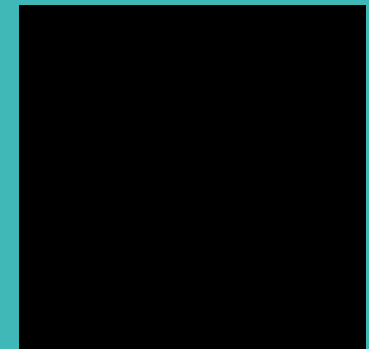
2018

The ownership stake in Frank is increased to 70%.

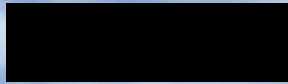
The Swedish travel agency, Winberg Travel, is acquired.



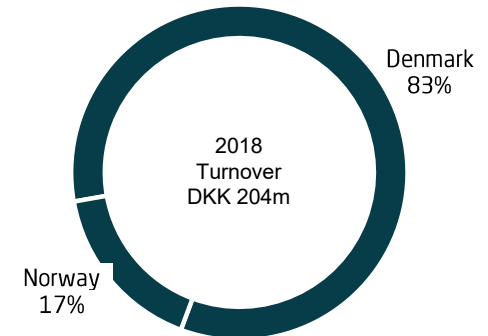
We believe in the importance of strong brands to create long-term benefits for our customers and our company!

The logo for BENNS, featuring the word "BENNS" in a bold, white, sans-serif font with a horizontal line under the "B", set against a black rectangular background.The logo for frank, featuring the word "frank" in a white, lowercase, sans-serif font, set against a black rectangular background.The logo for KILROY, featuring the word "KILROY" in a bold, white, italicized, sans-serif font, set against a black rectangular background.The logo for JYSK REJSEBUREAU WINBERG TRAVEL, featuring a stylized white circular icon above the text "JYSK REJSEBUREAU" and "WINBERG TRAVEL" in a white, sans-serif font, all on a white rectangular background.

BRANDS
BENNS



Read more at [benns.com](https://www.benns.com)



BRANDS

FRANK



Frank is the market leader in student identification and marketing solutions in Finland. As such, Frank also provides the best student benefits and easiest onboarding for any service provider that wishes to appeal to the fast-moving customer group of half a million young people.

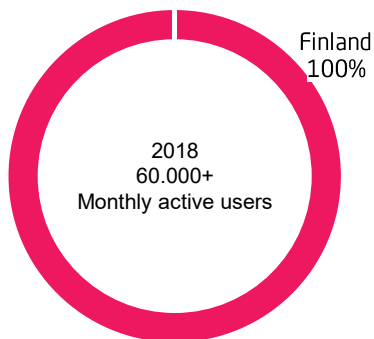
Finland's first digital student card, Frank App, launched in August 2016, has 60,000 monthly active users. It was praised as "The Best Mobile Solution in Finland 2016" in the category of Utility Services by the Slush entrepreneurial organisation.

Coming from a provider of plastic student cards, the vision is to become the service platform that will make students' lives better every day.

"A smart student ID that works for you!"



Read more at frank.fi/en





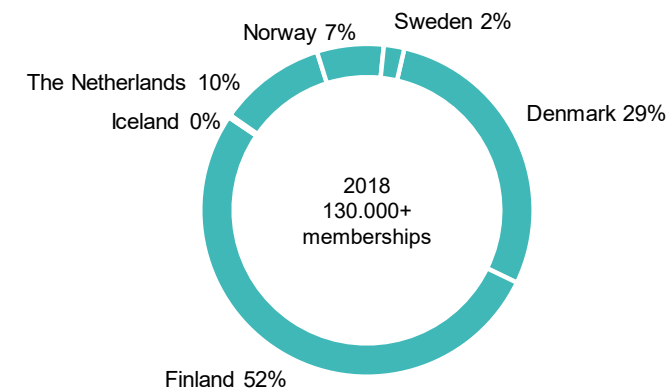
BRANDS ISIC

KILROY holds the license authority of the International Student Identity Card (ISIC) in six markets. The ISIC is the only internationally recognised proof of fulltime student status.

Today, the ISIC app and virtual ID is available in more than 120 countries worldwide. Two of the markets where KILROY operates the ISIC license rank in the Top 10 of global app downloads and app profile activations.



Read more at isicdanmark.dk / isic.fi / isic.is / isic.no / isic.nl / isic.se





BRANDS

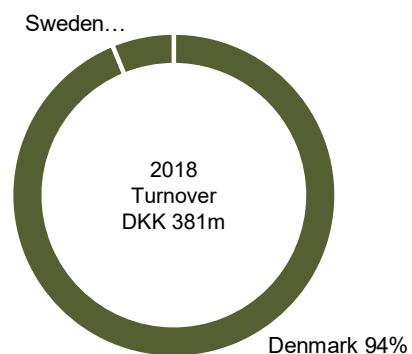
JYSK REJSEBUREAU & WINBERG TRAVEL

Jysk Rejsebureau has been tailoring tours for the adventurous traveller for decades.

The sales consultants are experienced travellers themselves, and they focus on giving customers the opportunity to experience areas that are often found only where the asphalt ends, and the roads turn into trails. The goal is always to compose trips with a high content of “feeling the world” — trips that are unique in experience yet affordable.

With the aim of expanding the strong concept of Jysk Rejsebureau into Sweden, Winberg Travel was acquired in the beginning of 2018. Winberg Travel also has a longstanding brand position in Sweden, and will continue to operate under the Winberg brand.

Read more at jr.dk and wt.se



BRANDS

KILROY

“The people I need to speak to, to make sure my trip is amazing.”

Our manifesto

The impact of traveling should never be underestimated. A journey isn't just "time off."

It's an experience. We believe that traveling the world and seeing different cultures makes for a better you, and thus, a better world.

Experience has taught us that the person who ends a journey is different from the one who started it.

Traveling is much more than just leaving home. It's meeting the world.

New people, new places, new perspectives.

As we see it, these elements can make a powerful force for good. They can shift mindsets and give us a new outlook on the world.

That's why we believe in the power of travel.

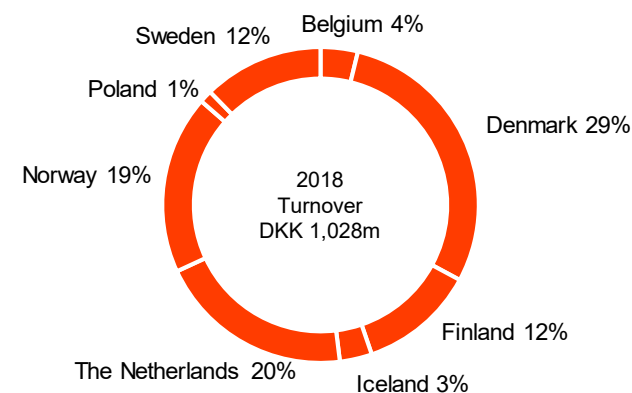


Read more at kilroy.net

It's all about guided customization

Experienced and passionate advisors help customize our customer's dream trip by advising on when and where to go, and navigating a broad product range:

- Backpacking combined with activities and adventures
- Around the world – or other flexible multi-stop trips
- Education abroad
- Working abroad – volunteering and internships
- Group travel with an educational purpose



MANAGEMENT'S REPORT

The KILROY Group delivered a positive result for 2018. Turnover reached DKK 1,620 million compared to DKK 1,660 million in 2017.

Operating profit (EBITDA) was DKK 24 million, compared to 40 million in 2017.

The KILROY Group closed 2018 with a profit before tax (EBT) of DKK 6 million, which equals a return on equity of 1%, compared with 31% in 2017.

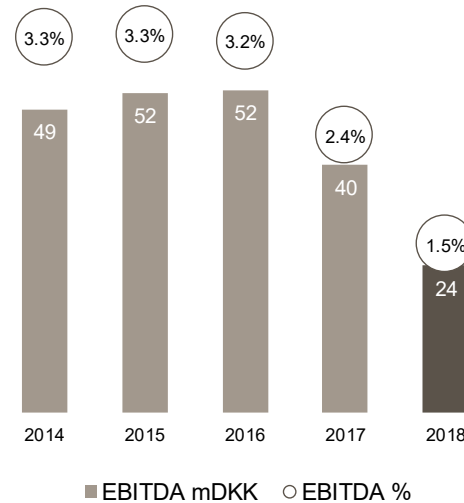
Thus, the financial result of the KILROY Group did not meet the targets set for 2018. Sales were below expectation and the profitability was disappointing.

The challenges were faceted:

- The systems and platform changes initiated in 2017 continued through most of 2018, and somehow hindered the pursuance of market opportunities.
- Some segments within the KILROY brand are facing issues related to critical mass.
- New businesses integrated in 2018 (See the chapter titled "Ownerships and M&A.") had negative results.

The Board of Directors noted the result.

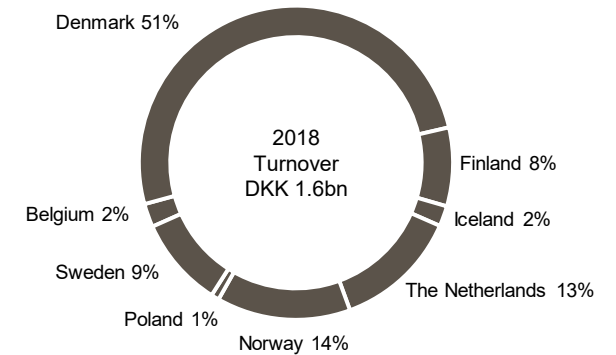
The EBITDA development for the KILROY Group is shown in the chart below.



Market environment

2018 presented the usual share of external events that affected the industry. It would be relevant to mention the exceptionally warm, dry summer in the region where the KILROY Group operates, although the actual effect may be difficult to quantify. Some of our main markets are facing heavy battles among dedicated online travel agencies who are fighting for market share. Still, the overall market environment appeared to be positive.

The Group's turnover per market is illustrated in the chart below.



Distribution

The conventional perception of online versus offline distribution is losing its relevance, as customers exhibit increasingly diversified behaviour when planning and executing a purchase. The future will dictate the offering of a wide range of contact and selling points for the customers' discretionary use.

The KILROY Group recognises this need when planning new developments. Despite our customers' quest for "any point of contact," personal counselling is still at the core.

Locations

The KILROY Group continues to invest in physical spaces where customers can meet their advisors face-to-face.

In 2018 KILROY moved back to a historic building in Bergen, Norway. The building burned down in 2015 and the staff have worked from temporary locations since then. Also, KILROY's main location in Oslo, Norway, was moved a few blocks and into a newly renovated space. In Sweden, the main location in Stockholm has also changed its address in the city centre. This new location holds more work spaces and thus is ready to expand when the location in Gothenburg closes in 2019.

Eslöv has been added to the list of locations in Sweden, in connection with the acquisition of Winberg Travel.

Finally, Jysk Rejsebureau opened a new sales location in Kolding, Denmark, in 2018.

Ownerships and M&A

With effect from January 2018, KILROY Finland OY AB increased its share in Frank Students OY AB to 70%. The other shareholders in the company are four national student unions, which founded the company early in 2013.

To expand the business platform of Jysk Rejsebureau A/S (Horizons A/S) into Sweden, Winberg Travel AB was acquired 100% in March 2018. For this purpose, KILROY International A/S established a new Danish limited

company, JR Travel A/S, which for the time being has no other activity than the ownership of Winberg Travel AB.

In November 2016, KILROY Group Travel A/S sold its 27.6% stake in Ski Group A/S to the majority shareholder, Højmark Holding ApS. Ski Group A/S was the result of a merger of Team Benns Ski and Højmark Rejser A/S back in 2011. The principles for calculating the share price was settled in a court of arbitration in May 2017, and in favour of KILROY Group Travel A/S. The final share price should be concluded upon the presentation of Ski Group A/S' annual accounts for 2017/18. According to available information from Ski Group A/S, the year 2017/18 turned out surprisingly lower than previous years and budget. This situation requires a negative correction of the previously recognized selling price. The 2016 transaction also imposed a restriction on the KILROY Group's opportunities in the ski market until November 2019.

The KILROY Group will continue to explore M&A opportunities in businesses and assets that can contribute to long-term growth and profitability.

The youth and student ticket

For decades, the KILROY Group has been active in the Student Air Travel Association (SATA), which facilitates travel opportunities for students and young people. Originally, this type of travel was conducted on the SATA member's own flight ticket stock, and settlement took place after the ticket was flown. This is also known as the flown revenue concept. The SATA ticket met the demands of a special segment of students and other

young people who often travel for longer periods: affordable prices and a high degree of flexibility.

While the KILROY Group strives to keep these demands in focus, it is also streamlining the business to meet our suppliers' demand for seamless integration. We are pursuing this via industry-standard settlement procedures to ensure cost efficiency, both for KILROY and for the airlines.

The unique youth and student ticket has been the instrument for serving thousands of young people while en route. This service is provided primarily online from a central service team in Copenhagen.

Technology

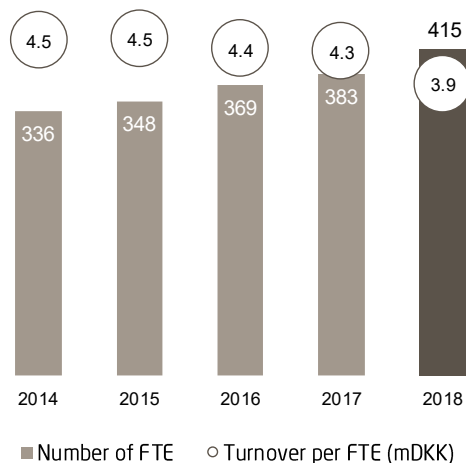
A condition for the Group's continued development is reducing transaction costs so we can focus employees' time on creating more value for our customers. Investments in technology, aligning work processes and, not least, upgrading employees' competences are crucial for our long-term success.

At the end of 2018, an updated platform is now used across all business units in the Group. The application focuses on the customer, and on seamless integration with the Group's main suppliers to ensure real-time products and prices, and optimised selling processes.

Having all sales units on the same platform now paves the way for accelerating and unifying best practices in the coming years.

The KILROY Group pursues the use of mainstream technology in all parts of its systems infrastructure. Most operational system costs are based on long-term maintenance contracts, ensuring readiness and the adoption of the newest market trends and developments.

The chart below illustrates the development in the number of employees and sales per employee.



Organisation

Although the Group did not achieve its targets, the “job” was no less difficult, and many employees had to work extraordinarily hard. Their dedication deserves our thanks!

The average number of employees (fulltime equivalent or FTE) in 2018 was 415, compared with 383 in 2017.

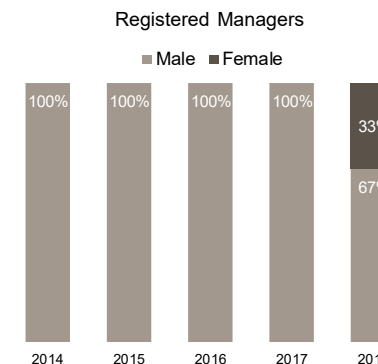
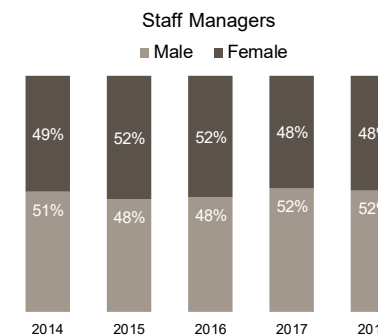
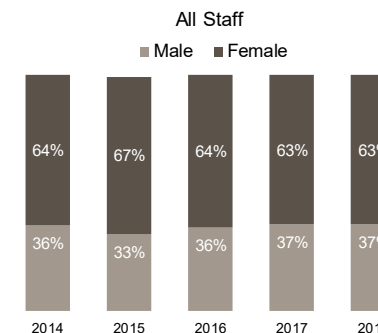
The sales per FTE marginally decreased from 2017 to 2018 and is a result of expansion within our offline sales channels.

As for gender, the KILROY Group has always practised the policy of “best person for the job.”

However, as an integrated part of our CSR activities, the KILROY Group in 2013 set targets for including more women in management positions, including representation in the Board of Directors. The policy can be found on kilroy.net/policies.

The targets have not been met, or are unlikely to be met, due to the inherent owner and management structure of the Group. Consequently, the Board of Directors is to review and set new targets with due consideration to the Group’s structure.

The charts to the right illustrate the gender mix in various functions.



“Staff Managers” are all managerial positions ranging from team leaders to registered directors.

Equity

The share capital remains unchanged at DKK 18 million. Free reserves total DKK 77 million, compared to DKK 107 million in 2017.

At year-end 2018, total Group shareholders' equity was DKK 95 million. This compares with DKK 125 million at the end of 2017.

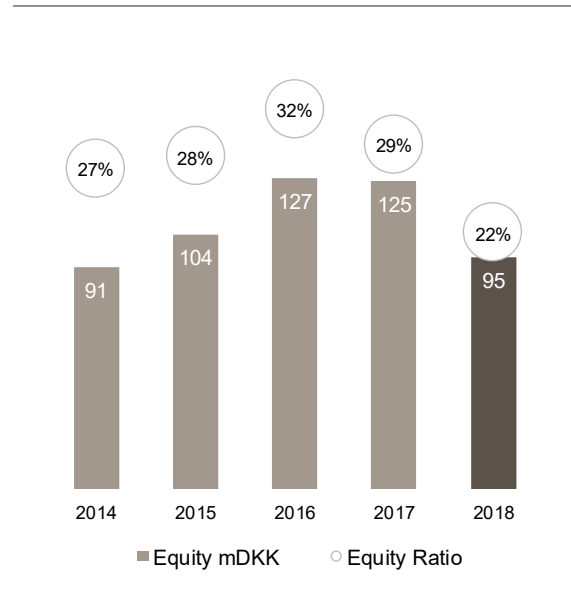
The Board proposes that no dividend be paid for the year 2018. Future dividends will be proposed in accordance with the KILROY Group's expansion plans, continued consolidation and liquidity requirements.

Several of the business segments in which the KILROY Group operates involve entrusted funds from customers. In the long term, such business concepts may require stricter financial covenants. Consequently, the KILROY Group has adopted a policy for dividend payment that will allow the Group to meet these future challenges.

The development of equity and equity ratio for the KILROY Group is shown in the chart to the right.

Risk assessment

Operating globally, the travel industry is by nature affected by numerous risks. The majority of these are beyond our control, such as war, terror, natural disasters and political unrest.



Each year brings new and sometimes extraordinary challenges to the travel industry. Every link in the value chain is constantly challenged, either by traditional suppliers, new players or by the customers themselves. As in many other industries, the Internet has created an atmosphere of "direct trading is cheapest." We address this challenge by constantly focusing on internal training and customer service, and by making value-addition tangible and apparent to our customers.

The financial risk of doing business in multiple countries and currencies is reduced through cautious execution by the KILROY Group's cash management function, which has established policies to ensure that currency exposure is mitigated to the extent possible.

KILROY only hedges commercial exposures. The primary financial instruments include currency forward contracts.

Shareholder information & annual report

The ownership structure remained unchanged in 2018 as the Danish company, SSTS A/S, holds 100% of the shares in KILROY International A/S.

SSTS A/S currently has no other activities than the ownership of the KILROY Group. The company is owned by a group of Nordic investors who have, or have had, management positions within the Group.

The Annual Report of KILROY International A/S is included in the Annual Report of SSTS A/S.

The Annual Report of SSTS A/S can be obtained from: SSTS A/S, Nytorv 5, 1450 Copenhagen K, Denmark

Auditing

KPMG is the main auditor of the Group.

Guidance for 2019

No material events have occurred since the balance sheet date that would affect the assessment of the Annual Report for 2018.

The expectation for 2019 is that the KILROY Group will deliver a turnover in the range of DKK 1.7-1.8 billion and an EBITDA in the range of DKK 30-35 million, except for any external events beyond the Group's control.

Corporate Social Responsibility (CSR)

It is a goal of the KILROY Group that employees, suppliers and customers all do their best to support the neighbouring community and, to the extent possible, limit any negative impact on the environment.

By its very nature, the KILROY Group business promotes understanding and respect among cultures. However, our business also involves a significant amount of air travel, and this carries an inevitable environmental impact. Our suppliers of hotel accommodation, cars and other ground products also make varying impact.

The KILROY Group has formalized a CSR policy called "Walk-the-Talk." It defines goals for climate, sourcing, suppliers, social responsibility, human rights and animal welfare.

Our CSR policy aims to ensure that all our companies and employees act as good corporate citizens with due respect for differences in culture, history and economy. We encourage climate-friendly yet profitable investments with necessary consideration of human and labour rights.

Due to other priorities, the focus areas of 2018 did not get the attention that was originally intended. Thus, most focus areas of 2019 will remain as those for the previous year. However, increased focus will be allocated to the areas of climate and environment. A comprehensive plan for this is under preparation, and is expected to be launched before summer.

The strategy and policy can be found on kilroy.net/policies

FINANCIAL STATEMENTS

FINANCIAL YEAR JANUARY 1 - DECEMBER 31, 2018

THE KILROY GROUP – CONSOLIDATED
KILROY INTERNATIONAL – PARENT COMPANY

GROUP KEY FIGURES - DKK

		2018	2017	2016	2015	2014
Profit & Loss Account (DKK million)						
Turnover		1,620	1,660	1,610	1,568	1,503
EBITDA		24	40	52	52	49
EBIT		7	28	41	42	40
Net financials		-1	17	26	9	8
EBT		6	45	67	51	48
Net profit for the year		1	36	56	38	37
Balance Sheet (DKK million)						
Cash and bonds		202	200	215	224	204
Current assets		385	390	358	332	301
Total assets		439	433	397	372	337
Capital expenditure		24	16	13	13	4
Equity		95	125	127	104	91
Current liabilities		338	304	268	266	245
Cash flow from operating activities		44	37	30	53	34
Key Figures						
EBITDA - Margin (%)	EBITDA / turnover (excl. other operating income)	1.5	2.4	3.2	3.3	3.3
EBIT - Margin (%)	EBIT / turnover	0.4	1.7	2.6	2.7	2.7
Return on assets (%)	EBIT / total assets	1.6	6.4	10.4	11.3	11.9
Return on equity (%)	Net profit / average equity	1.3	31.3	48.3	41.3	42.6
Liquidity ratio (%)	Current assets / current liabilities	114.0	128.4	133.7	124.9	122.5
Equity ratio (%)	Equity (excl. minority interests) / total assets	21.6	28.9	31.9	27.9	26.9
Earnings per share (DKK)	Net profit / number of shares	8.3	201.1	312.0	213.5	204.7
Cash flow per share (DKK)	Cash flow from operating activities / number of shares	247.5	207.2	170.7	299.8	189.9
Proposed dividend (DKK million)		0.0	33.0	36.5	33.0	25.0
Average number of fulltime employees (FTE)		415	383	369	348	336

GROUP KEY FIGURES - EUR

		2018	2017	2016	2015	2014
Profit & Loss Account (EUR million)						
Turnover		217	223	216	210	201
EBITDA		3.2	5.4	7.0	6.9	6.6
EBIT		0.9	3.7	5.5	5.6	5.4
Net financials		-0.1	2.3	3.5	1.2	1.1
EBT		0.9	6.0	9.0	6.8	6.5
Net profit for the year		0.2	4.8	7.5	5.1	4.9
Balance Sheet (EUR million)						
Cash and bonds		27.1	26.8	28.9	30.0	27.3
Current assets		51.6	52.5	48.2	44.4	40.3
Total assets		58.7	58.2	53.5	49.9	45.2
Capital expenditure		3.2	2.2	1.7	1.7	0.6
Equity		12.7	16.9	17.0	13.9	12.2
Current liabilities		45.2	40.9	36.0	35.6	32.9
Cash flow from operating activities		5.9	5.0	4.1	7.2	4.5
Key Figures						
EBITDA - Margin (%)	EBITDA / turnover (excl. other operating income)	1.5	2.4	3.2	3.3	3.3
EBIT - Margin (%)	EBIT / turnover	0.4	1.7	2.6	2.7	2.7
Return on assets (%)	EBIT / total assets	1.6	6.4	10.4	11.3	11.9
Return on equity (%)	Net profit / average equity	1.3	31.3	48.3	41.3	42.6
Liquidity ratio (%)	Current assets / current liabilities	114.0	128.4	133.7	124.9	122.5
Equity ratio (%)	Equity (excl. minority interests) / total assets	21.6	28.9	31.9	27.9	26.9
Earnings per share (EUR)	Net profit / number of shares	1.1	27.0	41.9	28.6	27.5
Cash flow per share (EUR)	Cash flow from operating activities / number of shares	33.1	27.8	23.0	40.2	25.5
Proposed dividend (EUR million)		0.0	4.4	4.9	4.4	3.4
Average number of fulltime employees (FTE)		415	383	369	348	336

PROFIT & LOSS ACCOUNT

January 1 - December 31

Note		Group		Parent	
		2018 tDKK	2017 tDKK	2018 tDKK	2017 tDKK
1	Turnover	1,620,099	1,659,899	65,341	58,308
	Cost of products	-1,332,047	-1,376,862	0	0
	Gross profit	288,052	283,037	65,341	58,308
2	Sales and administration	-81,615	-76,491	-15,479	-14,787
3	Personnel	-182,692	-166,446	-40,170	-40,053
	EBITDA	23,745	40,100	9,692	3,468
4	Depreciations and amortizations	-16,875	-12,310	-9,574	-7,868
	EBIT	6,870	27,790	118	-4,400
5	Result from shares in subsidiaries	-	-	1,407	38,532
6	Financial income, net	-518	17,051	1,085	954
	EBT	6,352	44,841	2,610	35,086
7	Tax	-4,871	-8,974	-262	781
8	Net profit for the year	1,481	35,867	2,348	35,867
	Gain/loss attributable to minority interest	867	0		
	Result attributable to KILROY International A/S	2,348	35,867		

BALANCE SHEET

December 31

Note	ASSETS	Group		Parent	
		2018 tDKK	2017 tDKK	2018 tDKK	2017 tDKK
	FIXED ASSETS				
	Software	27,817	21,278	23,949	20,892
	Goodwill	16,466	11,660	0	0
4	Intangible fixed assets	44,283	32,938	23,949	20,892
	Land and buildings	604	690	0	0
	Leasehold improvements	4,154	2,803	377	9
	IT hardware and other equipment	3,935	4,024	2,554	3,123
4	Property, plant and equipment	8,693	7,517	2,931	3,132
5	Shares in subsidiaries	0	0	86,556	117,732
9	Shares in associated companies	605	2,478	559	559
	Financial fixed assets	605	2,478	87,115	118,291
	TOTAL NON-CURRENT ASSETS	53,581	42,933	113,995	142,315
	CURRENT ASSETS				
	Inventories	1,880	1,438	0	0
	Trade debtors	80,295	73,795	0	0
	Amounts due from affiliated companies	0	13,396	4,451	25,870
	Other receivables	10,648	11,496	7,110	3,740
10	Prepaid expenses and accrued income	58,398	54,318	17,152	9,034
	Intra group loans	31,767	36,520	31,767	36,520
	Total receivables	181,108	189,525	60,480	75,164
	Bonds and securities	88,535	89,343	71,559	72,409
	Cash at bank and in hand	113,465	110,189	45,636	22,113
	TOTAL CURRENT ASSETS	384,988	390,495	177,675	169,686
	TOTAL ASSETS	438,569	433,428	291,670	312,001

BALANCE SHEET

December 31

Note	LIABILITIES	Group		Parent	
		2018 tDKK	2017 tDKK	2018 tDKK	2017 tDKK
	EQUITY				
	Share capital	17,839	17,839	17,839	17,839
	Reserve for net revaluation under the equity method	0	0	0	16,559
	Proposed dividend	0	33,000	0	33,000
	Retained earnings	76,752	74,635	76,752	58,076
		94,591	125,474	94,591	125,474
	Minority interests	-997	0	-	-
	TOTAL EQUITY	93,594	125,474	94,591	125,474
	PROVISIONS				
	Other provisions	1,891	28	645	0
7	Deferred tax	3,468	3,696	5,045	4,443
	TOTAL PROVISIONS	5,359	3,724	5,690	4,443
	LONG-TERM LIABILITIES				
11	Long-term debt	1,873	0	0	0
	TOTAL LONG-TERM LIABILITIES	1,873	0	0	0
	CURRENT LIABILITIES				
11	Bank loan	373	0	0	0
	Trade creditors	214,703	199,740	4,115	6,149
	Amounts owed to subsidiaries	0	0	178,170	165,884
	Other liabilities	25,119	23,540	6,529	5,048
	Accrued liabilities	21,715	13,685	2,575	5,003
12	Advance payments	75,833	67,265	0	0
	TOTAL CURRENT LIABILITIES	337,743	304,230	191,389	182,084
	TOTAL LIABILITIES	438,569	433,428	291,670	312,001
13	Contingent assets, liabilities and collaterals				
14	Subsidiaries				
15	Related parties				

STATEMENT OF CHANGES IN EQUITY

GROUP	Issued capital	Retained earnings	Proposed dividend	Shareholders' equity
	tDKK	tDKK	tDKK	2018 tDKK
Balance as at 1 January	17,839	74,635	33,000	125,474
Dividends paid	0	0	-33,000	-33,000
Exchange rate adjustments	0	-231	0	-231
Result of the year	0	2,348	0	2,348
Balance as at 31 December	17,839	76,752	0	94,591

PARENT	Issued capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Shareholders' equity
	tDKK	tDKK	tDKK	tDKK	2018 tDKK
Balance as at 1 January	17,839	16,559	58,076	33,000	125,474
Dividends paid	0	0	0	-33,000	-33,000
Exchange rate adjustments	0	0	-231	0	-231
Dissolution of revaluation in previous years	0	-16,559	16,559	0	0
Result of the year	0	0	2,348	0	2,348
Balance as at 31 December	17,839	0	76,752	0	94,591

The share capital comprises of 178.390 shares of DKK 100 each.
There has been no changes to issued capital during the past five years.

CASH FLOW STATEMENT

January 1 - December 31

	Group		Parent	
	2018 tDKK	2017 tDKK	2018 tDKK	2017 tDKK
EBIT	6,870	27,790	118	-4,400
Adjustments for non-cash items				
Depreciation	16,875	12,310	9,574	7,868
Exchange rate and other adjustments	-243	-1,524	-736	-1,015
Working capital				
Change in inventories	-442	-187	0	0
Change in receivables	-9,732	-36,984	3,014	-20,747
Change in other provisions	0	28	0	0
Change in trade creditors	14,963	30,901	-2,035	6,149
Change in other liabilities	22,320	6,288	9,048	405
Cash flow from operating activities before financial items	50,611	38,622	18,983	-11,740
Net interest income, etc.	1,275	5,029	1,893	1,972
Paid taxes	-7,732	-6,689	2,740	696
Cash flow from operating activities	44,154	36,962	23,616	-9,072
Purchase/sale of shares	-4,447	15,320	0	0
Loan to associated companies	0	-5,807	-4,306	0
Purchase/sale of bonds	808	23,969	850	22,990
Net purchase of plant, operating equipment etc.	-16,444	-16,071	-11,871	-15,111
Cash flow from investment activities	-20,083	17,411	-15,327	7,879
Contributions to subsidiaries	0	0	-2,892	-5,584
Loan to affiliated companies	10,332	-9,204	10,332	-9,204
Bankdebt	1,873	0	0	0
Dividends paid/received	-33,000	-36,421	7,794	9,010
Cash flow from financial activities	-20,795	-45,625	15,234	-5,778
Net cash flow from operating, investing and financing activities	3,276	8,748	23,523	-6,971
Cash and cash equivalents at the beginning of the year	110,189	101,441	22,113	29,084
Cash and cash equivalents at the end of the year	113,465	110,189	45,636	22,113

Not all figures above can be found directly in the Annual Report.

ACCOUNTING POLICIES

General

The Annual Report for 2018 for KILROY International A/S is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting large class C companies.

The consolidated accounts are presented in Danish kroner (DKK thousand), which is the Parent Company's base currency.

The accounting policies used in the preparation of the financial statements are consistent with last year. There has been minor reclassifications in the income statement and the balance sheet. Comparative figures have been restated accordingly.

Consolidated Accounts

The consolidated accounts comprise the parent company, KILROY International A/S, and all subsidiaries in which the parent company controls more than 50% of the voting rights, directly or indirectly.

The consolidated accounts are prepared by adding items of a similar nature in the accounts of KILROY International A/S and its subsidiaries.

Subsidiary accounts that are included in the consolidated accounts are prepared in accordance with the accounting policies of the parent company.

Profit and loss statements of foreign subsidiaries are translated into Danish kroner (DKK) using the average exchange rates for the year. Balance sheet items are translated at the exchange rate at the end of the year.

Exchange rate adjustments of the equity of foreign subsidiaries at the beginning of the year, and exchange rate adjustments of the profit and loss accounts from average rates to year-end rates, are posted against the Group shareholders' equity. In the consolidation of the accounts, intercompany income and expenses, intercompany accounts, and intercompany profits and losses are eliminated. The parent company's share in a

subsidiary is calculated as its share of the subsidiary's net assets.

Companies in which the Group holds between 20% and 50% of the share capital without having obtained significant influence are considered as associated companies and are measured at cost.

Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquiring company at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested entities are recognised in the consolidated income statement up to the date of divestment. Comparative figures are not restated to reflect acquisitions or divestments.

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment.

Goodwill in connection to acquisitions is capitalised and amortised over a maximum 10-year period.

Profit and Loss Accounts

Turnover

Turnover includes the year's sales of travel products, other services and incentives from suppliers.

Revenues from individual-focused products are booked at the time of invoicing, regardless of departure date.

Revenues from group travel products are booked in the accounting period that coincides with the departure date of the trip.

Revenue is measured at the fair value excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of products

Cost of products comprises invoiced and accrued cost of travel related products and other services incurred by generated revenue of the year.

Other income

Other income comprises items secondary to the activities of the entities and internal service deliveries.

Sales and administrative costs

These are costs incurred indirectly from distributing travel products and other services sold during the year. Also included are other overhead costs, e.g. office premises, office expenses, IT and all costs for web-technology with an assessed lifetime of less than 3 years.

Salaries and other personnel expenses

Personnel costs comprise expenses incurred during the year for all management, sales consultants and administrative staff.

Result from shares in subsidiaries

Net profits or losses in subsidiaries contain the proportionate share of net profits or losses in the subsidiaries and amortisation of goodwill.

ACCOUNTING POLICIES

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax

KILROY International A/S is jointly taxed with Danish subsidiaries and the parent company, SSTS A/S, in accordance with the Danish rules on mandatory joint taxation. Danish subsidiaries are either included or excluded in the joint taxation at the same time as they are included or excluded in the consolidation.

KILROY International A/S' parent company, SSTS A/S, is the administrative company under the joint taxation scheme and, accordingly, pays all income taxes to the tax authorities. The jointly-taxed Danish companies are taxed under the on-account tax scheme.

The current Danish corporation tax is allocated among the jointly-taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). Tax for the year comprises current tax, joint taxation and changes in deferred tax for the year, including adjustments to tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Corporate tax on account is recognized in the balance sheet under current assets.

Deferred tax is provided under the liability method, and covers all temporary differences between accounting and tax values of the assets and liabilities. Deferred tax is, furthermore, provided for re-taxation of tax-deductible losses realised in non-Danish associated companies, if the re-taxation is expected to be realised by the associated companies' departure from the Danish joint taxation scheme.

The tax value of tax loss carry-forwards will be setoff against deferred tax liabilities to the extent that the tax losses and other tax assets are expected to be utilised in the future taxable income. Deferred tax is calculated according to applicable tax laws and according to the expected tax rate.

Balance Sheet

Intangible assets

Goodwill is initially recognised in the balance sheet at cost as described under consolidated accounts. Goodwill is amortised on a straight-line basis over the estimated useful life-time, determined on the basis of the Management's experience within the travel business.

Software comprises external development cost of substantial IT systems that are capitalised over their estimated useful life.

Depreciation is calculated on a straight-line basis of the cost according to the following guidelines, based on the estimated economic life of the asset:

- Software 3-5 years
- Goodwill 2-10 years

Property, plant and equipment

Tangible assets are measured at cost less accumulated depreciation and impairment. Cost includes retirement obligations if it meets the conditions for recognition of provisions.

Assets are written down if their value has depreciated and cannot be seen as appreciating in the near future.

Depreciation is calculated on a straight-line basis of the cost according to the following guidelines, based on the estimated economic life of the asset:

- Buildings 33-50 years
- Leasehold improvements 5 years
- IT and other equipment 3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Shares in subsidiaries

Participating interests in subsidiaries are valued according to the equity method at the proportionate share of the net assets and the residual value of goodwill calculated in accordance with the acquisition method.

Shares in subsidiaries with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of shares in subsidiaries is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost.

Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

Shares in associated companies

Are measured at cost. When the cost exceeds the recoverable amount, write-down is made to the lower amount.

Other financial assets include investments in non-controlled companies.

Other financial assets

Are recognised at amortised cost.

Inventories

Goods for resale are measured at cost price.

Write-downs are made according to obsolescence and other forms of value depreciation.

ACCOUNTING POLICIES

Receivables

Receivables are stated at amortized cost net of provisions for possible losses.

Prepaid expenses

Prepaid expenses are measured at cost.

Intra group loans

Intra group loans are measured at amortized cost, with deduction of a value adjustment for bad debts, if necessary.

Bonds and securities

Publicly traded bonds are stated at the market value at year-end. Investments held-to-maturity are measured at fair value. Realised and unrealised gains and losses are included in the profit and loss account.

Dividend

Dividend is stated in the accounts at the time when the company at the Annual General Meeting, the company thereby having incurred a liability, decides it. The dividend that is proposed for distribution is included in the equity under the item "retained earnings."

Provisions

Provisions include asset retirement obligations. Provisions are recognized when, at the balance sheet date, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation.

When the Company is obligated to dismantle an asset or restore the site on which the asset is used, a liability equal to the present value of the expected future costs is recognized. After initial recognition of the present value, the accretion expense is recognized as an expense in the income statement.

Other provisions

Other provisions include an estimated liability, which will presumably lead to an outflow of resources.

Financial liabilities

These are stated at net realisable value, if not stated otherwise.

Rent and leasing

The parent company and the Group have entered into operational rental agreements for offices and equipment for multi-year periods.

Rental and leasing expenses are stated in the profit and loss account for the applicable period.

The aggregate rental and leasing liability is stated under contingent liabilities.

Currency conversion

Accounts in foreign currency are stated at the exchange rate at year-end. Gains and losses are included in financial items.

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future

transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Changes in the fair value of derivative financial instruments used for hedging of net investments in separate foreign subsidiaries or associates are recognised directly in equity; see above.

Cash Flow Statement

The cash flow statement is presented according to the indirect method, based on the operating profit.

The cash flow statement shows the Group's cash flow for the year and is divided into cash flow from operating, investing and financial activities.

Cash flow from operating activities covers cash flow from the year's operations, adjusted for operating items of a non-cash nature and changes in working capital.

Working capital includes current assets less liquid assets and current, non-interest bearing liabilities and dividends.

Cash flow from investing activities covers cash flow in connection with the purchase and sale of fixed assets, including participating interests and other long-term securities.

Cash flow from financing activities covers payments to and from shareholders, together with the raising of, and repayment of, interest-bearing liabilities.

Cash and cash equivalents are cash holdings, money market deposits in banks, and marketable securities stated under current assets.

NOTES 1-3

1. TURNOVER	Group		Parent	
	2018	2017	2018	2017
	tDKK	tDKK	tDKK	tDKK
Belgium	39,315	38,922	-	-
Denmark	820,078	772,343	65,341	58,308
Finland	131,208	144,239	-	-
Iceland	34,079	37,582	-	-
Netherlands	207,854	227,456	-	-
Norway	223,546	248,473	-	-
Poland	13,267	16,184	-	-
Sweden	150,752	174,700	-	-
Total turnover	1,620,099	1,659,899	65,341	58,308

2. FEES TO AUDITORS APPOINTED AT THE GENERAL MEETING	Group		Parent	
	2018	2017	2018	2017
	tDKK	tDKK	tDKK	tDKK
Audit services	943	1,096	210	352
Tax assistance	72	72	50	50
Other assistance	342	283	109	279
Total auditor fees	1,357	1,451	369	681

3. PERSONNEL COSTS	Group		Parent	
	2018	2017	2018	2017
	tDKK	tDKK	tDKK	tDKK
Salaries and wages	155,732	141,687	36,493	36,594
Social security contributions	6,693	6,456	541	537
Pensions	10,185	8,509	1,787	1,614
Other personnel costs	10,082	9,794	1,349	1,308
Total personnel costs	182,692	166,446	40,170	40,053
Average number of employees (full time equivalent)	415	383	83	84

Information on remuneration of managers is omitted with reference to section 98b(3) of the Danish Financial Statements Act.

NOTE 4

	Software tDKK	Goodwill tDKK	Land & buildings tDKK	Leasehold improvements tDKK	IT and other equipment tDKK	Total tDKK
GROUP						
Cost at the beginning of 2018	42,194	39,543	1,945	8,242	25,433	117,357
Exchange rate adjustments	0	-48	0	-17	-38	-103
Additions in year	21,346	11,571	0	3,187	1,733	37,837
Disposals in year	0	0	0	-109	0	-109
Cost at the end of 2018	63,540	51,066	1,945	11,303	27,128	154,982
Depreciations and amortizations at the beginning of 2018	-20,916	-27,883	-1,255	-5,439	-21,409	-76,902
Additions in year	-4,744	-3,434	0	-32	-156	-8,366
Exchange rate adjustments	-4	48	0	12	34	90
Disposals in year	0	0	0	47	0	47
Depreciations and amortizations in year	-10,059	-3,331	-86	-1,737	-1,662	-16,875
Depreciations and amortizations at the end of 2018	-35,723	-34,600	-1,341	-7,149	-23,193	-102,006
Carrying amount at the end of 2018	27,817	16,466	604	4,154	3,935	52,976
Carrying amount at the end of 2017	21,278	11,660	690	2,803	4,024	40,455
PARENT						
Cost at the beginning of 2018	40,406	0	0	47	7,622	48,075
Reclassification	387	0	0	0	-387	0
Additions in year	10,923	0	0	584	923	12,430
Cost at the end of 2018	51,716	0	0	631	8,158	60,505
Depreciations and amortizations at the beginning of 2018	-19,514	0	0	-38	-4,499	-24,051
Depreciations and amortizations in year	-8,253	0	0	-216	-1,105	-9,574
Depreciations and amortizations at the end of 2018	-27,767	0	0	-254	-5,604	-33,625
Carrying amount at the end of 2018	23,949	0	0	377	2,554	26,880
Carrying amount at the end of 2017	20,892	0	0	9	3,123	24,024

NOTES 5-6

5. SHARES IN SUBSIDIARIES

Cost at the beginning of the year
Capital contributions
Cost at the end of the year

Adjustments at the beginning of the year

Exchange rate adjustments
Profit after tax
Dividends from subsidiaries

Adjustments at the end of the year

Value of shares in subsidiaries

Values of shares in subsidiaries excl. Goodwill
Hereof subsidiaries with negative equity provisioned for
Hereof subsidiaries with negative equity offset against receivables with subsidiaries

Goodwill

Book value at the end of the year

Profit after tax in subsidiaries
Amortization of goodwill

Result from shares in subsidiaries

A list of subsidiaries is shown in note 14

Subsidiaries	
2018	2017
tDKK	tDKK
101,173	95,589
7,140	5,584
108,313	101,173
16,559	24,153
-231	-615
1,407	38,532
-40,808	-45,511
-23,073	16,559
85,240	117,732
75,701	106,072
86	0
1,229	0
77,016	106,072
9,540	11,660
86,556	117,732
3,527	41,078
-2,120	-2,546
1,407	38,532

6. FINANCIAL INCOME, NET

Financial income, external
Financial income, internal
Financial expenses, external
Financial expenses, internal
Sale of shares in associated companies
Currency gain/loss

Financial income, net

Group		Parent	
2018	2017	2018	2017
tDKK	tDKK	tDKK	tDKK
1,582	4,920	1,171	4,159
76	316	1,333	316
-375	-207	-57	-105
0	0	-554	-2,398
-1,536	12,480	0	0
-265	-458	-808	-1,018
-518	17,051	1,085	954

NOTES 7-8

7. TAX	Group		Parent	
	2018 tDKK	2017 tDKK	2018 tDKK	2017 tDKK
Current tax charge	5,809	7,600	-336	-2,364
Adjustments to previous year's tax charge	-825	488	-4	0
Change in deferred tax and other changes	-113	886	602	1,583
Total tax	4,871	8,974	262	-781
Deferred tax primo	3,696	2,804	4,443	2,860
Exchange rate and other adjustments	-182	31	0	0
Change in deferred tax, net	-46	861	602	1,583
Deferred tax ultimo	3,468	3,696	5,045	4,443
Paid corporate taxes	7,732	6,689	-2,740	-696

The deferred tax liability is based on the temporary difference between the book value and the statutory value of assets and liabilities.

The parent company is taxed jointly with the Danish subsidiaries. The Danish companies are jointly and severally liable for the joint taxation.

8. PROPOSED APPROPRIATION OF NET RESULT	Group		Parent	
	2018 tDKK	2017 tDKK	2018 tDKK	2017 tDKK
Transfer to/from retained earnings	2,348	2,867	2,348	-35,665
Proposed dividends	0	33,000	0	33,000
Transfer to reserve for net revaluation under the equity method	0	0	0	38,532
	2,348	35,867	2,348	35,867

NOTES 9-13

9. SHARES IN ASSOCIATED COMPANIES	Group		Parent	
	2018 tDKK	2017 tDKK	2018 tDKK	2017 tDKK
Cost at the beginning of the year	2,478	2,389	559	559
Exchange rate adjustments	0	89	0	0
Sale of shares in associated companies	-1,873	0	0	0
Cost at the end of the year	605	2,478	559	559

10. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses consists of payments to suppliers that relate to the following year. Accrued income is earned, but not paid incentives.

11. LONG TERM DEBT	Group		Parent	
	2018 tDKK	2017 tDKK	2018 tDKK	2017 tDKK
Bank loan	1,275	0	0	0
Capital loan	971	0	0	0
	2,246	0	0	0
Bank loan, short term	-373	0	0	0
	1,873	0	0	0

12. ADVANCE PAYMENTS

Primarily prepayments from travel ordered for 2019.

13. CONTINGENT ASSETS, LIABILITIES AND SECURED DEBT	Group		Parent	
	2018 tDKK	2017 tDKK	2018 tDKK	2017 tDKK
Rent, lease and other contractual obligations within one year	18,008	13,956	2,169	2,136
Rent and lease obligations between one and ten years	45,394	41,984	1,542	2,928
The KILROY Group has issued guarantees/letters of credit, which are secured by an equal cash pledge of deposits	57,546	47,265	56,687	46,706

To ensure ability to continue as a going concern for the next 12 months, KILROY International A/S has issued letters of financial support to the subsidiaries in Belgium and Finland.

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

NOTES 14

14. COMPANY OVERVIEW

	Country of Incorporation	Currency	Eguity	Capital Share	Net Profit 2018	Dividend 2018
Subsidiaries:						
Horizons A/S	Denmark	tDKK	31,912	100%	16,428	15,000
JR Travel A/S	Denmark	tDKK	-211	100%	-230	0
KILROY Belgium B.V.B.A.	Belgium	tEUR	516	100%	-251	0
KILROY Finland OY AB	Finland	tEUR	462	100%	-601	0
KILROY Group Travel A/S	Denmark	tDKK	28,823	100%	3,347	5,000
KILROY Iceland ehf.	Iceland	tISK	19,513	100%	-2,445	0
KILROY Netherlands B.V.	The Netherlands	tEUR	198	100%	-351	0
KILROY Norway AS	Norway	tNOK	8,939	100%	1,282	1,000
KILROY Poland Sp. Z o.o.	Poland	tPLN	-637	100%	-1,213	0
KILROY Sweden AB	Sweden	tSEK	3,627	100%	-3,343	0
Winberg Travel AB	Sweden	tSEK	3,574	100%	-271 (16 months)	0
Frank Students OY AB	Finland	tEUR	-445	70%	-388	0
Associated Companies:						
OurWorld A/S	Denmark	tDKK	Not available	40%	Not available	0

The dividend listed for the subsidiaries embrace dividend approved for payment to the parent company during 2019. The dividend listed for the associated companies embrace dividend received by the KILROY Group during 2018.

NOTES 15

15. RELATED PARTIES

Related parties are SSTS A/S, Nytorv 5, DK-1450 Copenhagen, which owns 100% of the shares in KILROY International A/S. The owners of SSTS A/S are as follows:

73.1%	Eignarhaldsfélagið KILROY ehf, Iceland
6.9%	Tapio Kiiskinen, Finland
1.0%	AK Invest Holding ApS, Denmark
19.0%	HC Invest Holding ApS, Denmark

KILROY International A/S is a part of the consolidated annual report for SSTS A/S, which is the smallest group in which the Company is included as a subsidiary. The consolidated financial statements of SSTS A/S can be obtained by contacting the company.

KILROY International A/S is a part of the consolidated annual report of Islensk Fjarfesting ehf., which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of [Islensk fjarfesting ehf.](http://islensk.fjarfesting.ehf) can be obtained by contacting the company, at islenskfjarfesting.is

Related party transactions

	Group		Parent	
	2018	2017	2018	2017
	tDKK	tDKK	tDKK	tDKK
Sale of services to an associate/subsidiary	0	0	60,355	52,272
Purchase of services to an associate/subsidiary	0	0	-1,082	-1,047
Total	0	0	59,273	51,225

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act:

Membership of the Board of Directors in one or more of the Group's subsidiaries is not remunerated separately but considered as part of senior management responsibilities, thus part of their ordinary remuneration.

Payables to an associate and subsidiaries are disclosed in the balance sheet and expensed interest is disclosed in note 6.

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT

Statement by the Board of Directors and Management

Today, the Board of Directors and the Management have discussed and approved the annual report of KILROY International A/S for the financial year 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at December 31, 2018 and of the results of the Group's and the Company's operations and cash flows for the financial year 2018.

Further, in our opinion, the report of the Board of Directors gives a fair review of the development

in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, April 11, 2019

Management

Claus H. Hejlesen
Managing Director & CEO

Board of Directors

Arnar Thorisson
Chairman

Tapio Kiiskinen
Vice Chairman

Sigurdur Kiernan

Allan Kvist

Claus H. Hejlesen

Maria Højlund Jensen
(elected by staff)

INDEPENDENT AUDITOR'S REPORT

To the shareholders of KILROY International A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of KILROY International A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity, cash flow statement, accounting policies and notes, for the Group as well as for the Parent. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2018 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 company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company 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 company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company 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 company 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 Parent Company'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 company 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 Company's ability to continue as a

INDEPENDENT AUDITOR'S REPORT

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 company 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 Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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 Directors' Report

Management is responsible for the Director's report.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Director's report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Director's report and, in doing so, consider whether the Director's report is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Director's report provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Director's report is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Director's report.

Copenhagen, April 11, 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR-no. 25 57 81 98

Anja Bjørnholt Lüthcke

State Authorised Public Accountant

mne26779

BOARD OF DIRECTORS & MANAGEMENT AS OF APRIL 11, 2019

The Board of Directors' and Management's executive positions outside KILROY International A/S as disclosed in accordance with the Danish Financial Statements Act.

Board of Directors

Arnar Thorisson

Chairman

Icelandic and born 1964. Chairman since 2007.

Executive positions: Chairman, Iceland Invest Ltd., Board Member, Iceland Properties Ltd., Oldungur Plc., Eldey TLH Plc., Icelandic Mountain Guides Ltd. and Member of The Icelandic Export and Promotion Council.

Tapio Kiiskinen

Vice Chairman

Finnish and born 1947. Board Member since 2007 and Chairman during 1987-2007.

Executive positions: Member of Directors' Institute Finland.

Sigurdur Kiernan

Icelandic and born 1969. Board Member since 2007.

Executive positions: CEO and founder, Investum Holding Ltd.

Allan Kvist

Danish and born 1970. Board Member since 2015.

Executive positions: Chairman MCB A/S, Cetera A/S and Hounisen Laboratorieudstyr A/S. Board member, Chopar Sport A/S, Team Tvis Holstebro Damer A/S, Team Tvis Holstebro Herrer A/S, Holstebro Sport + Event A/S and Nano Invest Aps.

Maria Højlund Jensen (elected by staff)

Danish and born 1980. Board Member since 2015. Product Manager, KILROY International A/S.

Claus H. Hejlesen

Danish and born 1962. Board Member since 2007. Managing Director & CEO, KILROY International A/S.

Executive positions: Chairman, Student Air Travel Association (SATA), and director, HC Invest Holding ApS.

Registered Management

Claus H. Hejlesen

Danish and born 1962

Managing Director & CEO, KILROY International A/S

Henrik Kaltoft

Danish and born 1968

CFO, KILROY International A/S,

Managing Director:

Horizons A/S

JR Travel A/S

KILROY Belgium B.V.B.A.

KILROY Finland OY AB

KILROY Group Travel A/S

KILROY Iceland ehf.

KILROY Netherlands B.V.

KILROY Norway AS

KILROY Poland Sp. z o.o.

KILROY Sweden AB

Winberg Travel AB

Tiia Lehtola

Finnish and born 1987

Managing Director, Frank Students Oy AB

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The KILROY Foundation, funded by KILROY International, has the purpose of contributing to the development of international understanding by supporting educational activities throughout the world.

The Foundation pursues activities related to aid projects in developing countries. It also awards grants to young people who wish to study abroad, do volunteer work or perform internships that aim to empower local communities through social development.

Read more at kilroyfoundation.net

Click to learn more about the Foundation's aid projects



Cambodian Classroom

Click to learn more about the Foundation's grants



Thalia

Nando

Saana

Kjell

Lisbeth

Diana

