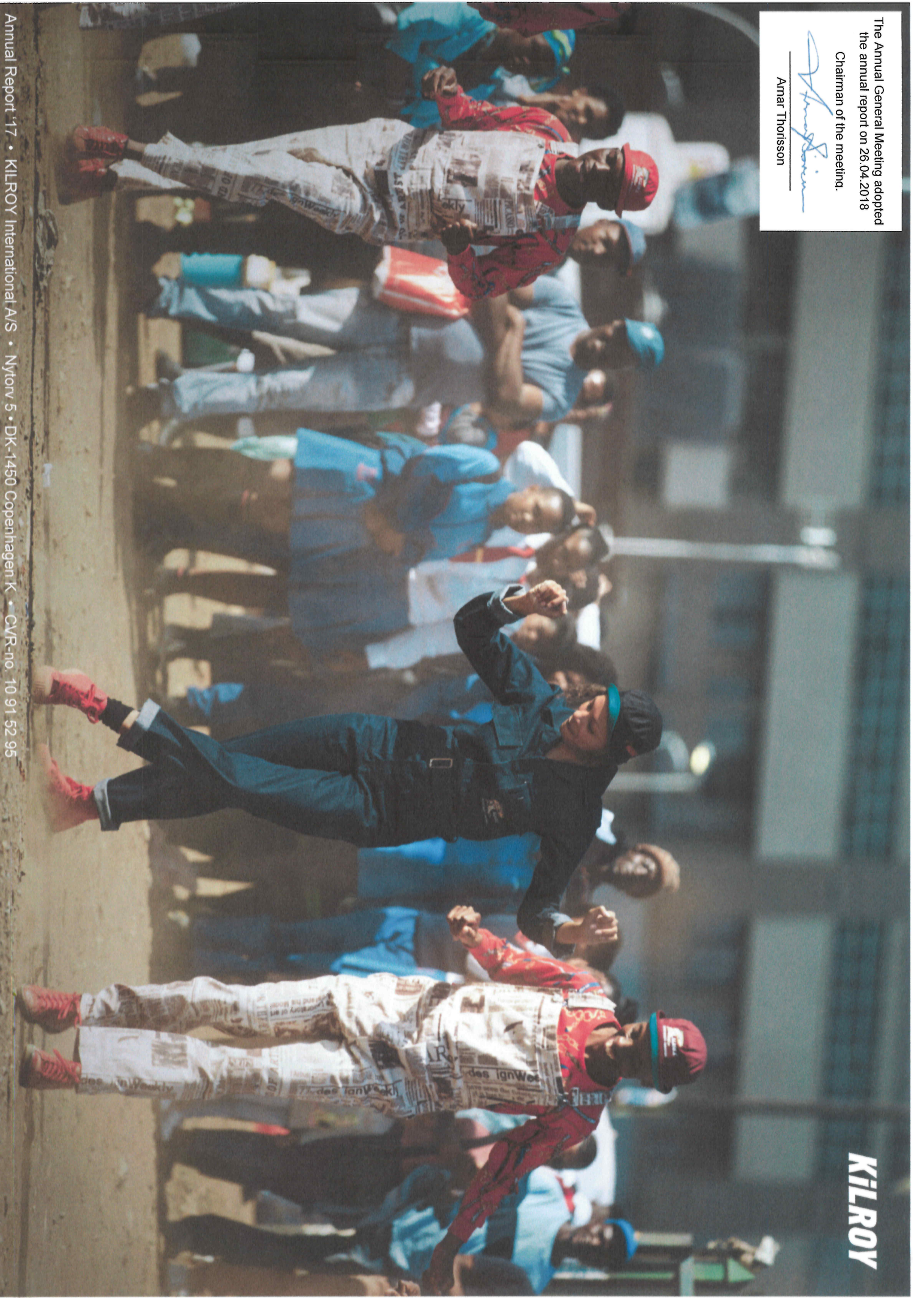


The Annual General Meeting adopted  
the annual report on 26.04.2018

Chairman of the meeting.

Arnar Thórisson

**KILROY**



# CONTENT

## FRONT PAGE

The front page pictures the Norwegian dancer Mariama joining a Pantsula dance in Johannesburg.

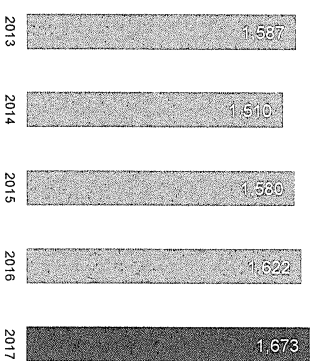
In 2017, KILROY launched a series called "In Search Of" which portrays Mariama and two other young explorers, each with their own distinct talents, as they leave their home countries in search of what is their personal "Holy Grail". From Johannesburg, to Kathmandu and Nanjing, to the most unexpected places, where they ultimately find what they've been looking for.



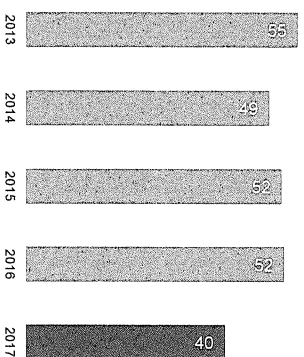
3	An Overview	7	Locations & Markets	22	Key Figures
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# THE KILROY GROUP - AN OVERVIEW

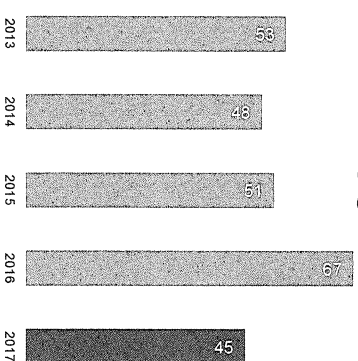
**TURNOVER**  
(DKK MILLION)  
**1,673**



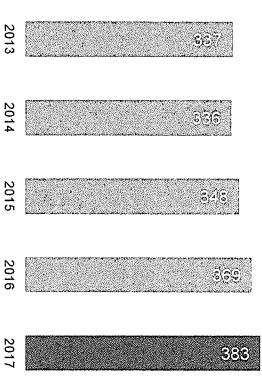
**EBITDA**  
(DKK MILLION)  
**40**



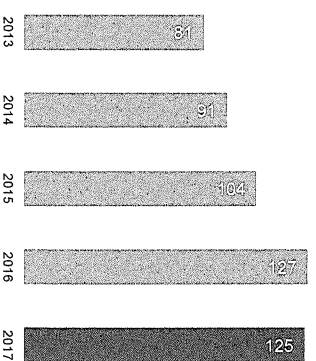
**EBT**  
(DKK MILLION)  
**45**



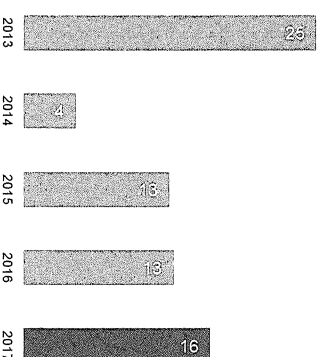
**NUMBER OF STAFF**  
(FTE)  
**383**



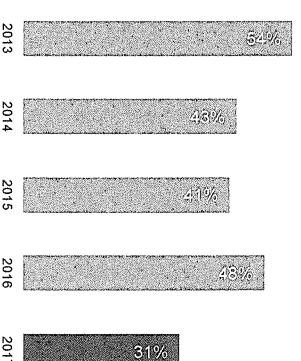
**EQUITY**  
(DKK MILLION)  
**125**



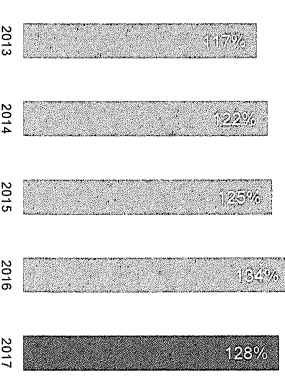
**INVESTMENTS**  
(DKK MILLION)  
**16**



**RETURN ON EQUITY**  
(%)  
**31**



**LIQUIDITY RATIO**  
(%)  
**128**



# 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 nearly 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.

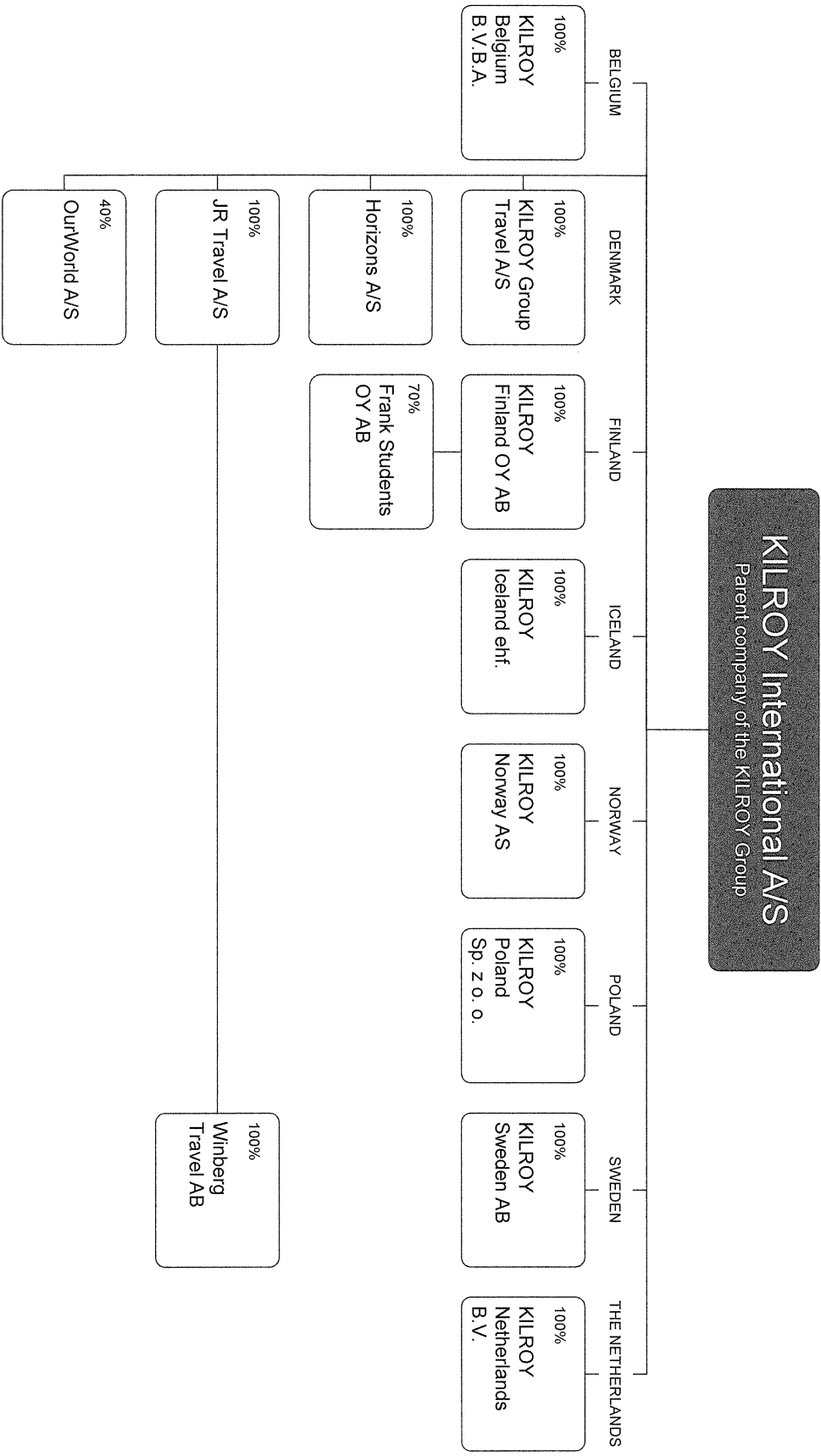
However, we must still diversify and specialise our business to be the invaluable expert for a wide range of customer segments and their individual needs. In other words, our customers should be able to meet us in different brands that provide a selection of niche competences.

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.

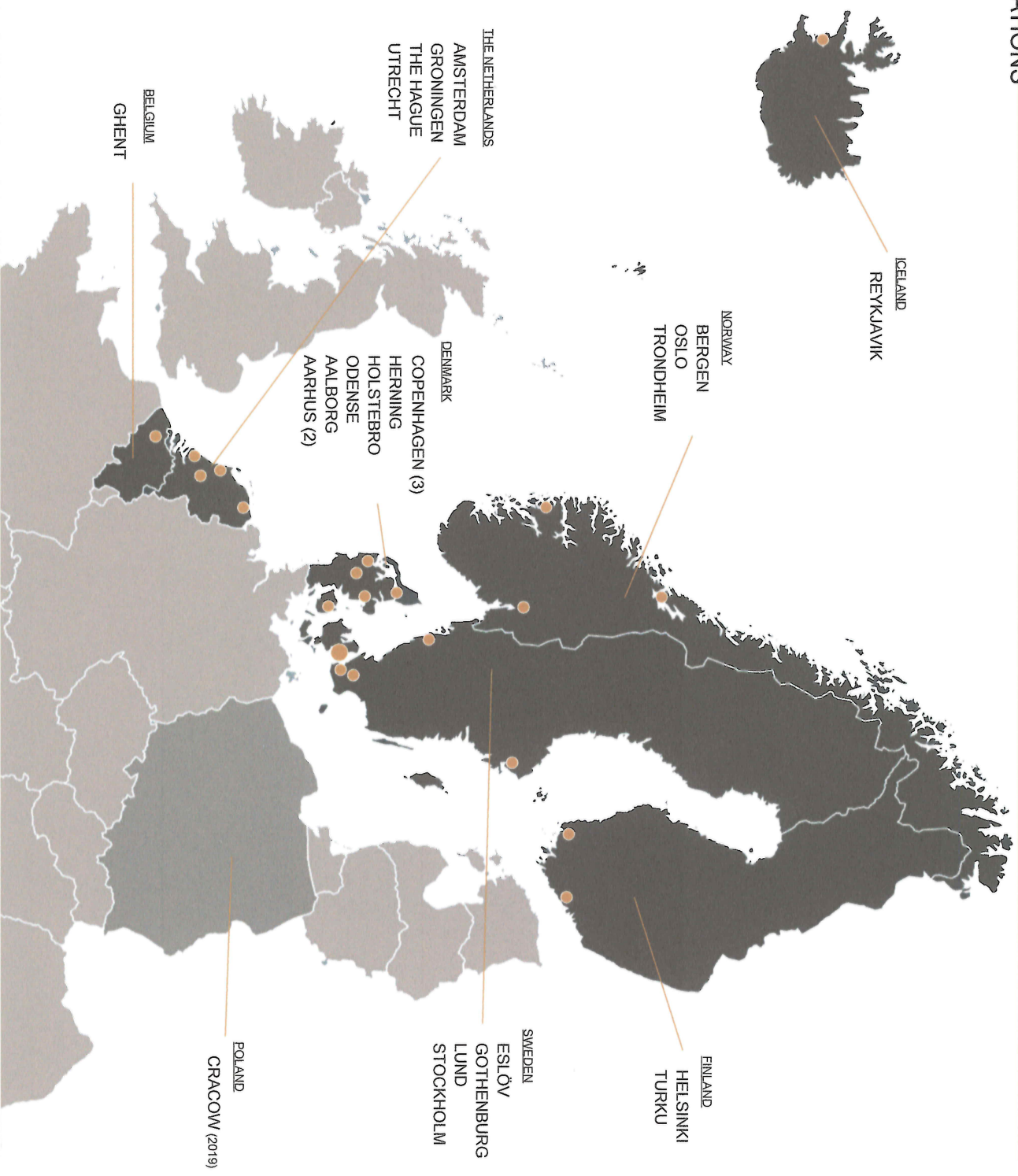


# LEGAL UNITS

AS OF APRIL 26, 2018



# 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!

<p><b>1994</b> The German youth travel agency ARTU is acquired</p> <p><b>1996</b> A sales company is established in the Netherlands.</p> <p><b>1999</b> Benns Rejser A/S in Denmark is acquired. Part of the company is later changed to MyPlanet.</p> <p><b>2001</b> 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.</p> <p>KILROY Group Travel A/S is established as a new parent company for group travel activities.</p> <p>KILROY travels Germany ARTU GmbH, is sold.</p> <p><b>2003</b> The Danish ski group travel operator, Peer Gynt, is acquired.</p> <p><b>2004</b> Trading in the Spanish market is ceased.</p> <p><b>2005</b> MyPlanet is divested. KILROY acquires the ski operator, Ski-experten.</p>	<p><b>2006</b> The Danish ski operator Qvistgaard Rejser is acquired.</p> <p><b>2007</b> All educational activities of the International Education Centre (IEC) of Norway are acquired.</p> <p>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.</p> <p><b>2008</b> All educational activities of IEC Online of Finland are acquired.</p> <p>In addition, KILROY education is established in Denmark and the Netherlands.</p> <p><b>2009</b> The name of the parent company of the Group is changed to KILROY International A/S.</p> <p><b>KILROY</b></p> <p>All educational activities of StudyWorld of the Netherlands are acquired.</p>	<p><b>2010</b> Horizons A/S is established as a merger of KILROY Denmark and Jysk Rejsebureau.</p> <p></p> <p>All travel activities of Wasteels Rejser of Denmark are acquired.</p> <p>An ownership stake is acquired in OurWorld A/S of Denmark.</p> <p><b>2011</b> 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.</p> <p><b>2013</b> The KILROY Foundation is established. An ownership stake is acquired in Frank, a Finnish company in charge of national student benefits.</p> <p><b>frank</b></p>	<p><b>2014</b> ISiC (International Student Identity Card) is launched as a separate brand within the KILROY Group.</p> <p></p> <p><b>2015</b> A KILROY sales company is established in Belgium.</p> <p>All activities within Team Benns and tur.no is merged and branded BENNS.</p> <p><b>2016</b> A KILROY sales company is established in Poland.</p> <p>The ownership stake in Ski Group A/S is sold.</p> <p><b>2018</b> The ownership stake in Frank is increased to 70%.</p> <p>The Swedish travel agency, Winberg Travel, is acquired.</p> <p></p>
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We believe in the  
importance of strong  
brands to create long-term  
benefits for our customers  
and our company!

**KILROY**

**BENNS**

**JYSK REJSEBUREAU  
WINBERG TRAVEL**



**frank**

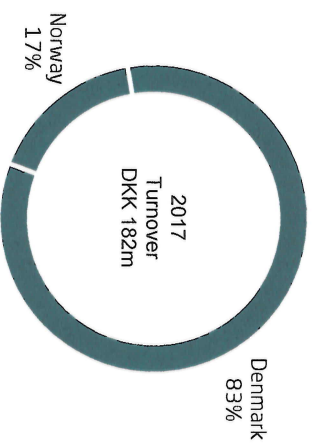
BRANDS

# BENNS



BENNS is a travel agency specialising in a number of destinations and travel types including safaris, cruises, guided tours and comprehensive destination programmes in USA/Canada and Australia/New Zealand. It is aimed at the 50+ segment, whom we call “the curious, ageing young.”

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

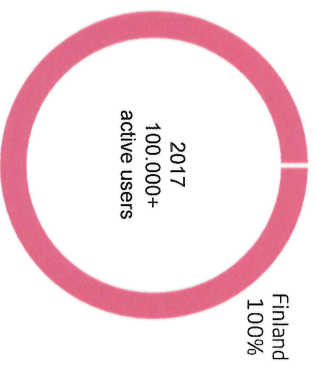


## BRANDS

# FRANK

Frank Students is the market leader in student identification solutions and student marketing in Finland. As such, Frank also provides the best student benefits and the most suitable jobs for students under the same roof.

Finland's first digital student card, Frank App, launched in August 2016, has now over 100,000 active users. It was named "The Best Mobile Solution in Finland 2016" in the category of Utility Services by the Slush entrepreneurial organisation.



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

Read more at [frank.fi/en](http://frank.fi/en)

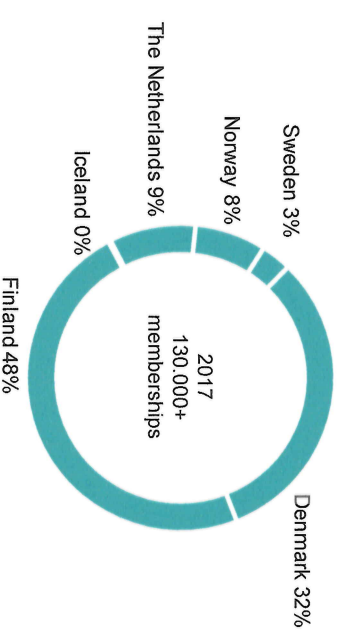
## BRANDS ISIC

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

Today, the ISIC app and virtual ID is available in more than 100 countries worldwide. Four 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](http://isicdanmark.dk) / [isic.fi](http://isic.fi) / [isic.is](http://isic.is) / [isic.no](http://isic.no) / [isic.nl](http://isic.nl) / [isic.se](http://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](http://jr.dk) and [winbergtravel.se](http://winbergtravel.se)



BRANDS

# KILROY

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

## Our manifesto

The impact of traveling should not 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.

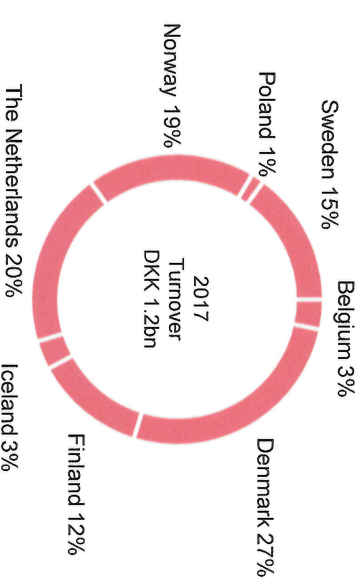


## It's all about guided customization

Experienced and passionate advisors help customize our customer's dream trip: 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

Read more at [kilroy.net](http://kilroy.net)



# DIRECTORS' REPORT

The KILROY Group delivered a positive result for 2017. Turnover reached DKK 1,673 million from DKK 1,622 million in 2016.

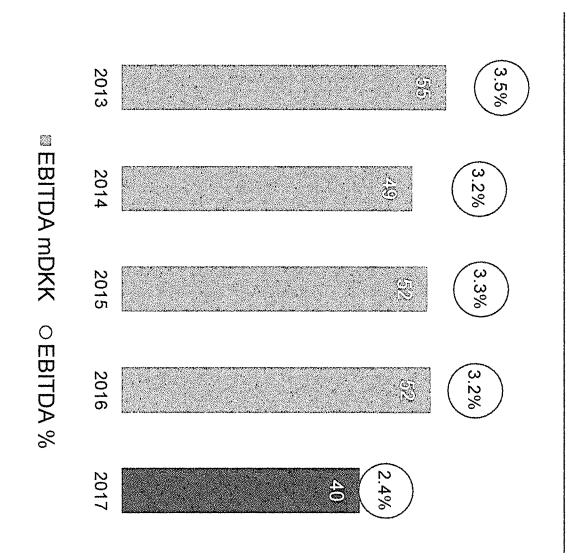
However, operating profit (EBITDA) was DKK 40 million, compared to 52 million in 2016.

The KILROY Group closed 2017 with a profit before tax (EBT) of DKK 45 million, which equals a return on equity of 31%, compared with 48% in 2016.

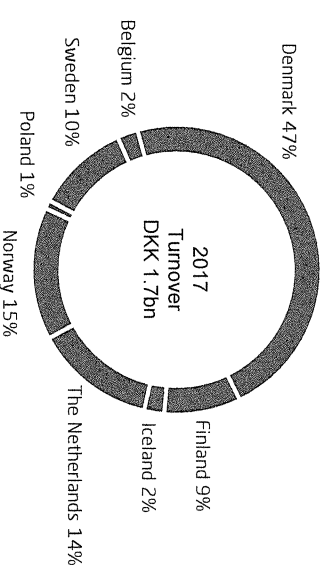
Thus, the financial result of the KILROY Group did not meet the targets set for 2017. Sales were slightly below expectation and the profitability was disappointing.

The management acknowledged that too many projects were launched simultaneously during 2017, demanding extraordinary resources from the organisation. Among the projects were systems changes, the building of common website platforms, market expansion and the relaunch of brands. Some of these projects will continue into 2018, but they are expected to have less impact on normal operations. The Board of Directors noted the result.

The EBT contains an income from the divestment of shares. (See the chapter titled "Ownerships and M&A.") The EBITDA development for the KILROY Group is shown in the chart below.



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



## Market environment

2017 presented the usual share of external events that affected the industry. Some of our main markets have faced intensified competition among dedicated online travel agencies who are fighting for market share. Still, the overall market environment appeared to be positive.

## 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.



## 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 will be concluded upon the presentation of Ski Group A/S' annual accounts for 2017/18.

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.

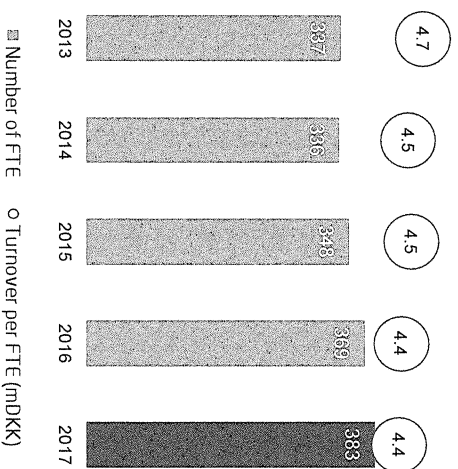
At the end of 2016 and beginning of 2017, our own selling-point application was rolled out in remaining business units in the Group. The application focuses on the customer, and on seamless integration with the Group's main suppliers to ensure real-time products and prices, and optimised selling processes.

Having all sales units on the same platform also paved the way for an upgrade of the Group's back-office finance system. This was implemented during 2017.

These two projects finalized a long-term alignment process, and we are confident that the Group will prosper from this in the coming years. In hindsight, however, we can see that such large projects should not have been carried out simultaneously. It added to complexity in the implementation and a high demand of resources in the areas involved.

The KILROY Group generally uses mainstream technology in all parts of its systems infrastructure. Most operational systems 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

**The Group's achievements have many sources, not least of which is our employees. Their competence and dedication make for a dynamic organization. They deserve our thanks!**

The average number of employees (fulltime equivalent or FTE) in 2017 was 383, compared with 369 in 2016.

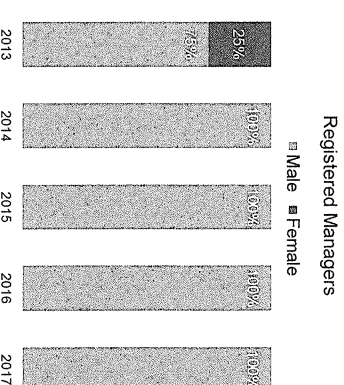
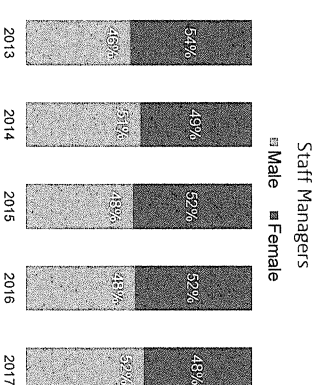
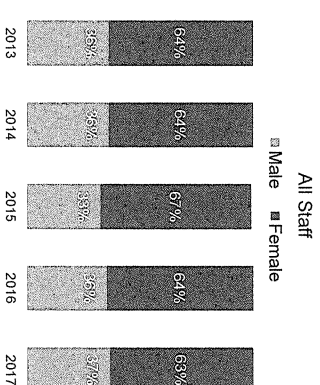
The sales per FTE marginally decreased from 2016 to 2017, and is a result of expansion within our offline sales channels.

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, including proposed dividends, total DKK 107 million, compared to DKK 109 million in 2016.

At year-end 2017, total Group shareholders' equity was DKK 125 million. This compares with DKK 127 million at the end of 2016.

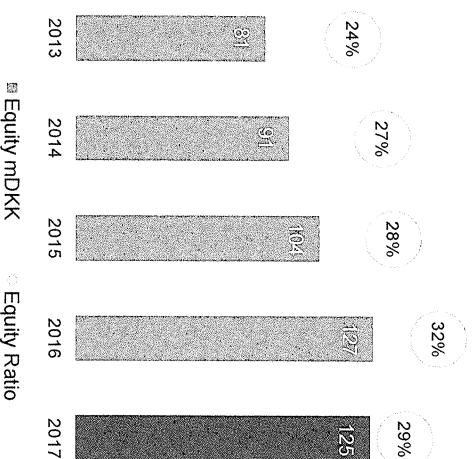
As an ordinary dividend to be decided at the Annual General Meeting, the Board proposes a payment of DKK 33 million. Future dividends will be proposed in accordance with the KILROY Group's expansion plans, continued consolidation and liquidity requirements.

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 2017 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 2018

No material events have occurred since the balance sheet date that would affect the assessment of the Annual Report for 2017.

The expectation for 2018 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 39-43 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.

In accordance with article 99a of the Danish Financial Statement Act the KILROY Group has formalized a CSR strategy 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 2017 did not get the attention that was originally intended. Thus, the focus areas of 2018 will remain as those for the previous year.

The strategy and policy can be found on [kilroy.net/policies](http://kilroy.net/policies)

# FINANCIAL STATEMENTS

FINANCIAL YEAR JANUARY 1 - DECEMBER 31, 2017

THE KILROY GROUP – CONSOLIDATED

KILROY INTERNATIONAL – PARENT COMPANY

# GROUP KEY FIGURES - DKK

	2017	2016	2015	2014	2013
<b>Profit &amp; Loss Account (DKK million)</b>					
Turnover	1,673	1,622	1,580	1,510	1,587
EBITDA	40	52	52	49	55
EBIT	28	41	42	40	47
Net financials	17	26	9	8	6
EBT	45	67	51	48	53
Net profit for the year	36	56	38	37	39
<b>Balance Sheet (DKK million)</b>					
Cash and bonds	200	215	224	204	198
Current assets	390	358	332	301	290
Total assets	433	397	372	337	331
Capital expenditure	16	13	13	4	25
Equity	125	127	104	91	81
Current liabilities	304	268	266	245	247
Cash flow from operating activities	37	30	53	34	40
<b>Key Figures</b>					
EBITDA - Margin (%)	2.4	3.2	3.3	3.2	3.5
EBIT - Margin (%)	1.7	2.5	2.7	2.7	3.0
Return on assets (%)	6.4	10.4	11.3	11.9	14.3
Return on equity (%)	31.3	48.3	41.3	42.6	53.9
Liquidity ratio (%)	128.4	133.7	124.9	122.5	117.2
Equity ratio (%)	28.9	31.9	27.9	26.9	24.3
Earnings per share (DKK)	201.1	312.0	213.5	204.7	217.9
Cash flow per share (DKK)	207.2	170.7	299.8	189.9	222.5
Proposed dividend (DKK million)	33.0	36.5	33.0	25.0	25.0
Average number of fulltime employees (FTE)	383	369	348	336	337

# GROUP KEY FIGURES - EUR

	2017	2016	2015	2014	2013
<b>Profit &amp; Loss Account (EUR million)</b>					
Turnover	225	218	212	202	213
EBITDA	5.4	7.0	6.9	6.6	7.3
EBIT	3.7	5.5	5.6	5.4	6.3
Net financials	2.3	3.5	1.2	1.1	0.8
EBT	6.0	9.0	6.8	6.5	7.1
Net profit for the year	4.8	7.5	5.1	4.9	5.2
<b>Balance Sheet (EUR million)</b>					
Cash and bonds	26.8	28.9	30.0	27.3	26.5
Current assets	52.5	48.2	44.4	40.3	39.3
Total assets	58.2	53.5	49.9	45.2	44.8
Capital expenditure	2.2	1.7	1.7	0.6	3.4
Equity	16.9	17.0	13.9	12.2	10.8
Current liabilities	40.9	36.0	35.6	32.9	33.1
Cash flow from operating activities	5.0	4.1	7.2	4.5	5.3
<b>Key Figures</b>					
EBITDA - Margin (%)	2.4	3.2	3.3	3.2	3.5
EBIT - Margin (%)	1.7	2.5	2.7	2.7	3.0
Return on assets (%)	6.4	10.4	11.3	11.9	14.1
Return on equity (%)	31.3	48.3	41.3	42.6	53.9
Liquidity ratio (%)	128.4	133.7	124.9	122.5	118.5
Equity ratio (%)	28.9	31.9	27.9	26.9	24.1
Earnings per share (EUR)	27.0	41.9	28.6	27.5	29.2
Cash flow per share (EUR)	27.8	23.0	40.2	25.5	29.8
Proposed dividend (EUR million)	4.4	4.9	4.4	3.4	3.4
Average number of fulltime employees (FTE)	383	369	348	336	337

# PROFIT & LOSS ACCOUNT

January 1 - December 31

Note	Group		Parent		
	2017 IDKK	2016 IDKK	2017 IDKK	2016 IDKK	
1	Turnover	1,672,954	1,621,875	5,397	5,333
	Cost of products	-1,395,628	-1,350,228	639	668
	<b>Gross profit</b>	<b>277,326</b>	<b>271,647</b>	<b>6,036</b>	<b>6,001</b>
	Other income	0	0	52,272	48,769
2	Sales and administration	-70,780	-61,622	-14,787	-12,939
3	Personnel	-166,446	-157,922	-40,053	-38,629
	<b>EBITDA</b>	<b>40,100</b>	<b>52,103</b>	<b>3,468</b>	<b>3,202</b>
4	Depreciations and amortizations	-12,310	-10,880	-7,868	-4,534
	<b>EBIT</b>	<b>27,790</b>	<b>41,223</b>	<b>-4,400</b>	<b>-1,332</b>
5	Result from shares in subsidiaries	-	-	38,532	50,114
6	Financial income, net	17,051	26,839	954	8,357
	<b>EBT</b>	<b>44,841</b>	<b>67,062</b>	<b>35,086</b>	<b>57,139</b>
7	Tax	-8,974	-11,399	781	-1,476
8	<b>Net profit for the year</b>	<b>35,867</b>	<b>55,663</b>	<b>35,867</b>	<b>55,663</b>



# BALANCE SHEET

December 31

ASSETS	Group		Parent	
	2017 tDKK	2016 tDKK	2017 tDKK	2016 tDKK
<b>FIXED ASSETS</b>				
Software	21,278	13,892	20,892	13,892
Goodwill	11,660	14,206	0	0
<b>Intangible fixed assets</b>	<b>32,938</b>	<b>28,098</b>	<b>20,892</b>	<b>13,892</b>
Land and buildings	690	776	0	0
Leasehold improvements	2,803	3,884	9	18
IT hardware and other equipment	4,024	3,952	3,123	2,870
<b>Property, plant and equipment</b>	<b>7,517</b>	<b>8,612</b>	<b>3,132</b>	<b>2,888</b>
Shares in subsidiaries	0	0	117,732	119,742
Shares in associated companies	2,478	2,389	559	559
<b>Financial fixed assets</b>	<b>2,478</b>	<b>2,389</b>	<b>118,291</b>	<b>120,301</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>42,933</b>	<b>39,099</b>	<b>142,315</b>	<b>137,082</b>
<b>CURRENT ASSETS</b>				
Inventories	1,438	1,251	0	0
Trade debtors	73,795	55,709	0	0
Amounts due from affiliated companies	13,396	14,373	25,870	12,736
Other receivables	11,496	2,892	3,740	1,693
Prepaid expenses and accrued income	54,318	48,890	9,034	8,671
Intra group loans	36,520	20,529	36,520	20,529
<b>Total receivables</b>	<b>189,525</b>	<b>142,393</b>	<b>75,164</b>	<b>43,629</b>
Bonds and securities	89,343	113,312	72,409	95,399
Cash at bank and in hand	110,189	101,441	22,113	29,084
<b>TOTAL CURRENT ASSETS</b>	<b>390,495</b>	<b>358,397</b>	<b>169,686</b>	<b>168,112</b>
<b>TOTAL ASSETS</b>	<b>433,428</b>	<b>397,496</b>	<b>312,001</b>	<b>305,194</b>

# BALANCE SHEET

December 31

Note	Group		Parent	
	2017 IDKK	2016 IDKK	2017 IDKK	2016 IDKK
	<b>LIABILITIES</b>			
	<b>EQUITY</b>			
	Share capital	17,839	17,839	17,839
	Reserve for net revaluation under the equity method	0	0	25,213
	Proposed dividend	33,000	36,500	36,500
	Retained earnings	74,635	72,383	57,015
	<b>TOTAL EQUITY</b>	<b>125,474</b>	<b>126,722</b>	<b>125,474</b>
	<b>PROVISIONS</b>			
7	Other provisions	28	0	0
	Deferred tax	3,696	2,804	4,443
	<b>TOTAL PROVISIONS</b>	<b>3,724</b>	<b>2,804</b>	<b>4,443</b>
	<b>CURRENT LIABILITIES</b>			
	Trade creditors	199,740	168,839	6,149
	Amounts owed to subsidiaries	0	0	164,369
	Other liabilities	23,541	24,405	5,048
	Accrued liabilities	13,685	18,290	5,003
11	Advance payments	67,265	56,436	0
	<b>TOTAL CURRENT LIABILITIES</b>	<b>304,230</b>	<b>267,970</b>	<b>182,084</b>
	<b>TOTAL LIABILITIES</b>	<b>433,428</b>	<b>397,496</b>	<b>312,001</b>
12	Contingent assets, liabilities and collaterals			305,194
13	Subsidiaries			
14	Related parties			



# CASH FLOW STATEMENT

January 1 - December 31

	Group		Parent	
	2017 IDKK	2016 IDKK	2017 IDKK	2016 IDKK
<b>EBIT</b>	27,790	41,224	-4,400	-1,332
<b>Adjustments for non-cash items</b>				
Depreciation	12,310	10,879	7,868	4,534
Exchange rate and other adjustments	-1,523	-627	-1,014	1,308
<b>Working capital</b>				
Change in inventories	-187	686	0	0
Change in receivables	-36,984	-15,065	-20,747	1,312
Change in other provisions	28	0	0	0
Change in trade creditors	30,901	1,505	6,149	-3,055
Change in other liabilities	6,288	1,049	405	25,743
<b>Cash flow from operating activities before financial items</b>	<b>38,622</b>	<b>39,651</b>	<b>-11,738</b>	<b>28,510</b>
Net interest income, etc.	5,029	4,360	1,972	3,549
Paid taxes	-6,689	-13,554	696	-1,025
<b>Cash flow from operating activities</b>	<b>36,963</b>	<b>30,457</b>	<b>-9,071</b>	<b>31,034</b>
Purchase/sale of shares	15,320	0	0	0
Loan to associated companies	-5,807	0	0	0
Purchase/sale of bonds	23,969	-43,421	22,990	-42,025
Net purchase of plant, operating equipment etc.	-16,071	-12,889	-15,111	-11,155
<b>Cash flow from investment activities</b>	<b>17,411</b>	<b>-56,310</b>	<b>7,879</b>	<b>-53,180</b>
Contributions to subsidiaries	0	0	-5,584	-1,756
Loan to affiliated companies	-9,204	852	-9,204	852
Dividends paid/received	-36,421	-27,310	9,010	8,102
<b>Cash flow from financial activities</b>	<b>-45,625</b>	<b>-26,458</b>	<b>-5,778</b>	<b>7,198</b>
<b>Net cash flow from operating, investing and financing activities</b>	<b>8,748</b>	<b>-52,311</b>	<b>-6,971</b>	<b>-14,948</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>101,441</b>	<b>153,752</b>	<b>29,084</b>	<b>44,032</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>110,189</b>	<b>101,441</b>	<b>22,113</b>	<b>29,084</b>

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

# ACCOUNTING POLICIES

## General

The Annual Report for 2017 for KILROY International A/S is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class large-C companies.

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

The accounting policies used in the preparation of the financial statements are consistent with those of last year. There has been minor reclassifications between current receivables. 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.

Upon acquisition of a subsidiary, the share of the net assets is calculated according to the Group's accounting policies. If the purchase price deviates from the value of the net assets, the difference is, to the extent possible, allocated to the assets or liabilities that have a higher or lower value. In addition, provisions are made for the expenses incurred at the time of purchase.

Goodwill in connection to acquisitions is capitalised and amortised over a maximum 20-year period.

Newly acquired or established companies are included in the consolidated accounts from the date when control is obtained.

Divested companies are included up to the date of disposal.

## 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.

### 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.

# ACCOUNTING POLICIES

## Tax

KILLROY 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.

KILLROY 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 3-20 years

### Property, plant and equipment

Tangible assets are measured at cost less accumulated depreciation and impairment.

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 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."

## 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	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
Belgium	38,704	26,774	-	-
Denmark	788,886	787,808	5,397	5,333
Finland	143,383	151,256	-	-
Iceland	37,582	38,205	-	-
Netherlands	226,720	202,403	-	-
Norway	247,640	238,223	-	-
Poland	16,184	327	-	-
Sweden	173,855	176,879	-	-
<b>Total turnover</b>	<b>1,672,954</b>	<b>1,621,875</b>	<b>5,397</b>	<b>5,333</b>

## 2. FEES TO AUDITORS APPOINTED AT THE GENERAL MEETING

	Group		Parent	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
Audit services	1,096	883	352	190
Tax assistance	72	72	50	50
Other assistance	283	0	279	8
<b>Total auditor fees</b>	<b>1,451</b>	<b>955</b>	<b>681</b>	<b>248</b>

## 3. PERSONNEL COSTS

	Group		Parent	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
Salaries and wages	141,687	135,121	36,594	35,876
Social security contributions	6,456	5,524	537	271
Pensions	8,509	7,953	1,614	1,483
Other personnel costs	9,794	9,324	1,308	999
<b>Total personnel costs</b>	<b>166,446</b>	<b>157,922</b>	<b>40,053</b>	<b>38,629</b>
Average number of employees (full time equivalent)	383	369	84	76

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



## NOTE 4

	Software	Goodwill	Land & buildings	Leasehold	IT and other	Total
	IDKK	IDKK	IDKK	IDKK	IDKK	IDKK
<b>GROUP</b>						
Cost at the beginning of 2017	27,944	39,786	1,945	8,103	23,839	101,617
Reclassification	386	0	0	0	-386	0
Exchange rate adjustments	0	-244	0	-49	-39	-332
Additions in year	13,864	0	0	188	2,019	16,071
<b>Cost at the end of 2017</b>	<b>42,194</b>	<b>39,542</b>	<b>1,945</b>	<b>8,242</b>	<b>25,433</b>	<b>117,356</b>
Depreciations and amortizations at the beginning of 2017	-14,052	-25,580	-1,169	-4,219	-19,887	-64,907
Reclassification	17	0	0	0	-17	0
Exchange rate adjustments	-1	244	0	39	34	316
Depreciations and amortizations in year	-6,880	-2,546	-86	-1,259	-1,539	-12,310
<b>Depreciations and amortizations at the end of 2017</b>	<b>-20,916</b>	<b>-27,882</b>	<b>-1,255</b>	<b>-5,439</b>	<b>-21,409</b>	<b>-76,901</b>
<b>Carrying amount at the end of 2017</b>	<b>21,278</b>	<b>11,660</b>	<b>690</b>	<b>2,803</b>	<b>4,024</b>	<b>40,455</b>
<b>Carrying amount at the end of 2016</b>	<b>13,892</b>	<b>14,206</b>	<b>776</b>	<b>3,884</b>	<b>3,952</b>	<b>36,710</b>
<b>PARENT</b>						
Cost at the beginning of 2017	26,542	0	0	47	6,375	32,964
Additions in year	13,864	0	0	0	1,247	15,111
<b>Cost at the end of 2017</b>	<b>40,406</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>7,622</b>	<b>48,075</b>
Depreciations and amortizations at the beginning of 2017	-12,651	0	0	-29	-3,503	-16,183
Depreciations and amortizations in year	-6,880	0	0	-9	-978	-7,868
Disposals in year	17	0	0	0	-18	-1
<b>Depreciations and amortizations at the end of 2017</b>	<b>-19,514</b>	<b>0</b>	<b>0</b>	<b>-38</b>	<b>-4,499</b>	<b>-24,051</b>
<b>Carrying amount at the end of 2017</b>	<b>20,892</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>3,123</b>	<b>24,024</b>
<b>Carrying amount at the end of 2016</b>	<b>13,891</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>2,872</b>	<b>16,781</b>

# NOTES 5-6

## 5. SHARES IN SUBSIDIARIES

	Subsidiaries	
	2017 tDKK	2016 tDKK
Cost at the beginning of the year	74,390	69,173
Capital contributions	5,584	5,217
Cost at the end of the year	79,974	74,390
Adjustments at the beginning of the year	45,352	35,866
Exchange rate adjustments	-615	474
Profit after tax	38,532	50,114
Dividends from subsidiaries	-45,511	-41,102
Adjustments at the end of the year	37,758	45,352
Book value at the end of the year	117,732	119,742
Profit after tax in subsidiaries	41,078	52,660
Amortization of goodwill	-2,546	-2,546
Result from shares in subsidiaries	38,532	50,114

A list of subsidiaries is shown in note 13

## 6. FINANCIAL INCOME, NET

	Group		Parent	
	2017 tDKK	2016 tDKK	2017 tDKK	2016 tDKK
Financial income, external	4,920	2,630	4,159	3,205
Financial income, internal	316	439	316	439
Financial expenses, external	-207	-64	-105	-18
Financial expenses, internal	0	0	-2,398	-77
Sale of shares in associated companies	12,480	13,484	0	0
Currency gain/loss	-459	9,351	-1,018	4,808
Financial income, net	17,051	25,839	954	8,357

## NOTES 7-8

	Group		Parent	
	2017 IDKK	2016 IDKK	2017 IDKK	2016 IDKK
<b>7. TAX</b>				
Current tax charge	7,600	11,294	-2,364	0
Joint taxation contributions	0	0	0	-4
Adjustments to previous year's tax charge	488	-37	0	-4
Change in deferred tax and other changes	886	142	1,583	1,484
Tax related to financial instruments included in equity	8,974	11,399	-781	1,476
<b>Total tax</b>	<b>8,974</b>	<b>11,330</b>	<b>-781</b>	<b>1,476</b>
Deferred tax primo	2,804	2,694	2,860	1,376
Exchange rate and other adjustments	31	-32	0	0
Change in deferred tax, net	861	142	1,583	1,484
<b>Deferred tax ultimo</b>	<b>3,696</b>	<b>2,804</b>	<b>4,443</b>	<b>2,860</b>
<b>Paid corporate taxes</b>	<b>6,689</b>	<b>13,554</b>	<b>-696</b>	<b>1,025</b>

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.

	Group		Parent	
	2017 IDKK	2016 IDKK	2017 IDKK	2016 IDKK
<b>8. PROPOSED APPROPRIATION OF NET RESULT</b>				
Transfer to/from retained earnings	2,867	19,163	-35,665	-30,951
Proposed dividends	33,000	36,500	33,000	36,500
Transfer to reserve for net revaluation under the equity method	0	0	38,532	50,114
	<b>35,867</b>	<b>55,663</b>	<b>35,867</b>	<b>55,663</b>

# NOTES 9-12

## 9. SHARES IN ASSOCIATED COMPANIES

	Group		Parent	
	2017 IDKK	2016 IDKK	2017 IDKK	2016 IDKK
Cost at the beginning of the year	2,389	5,754	559	0
Exchange rate adjustments	89	-12	0	0
Purchase of shares in associated companies	0	0	0	559
Sale of shares in associated companies	0	-3,353	0	0
<b>Cost at the end of the year</b>	<b>2,478</b>	<b>2,389</b>	<b>559</b>	<b>559</b>

## 10. PREPAID EXPENSES AND ACCRUED INCOME

Deferred expenses and earned, but not paid incentives.

## 11. ADVANCE PAYMENTS

Primarily prepayments from travel ordered for 2018.

## 12. CONTINGENT ASSETS, LIABILITIES AND SECURED DEBT

Rent and lease obligations within one year  
Rent and lease obligations between one and five years

The KILROY Group has issued guarantees/letters of credit, which are secured by an equal cash pledge of deposits

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.

	Group		Parent	
	2017 IDKK	2016 IDKK	2017 IDKK	2016 IDKK
Rent and lease obligations within one year	13,956	12,929	2,136	2,189
Rent and lease obligations between one and five years	41,984	39,828	2,928	5,065

47,265

46,587

46,706

44,283

# NOTES 13-14

## 13. COMPANY OVERVIEW

Subsidiaries:	Country of Incorporation	Currency	Share Capital	Capital Share	Net Profit 2017	Dividend 2017
Horizons A/S	Denmark	!DKK	5,177	100%	18,995	17,000
KILROY Belgium B.V./B.A.	Belgium	!EUR	1,250	100%	-84	0
KILROY Finland OY AB	Finland	!EUR	336	100%	-157	0
KILROY Group Travel A/S	Denmark	!DKK	1,100	100%	21,349	20,000
KILROY Iceland ehf.	Iceland	!ISK	500	100%	-308	0
KILROY Netherlands B.V.	The Netherlands	!EUR	2,147	100%	57	300
KILROY Norway AS	Norway	!NOK	4,000	100%	4,512	2,000
KILROY Poland Sp. Z o.o.	Poland	!PLN	1,000	100%	-316	0
KILROY Sweden AB	Sweden	!SEK	2,500	100%	-1,200	0
<b>Associated Companies:</b>						
Frank Students OY AB	Finland	!EUR	241	49%	-702	0
OurWorld A/S	Denmark	!DKK	500	40%	0	0

The dividend listed for the subsidiaries embrace dividend approved for payment to the parent company during 2018. The dividend listed for the associated companies embrace dividend received by the KILROY Group during 2017.

## 14. 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 Íslensk Fjárfesting ehf., which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Íslensk Fjárfesting ehf. can be obtained by contacting the company, at [islenkskjarfesting.is](mailto:islenkskjarfesting.is)

### Related party transactions

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.

# 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 KILLROY International A/S for the financial year 2017.

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, 2017 and of the results of the Group's and the Company's operations and cash flows for the financial year 2017.

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 26, 2018

## Management

  
Claus H. Hejlesen  
Managing Director & CEO

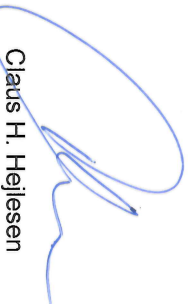
## Board of Directors

  
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 2017 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 2017 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 2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent 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 26, 2018

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR-no. 25 57 81 98

  
**Anja Bjørnholt Lütchke**

State Authorised Public Accountant

mne26779



# BOARD OF DIRECTORS & MANAGEMENT AS OF APRIL 26, 2018

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., Eidey TLH Plc. and Icelandic Mountain Guides Ltd.

### Tapio Kiiskinen

Vice Chairman

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

Executive positions: Chairman, Destination Lapland Ltd. and Member of Directors' Institute Finland.

### Sigurður 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 and Cetera 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 Kalkoft

Danish and born 1968

CFO, KILROY International A/S,

Managing Director:

Horizons A/S

J/R 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

# ADDRESSES

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### KILROY Foundation

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Herengracht 10

NL-2511 EH The Hague

Nobelstraat 119

NL-3512 EM Utrecht

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## Auditor

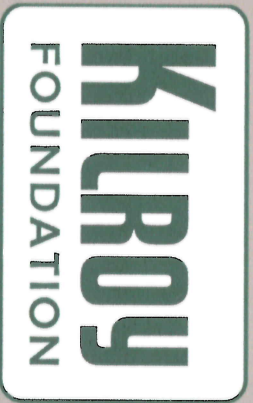
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Denmark

## Attorney

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Sundkrogsgade 5  
DK-2100 Copenhagen Ø  
Denmark

## Main Bank

Danske Bank  
Holmens Kanal 2  
DK-1090 Copenhagen K  
Denmark



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.

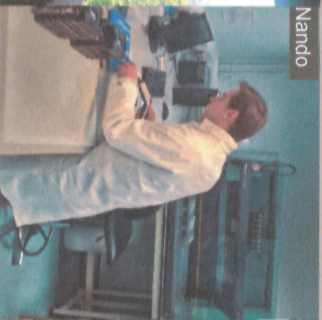
Read more at [kilroyfoundation.net](http://kilroyfoundation.net)



Click to learn more about the Foundation's aid projects



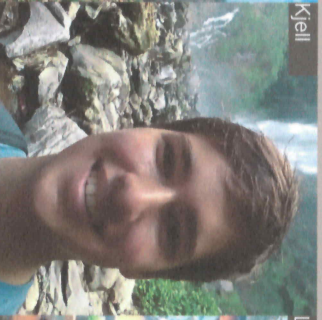
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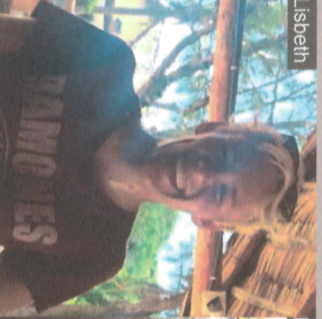
Nando



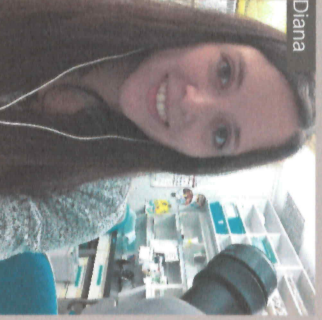
Saana



Kjell



Lisbeth



Diana

