

Horizons A/S

Annual Report for the year 2020

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The Annual General Meeting adopted the annual report on 23 06 2021

Chairman of the General Meeting

Name Claus Hejlesen

Horizons A/S
Nytorv 5
1450 Copenhagen K
Denmark

Reg. no. 11 15 33 80

Content

Statement by the Board of Directors and Management	3
Independent Auditor's Report	4
Management's review	6
Company information	6
Key figures	7
Management's review	8
Profit & Loss Account	10
Balance Sheet	11
Statement of changes in Equity	12
Notes to the Accounts	13
Accounting Policies	16

Statement by the Board of Directors and Management

Horizons A/S is a subsidiary of KILROY International A/S which is an international travel company with headquarters in Denmark.

The Board of Directors and the Managing Director have today discussed and approved the annual report for the financial year January 1 - December 31, 2020 for Horizons A/S.

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

It is our opinion that the Financial Statement gives a fair and true view of the company's assets, liabilities and financial position at December 31, 2020 and of the result of the company's operations for the financial year January 1 - December 31, 2020.

In our opinion, the Management's review gives a fair review of the development in the company's activities and financial conditions of the results for the year and of the company's financial position.

The Annual Report is send for approval for the annual general meeting.

Copenhagen, 2021

Managing Director:

Henrik Kaltoft

The Board of Directors:

Claus Hincheli Hejlesen
Chairman

Henrik Kaltoft

Lars Holst-Mikkelsen

Henrik Møller Nielsen

Danni Iannone

Independent Auditor's Report

To the shareholder of Horizons A/S

Opinion

We have audited the financial statements of Horizons A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity, notes and accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at December 31, 2020 and of the results of the Company's operations for the financial year January 1 - December 31, 2020 in accordance with the Danish Financial Statement 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 financial statements" section of our report.

We are independent of the Company 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 Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 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 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 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the 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 Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the 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 Management's review.

Copenhagen, 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR nr. 25578198

Anja Bjørnholt Lûthcke
State Authorised Public Accountant
MNE-nr: 26779

Management's review

Company information

Horizons A/S

Nytorv 5

1450 Copenhagen K

Phone: 70 15 40 15 / 70 20 19 15

Web: www.kilroy.dk / www.jr.dk

CVR-nr.: 11 15 33 80

Founded: September 2 1987

Registered in: Copenhagen K.

Accounting year: January 1 - December 31

Board of directors:

Claus Hincheli Hejlesen (Chairman)

Henrik Kaltoft

Lars Holst-Mikkelsen

Henrik Møller Nielsen

Danni Iannone

Managing Director:

Henrik Kaltoft

Auditors:

KPMG

Statsautoriseret revisionspartnerselskab

Dampfærgevej 28

2100 Copenhagen

Annual General Meeting:

The annual general meeting will take place on 23 June 2021 at the company's office at Nytorv 5, 1450 Copenhagen K.

Keyfigures

	2020	2019	2018	2017	2016	
Profit & Loss Accounts (mDKK)						
Turnover	-56	658	600	581	538	
EBITDA	-75	24	22	24	21	
Ordinary operating profit (EBIT)	-76	23	21	23	19	
Net financial income	0	2	0	1	0	
Profit before income tax (EBT)	-75,3	25,0	21	24	19	
Net profit for the year	-59	20	16	19	15	
Balance Sheet (mDKK)						
Non-current assets	19	3	4	2	3	
Current assets	133	168	169	150	127	
Total assets	152	171	173	152	130	
Share capital	5	5	5	5	5	
Equity	-40	37	32	33	29	
Current liabilities	64	134	141	119	102	
Investments in tangible assets	0	0	3	0	1	
Key Figures						
EBITDA - Margin (%)	EBITDA / Turnover	N/A	3,7	3,7	4,1	3,9
Return on assets (%)	EBIT / total assets	-50	14	12	15	15
Return on equity (%)	Net profit / average equity	3.453	58	51	62	51
Liquidity ratio (%)	Current assets / current liabilities	208	125	120	125	125
Equity ratio (%)	Equity / total assets	N/A	21	18	21	22
Average number of full-time employees (FTE)		109	137	130	116	113

Management's review

Main activities

The main activity – which remains unchanged from previous years – is to carry on sale of travel related services under the two brands Jysk Rejsebureau and KILROY.

Sales are conducted from the eight shops in larger cities in Denmark and online channels.

Development in activities, finances, and other events during the year

In 2020 Horizons had a loss before tax of DKK -75,315 thousand compared to a profit of DKK 25,041 thousand in 2019. Equity amounts to DKK -40,060 thousand at 31 December 2020.

The result for the year is not as expected and is a direct consequence of the COVID-19 pandemic, that have had a significant negative impact on results for the year.

Due to the pandemic most countries closed down more or less entirely mid-March 2020. At that time the KILROY Group had more than 10,000 customers abroad in more than 120 countries. Most governments including the Danish encouraged their citizens to return home. The KILROY Group immediately initiated processes to ensure that all guests were contacted and offered a quickly return as the practice allowed. Furthermore, all upcoming travel arrangements were cancelled, and repay of customers with legitimate claims in accordance with the EU Package Travel legislation was reimbursed.

These required actions resulted in substantial additional costs for the Company.

The global impact of COVID-19 triggered extensive travel restrictions, which de facto made the travel industry without warning losing their business foundation. This deterioration in activities affected all companies within the KILROY Group.

Consequently, the Company unfortunately had to initiate a significant amount of staff reductions and other required cost cutting measures.

Since the beginning of COVID-19, the Company has received partial compensation for fixed costs and salaries. In addition, the Company has received compensation for cancelled travels between 13 March and 13 April 2020. In the financial year, the Company received compensations totaling DKK 20.4 millions.

Capital resources

Due to the loss for the year the Company has lost more than half of the subscribed capital and is therefore subject to the capital loss provisions in the Danish Companies Act. Management expects to re-establish the share capital by means of earnings in the coming years or capital contributions. Therefore, in connection with issuing the financial statement a letter of comfort has been received from KILROY International A/S (Parent Company) dated 10th June 2021. KILROY International A/S has announced its intention to support the Company financially in all respects, so the Company will be able to settle its obligations as they are due. The letter of comfort is valid for at least one year from the date of approval of the 2020 Financial Statements by the directors of the Company. It is thus Management's opinion that the Company's financial resources are adequately secured for the Company to continue as a going concern for the coming financial year.

Uncertainty relating to recognition and measurement

As a direct consequence of the COVID-19 pandemic increased risk on receivables from the business partners are experienced. The Company has reflected this risk in the recognition and measurement of receivables.

Management's review

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, disease and political unrest.

Each year brings new and sometimes extraordinary challenges to the travel industry. The Covid-19 pandemic of 2020 is a prime example.

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.

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

Corporate Social Responsibility (CSR)

In accordance with the Danish Financial Statements Act §99a information on Horizons A/S' Corporate Social Responsibility policy can be found in the annual report of the parent company KILROY International A/S and on the website kilroy.net/about-us/policies.

Statement on gender composition

In accordance with the Danish Financial Statements Act §99b information on Horizons A/S' Gender composition policy can be found in the annual report of the parent company KILROY International A/S and on the website kilroy.net/about-us/policies.

Guidance for 2021

In 2021, the Company will still be significantly affected by COVID-19, and the travel industry depends on a re-opening of the destinations. Thus, the Company still expects reduced activities until a well-functioning and safe Covid19 vaccine has been offered to everyone and the majority of people have been positive to participate in the vaccine program.

Access to vaccine and the rollout will vary from region to region and will impact the sales opportunities. Thus, major delays can ultimately have an impact on the budgeted turnover.

When the above conditions occur the vaccine and probably a certified travel-pass, will be seen as a travel-enabler that allow travelers access to destinations who is assumed to moderate their restrictions for such audience.

Management expects operating results for 2021 to improve compared with this financial year.

Due to the uncertainty about the time horizon for a normalisation of the Company's turnover and how the Company's turnover and costs will be affected until then, the above expectations are subject to considerable uncertainty.

Profit & Loss Account January 1 to December 31, 2020

	Notes	2020 '000 DKK	2019 '000 DKK
Turnover	2	-55.919	657.876
Other operating income	3	20.422	0
Cost of products		39.532	-526.426
Gross profit		<u>4.035</u>	<u>131.449</u>
Salaries and other personnel expenses	4	-44.768	-62.896
Other operating expenses		-34.042	-44.134
		<u>-78.810</u>	<u>-107.030</u>
Operating profit before depreciation and amortisation (EBITDA)		-74.775	24.419
Depreciations and amortizations		-759	-1.056
Operating profit before net financials (EBIT)		-75.534	23.363
Financial income		298	1.783
Financial expenses		-79	-105
Net financial income / expenses	5	<u>219</u>	<u>1.678</u>
Profit before income tax (EBT)		-75.315	25.041
Tax on profit for the year	6	16.568	-5.265
Profit for the year	7	<u>-58.747</u>	<u>19.776</u>

Balance Sheet as at 31 December 2020

Assets:	Notes	2020 '000 DKK	2019 '000 DKK
Land and buildings		608	544
Leasehold improvements		1.454	1.994
IT hardware and other equipments		252	413
Total property, plant and equipment	8	2.314	2.951
Deferred tax asset	9	17.106	536
Total financial fixed assets		17.106	536
Total non-current assets		19.420	3.487
Inventories		641	704
Trade receivables		4.714	34.799
Amounts due from group entities		66.691	86.691
Other receivables		25.546	5.368
Prepaid expenses	10	30.109	6.547
Total Receivables		127.060	133.405
Cash and cash equivalents		5.055	33.174
Total current assets		132.756	167.283
Total assets		152.176	170.770
Equity:			
Share capital		5.177	5.177
Proposed dividend	7	0	18.000
Retained earnings		-45.237	13.511
Total equity		-40.060	36.688
Long-term liabilities:			
Long-term debt	11	61.170	0
Total long-term liabilities		61.170	0
Short-term liabilities:			
Short-term debt	11	67.402	0
Total short-term liabilities		67.402	0
Current liabilities:			
Tax payable		0	126
Trade creditors		5.413	97.070
Other payables		14.337	16.962
Prepayments received		43.914	19.924
Total current liabilities		63.664	134.082
Total liabilities		192.236	134.082
Total equity and liabilities		152.176	170.770
Contingent liabilities	12		
Related parties	13		

Statement of changes in Equity

Equity

	Share capital	Retained earnings	Proposed dividend	Total equity
	'000 DKK	'000 DKK	'000 DKK	'000 DKK
Equity 1.1.2020	5.177	13.511	0	36.688
Transferred over the profit appropriation	0	-58.747	0	-58.747
Dividends paid	0	0	-18.000	-18.000
Equity 31.12.2020	<u>5.177</u>	<u>-45.237</u>	<u>-18.000</u>	<u>-40.060</u>

The share capital is divided into stocks with the printed amount of 1 DKK each.

The share capital is divided between 2.951.000 A and 2.226.193 B shares but with the same voting rights.

There have not been any changes in the share capital during the last 5 years.

Notes

1. Unusual conditions

Following the global travel restrictions, the Company's financial year is substantially and negatively impacted by the COVID-19 pandemic. Consequently, the Company had to initiate a significant amount of staff reductions and other required cost cutting measures. Derived from the pandemic, the Company has applied for various state financed aid- and support programs including compensation schemes, see note 3.

Moreover, the liquidity contingency has been challenged why external funding at group level has been obtained and completed at the end of April 2021. The funding consists of new capital from the current owners, subordinated loans from Vækstfonden (the Danish state's investment fund) and the majority owner of the KILROY Group.

With the funding it is the management's assessment that the KILROY Group and Horizons A/S will be able to continue their operations and service all liabilities including intercompany balances (to/from parent/subsidiaries) for the 12 months following the 2020 year-end.

Due to the loss for the year the Company has lost more than half of the subscribed capital and is therefore subject to the capital loss provisions in the Danish Companies Act. Management expects to re-establish the share capital by means of earnings in the coming years or capital contributions. Therefore, in connection with issuing the financial statement a letter of comfort has been received from KILROY International A/S (Parent Company) dated 16th June 2021. KILROY International A/S has announced its intention to support the Company financially in all respects, so the Company will be able to settle its obligations as they are due. The letter of comfort is valid for at least one year from the date of approval of the 2020 Financial Statements by the directors of the Company. It is thus Management's opinion that the Company's financial resources are adequately secured for the Company to continue as a going concern for the coming financial year.

2. Turnover

With reference to the exemption-on-prejudice provision in section 96(1) of the Danish Financial Statements Act the company has omitted to provide segment information. The reason for the omission is that the information can cause serious damage.

3. Other operating income

The Company's income is affected by recognition of income from government aid and compensation schemes as a result of COVID-19. The Company has received DKK 20.4 million in compensation.

4. Salaries and other personnel expenses

	2020	2019
	'000 DKK	'000 DKK
Wages and salaries	40.419	54.366
Pensions	2.774	3.881
Other social security costs	773	1.113
Total salaries and related expenses	43.966	59.360
Other personnel expenses	802	3.536
Total salaries and other personnel expenses	44.768	62.896
Average number of employees (full year equivalents)	109	137

Remuneration for key personnel is contained in above figures. Remuneration for the Board of Directors and registered management was tDKK 23, which is included in the administration fee (under other operating expenses) (2019: tDKK 23).

5. Financial income / expenses

	2020	2019
	'000 DKK	'000 DKK
Net interest income / expenses from affiliated companies	297	1.783
Other Financial income / expenses	-79	-105
	218	1.678

6. Tax on profit for the year

	2020	2019
	'000 DKK	'000 DKK
Joint tax contribution	0	5.077
Adjustment previous year	2	0
Adjustment of deferred tax for the year	-16.569	188
	-16.567	5.265

7. Appropriation of net profit

	2020	2019
	'000 DKK	'000 DKK
Proposed dividend	0	18.000
Retained earnings	-58.747	1.776
	-58.747	19.776

Notes, continued:

8. Property, plant and equipment

	buildings '000 DKK	own buildings '000 DKK	improvements '000 DKK	other equipment '000 DKK	Total '000 DKK
Cost at the beginning of 2020	1.668	278	6.017	1.365	9.328
Additions in year	96	0	27	0	123
Cost at the end of 2020	1.764	278	6.044	1.365	9.451
Depreciations at the beginning of 2020	1.124	278	4.023	952	6.377
Depreciations for the year	32	0	567	161	760
Depreciations at the end of 2020	1.156	278	4.590	1.113	7.137
Carrying amount at the end of 2020	608	0	1.454	252	2.314

9. Deferred tax

	2020 '000 DKK	2019 '000 DKK
Deferred tax at the beginning of year	536	232
Adjustment of deferred tax for the year	16.569	305
Deferred tax at the end of year	17.105	536
Land and buildings	209	218
Leasehold improvements	302	261
IT hardware and other equipments	55	57
Deficit to carry forward	16.538	0
	17.105	536
Deferred tax asset		
Calculated tax asset	17.105	536
Carrying amount at the end of 2020	17.105	536

Deferred tax asset has been activated at 22% corresponding to the current tax rate.
Management believes that the tax asset will be used in future taxable income.

10. Prepaid expenses and accrued income

Prepaid expenses consists of payments to suppliers that relate to the following year.

11. Short- and long-term liabilities

Short- and long-term liabilities consist of loans to the Danish Travel Guarantee Foundation obtained as a direct consequence of Covid-19.

	2020 '000 DKK	2019 '000 DKK
Short-term liabilities within 1 year	67.402	0
Long-term liabilities between 1 and 5 years	36.702	0
Long-term liabilities after 5 years	24.468	0
	128.572	0

12. Contingent assets, liabilities and secured debt

Horizons A/S is a member of Rejsegarantifonden and KILROY International A/S has through the bank issued a bank guarantee tDKK 4.250 as security.

Horizons A/S has made a number of rental agreements with variable unbreakable tenures.

	2020 '000 DKK	2019 '000 DKK
Rent and lease obligations within 1 year	4.629	4.500
Rent and lease obligations between 1 and 10 years	15.673	20.302
	20.302	24.802

As a subsidiary to KILROY International A/S, Horizons A/S operates under joint taxation along with other Danish companies in the KILROY Group.

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). The Danish companies are jointly and severally liable for the joint taxation.

Notes, continued:

13. Related parties

Horizons A/S' related parties comprise the following:

Eignarhaldsfélagið KILROY ehf, Laugavegur 182, 105 Reykjavík
SSTS A/S, Nytorv 5, 1450 Copenhagen K
Horizons A/S, Nytorv 5, 1450 Copenhagen K
KILROY International A/S, Nytorv 5, 1450 Copenhagen K
KILROY Belgium BV, Sint-Pietersnieuwstraat 105, 9000 Gent
OY KILROY Finland AB, Kaivokatu 10 D, 00100 Helsinki
KILROY Iceland ehf., Skólavörðustígur 3A, 101 Reykjavík
KILROY Netherlands B.V., Singel 413-415, 1012 Amsterdam
KILROY Norway AS, Kirkegata 15, 0153 Oslo
KILROY Poland Sp. Z o.o., Inflancka 4A, 00189 Warszawa
KILROY Sweden AB, Drottninggatan 83, 111 60 Stockholm
JR Travel A/S, Nytorv 5, 1450 Copenhagen K
OY Frank Students AB, Fabianinkatu 28, 00100 Helsinki
Winberg Travel AB, Stora Torg 17, 241 30 Eslöv

Horizons A/S is a part of the consolidated annual report for KILROY International A/S, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of KILROY International A/S can be found at www.KILROY.dk

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

The consolidated financial statements of Eignarhaldsfélagið KILROY ehf can be obtained by contacting the company.

Ultimate Parent Company Eignarhaldsfélagið KILROY ehf has at the date of this financial statement, not issued their financial statement for 2020.

Related party transactions

	2020	2019
	'000 DKK	'000 DKK
Sale of services to Group entities	934	2.515
Sale of services to parent company	0	600
Purchase of services from Group entities	-632	-110
Purchase of services from parent company	-20.640	-16.910
Total	-20.338	-13.905

Remuneration to the Management and Board of Directors is disclosed in note 4.

Intercompany balances with the parent company are disclosed in the balance sheet, and interest is disclosed in note 5.

Accounting Policies

General

The Annual Report for 2020 for Horizons A/S is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class large-C companies.

The accounting policies applied, as described below, are consistent with those applied last year.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement is included in the consolidated cash flow statement for KILROY International A/S.

Pursuant to section 96(3) of the Danish Financial Statements Act, fee paid to the Company's auditor appointed at the general meeting has not been disclosed.

The information is disclosed in the financial statements for the Parent Company KILROY International A/S.

Foreign currency conversion

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement in cost of products.

Profit and Loss Account

Turnover

Turnover includes the year's sales of travel products and other services.

Turnover from individual-oriented products are recognised at the time of invoicing, regardless of departure date.

Upon receipt of a part (or full) payment, the individual products are booked with the supplier and travel documents are issued. Most flight tickets need to be issued immediately to guarantee availability and in most cases there are no changes to the itinerary before departure. As main part of the value increase is performed at the time of the sale and invoicing (e.g. the risk is transferred to the customer when the tickets are issued), the turnover is booked at invoicing. Turnover recognized is adjusted for expected cancellations based on the cancellation history.

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

Turnover is measured at the fair value of the agreed remuneration excluding VAT. All discounts granted are included in turnover.

Cost of products

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

Other operating income

Other income comprises items secondary to the activities of the company. Government aid/compensation schemes related to COVID 19 are included in this item.

Other operating expenses

Other operating expenses include expenses related to premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Salaries and other personnel expenses

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

Depreciations and amortizations

Amortisation and depreciation comprise amortisation and depreciation of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest and surcharges/allowances regarding tax.

Tax

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.

The Company is part of a joint taxation arrangement with the Parent Company. KILROY International A/S is administrator for the joint taxation.

Accounting Policies

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any direct costs directly attributable to the acquisition until the date on which the asset is available for use. The cost includes retirement obligations if it meets the conditions for recognition of provisions.

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.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Inventories

Goods for resale are measured at cost price.

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

Deferred Tax assets and liabilities

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

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

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement or equity, respectively.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

Prepayments

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

Current tax payable or receivable

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the onaccount taxation scheme are recognised in the income statement in financial income and expenses.

Equity

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions

Prepayments from customers, trade payables and other payables are measured at net realizable value.

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