

# KILROY Group Travel A/S

## Annual Report for the year 2020

Penneo dokumentnagje:-4TVE0-TQ07U-EEGMV-VFAZL-SUUEN-6JN4Q

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

Chairman of the General Meeting

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Name Claus Hejlesen

KILROY Group Travel A/S  
Nytov 5  
1450 Copenhagen K  
Denmark

Reg. no. 25 49 77 59

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# Statement by the Board of Directors and Management

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KILROY Group Travel 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 approved the annual report for the financial year January 1 - December 31, 2020 for KILROY Group Travel A/S.

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

It is our opinion, that the Financial Statement gives a fair and true view of KILROY Group Travel A/S' assets, liabilities and financial position at December 31, 2020 and of the result of KILROY Group Travel A/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 sent for approval for the annual general meeting.

Copenhagen K,                      2021

Managing Director:

Henrik Kaltoft

The Board of Directors:

Claus Hincheli Hejlesen  
Chairman

Henrik Kaltoft

Lars Holst-Mikkelsen

# Independent Auditor's Report

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## To the shareholder of KILROY Group Travel A/S

### Opinion

We have audited the financial statements of KILROY Group Travel 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

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## Company information

**KILROY Group Travel A/S**  
**Nytorv 5**  
**1450 Copenhagen K**

Phone: 70 22 05 35  
Web: www.kilroy.dk

CVR-nr.: 25 49 77 59  
Founded: June 22, 2000  
Registered in: Copenhagen K.  
Accounting year: January 1 - December 31

### Board of directors:

Claus Hincheli Hejlesen (Chairman)  
Henrik Kaltoft  
Lars Holst-Mikkelsen

### 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 companys office at Nytorv 5, 1450 Copenhagen K.

## Keyfigures

	2020	2019	2018	2017	2016	
<b>Profit &amp; Loss Accounts (mDKK)</b>						
Turnover .....	7	238	233	210	235	
EBITDA .....	-15	10	7	10	17	
Ordinary operating profit (EBIT) .....	-15	10	7	10	17	
Net financial income .....	0	1	-7	15	18	
Profit before income tax (EBT) .....	-15	11	-1	25	35	
Net profit for the year .....	-12	8	-2	21	32	
<b>Balance Sheet (mDKK)</b>						
Non-current assets .....	4	0	1	1	0	
Current assets .....	38	99	107	119	104	
Total assets .....	41	99	107	119	104	
Share capital .....	1	1	1	1	1	
Equity .....	-2	28	23	46	42	
Current liabilities .....	26	71	84	74	61	
Investments in tangible assets .....	0	0	0	0	0	
<b>Key Figures</b>						
EBITDA - Margin (%) .....	EBITDA / Turnover	N/A	4,2	2,9	4,7	7,2
Return on assets (%) .....	EBIT / total assets	-36	10	6	8	16
Return on equity (%) .....	Net profit / average equity	-89	32	-6	49	92
Liquidity ratio (%) .....	Current assets / current liabilities	143	139	127	161	169
Equity ratio (%) .....	Equity / total assets	N/A	28	22	38	41
Average number of full-time employees (FTE)		34	42	52	50	46

# Management's review

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## Main activities

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

Sales are conducted from the premises in Holstebro.

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

In 2020 KILROY Group Travel A/S had a loss before tax of DKK -14,772 thousand compared to a profit of DKK 10,770 thousand in 2019. Equity amounts to DKK -1,567 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 10.4 million.

## 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 10 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.

## 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.



# Management's review

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## **Corporate Social Responsibility (CSR)**

In accordance with the Danish Financial Statements Act §99a information on KILROY Group Travels 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](http://kilroy.net/about-us/policies).

## **Statement on gender composition**

In accordance with the Danish Financial Statements Act §99b information on KILROY Group Travels 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](http://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	7.131	237.990
Other operating income .....	3	10.400	0
Cost of products .....		-3.162	-190.396
<b>Gross profit</b>		<u>14.369</u>	<u>47.594</u>
Salaries and other personnel expenses .....	4	-12.833	-17.467
Other operating expenses .....		-16.227	-20.149
		<u>-29.060</u>	<u>-37.616</u>
<b>Operating profit before depreciation and amortization (EBITDA) .....</b>		-14.691	9.978
Depreciations and amortizations .....		-164	-211
<b>Operating profit before net financials (EBIT)</b>		-14.855	9.767
Financial income .....		143	1.052
Financial expenses .....		-60	-49
Net financial income .....	5	<u>83</u>	<u>1.003</u>
<b>Profit before income tax (EBT).....</b>		-14.772	10.770
Tax on profit of the year .....	6	2.981	-2.369
<b>Profit for the year .....</b>	7	<u>-11.791</u>	<u>8.401</u>

## Balance Sheet as at 31 December 2020

	Notes	2020 '000 DKK	2019 '000 DKK
<b>Assets:</b>			
Leasehold improvements .....		37	101
IT hardware and other equipments .....		149	200
Total property, plant and equipment	8	186	301
Deferred tax asset .....	9	3.292	42
Total financial fixed assets		3.292	42
Total non-current assets		3.478	343
Inventories .....		294	422
Trade receivables .....		3.583	20.930
Amounts due from group entities .....		14.337	61.237
Tax receivables .....		0	500
Other receivables .....		4.076	274
Prepaid expenses .....	10	14.081	9.314
Total Receivables		36.077	92.255
Cash and cash equivalents .....		1.425	6.133
Total current assets		37.796	98.810
<b>Total assets</b>		41.274	99.153
<b>Equity:</b>			
Share capital .....		1.100	1.100
Proposed dividend .....	7	0	18.000
Retained earnings .....		-2.667	9.124
Total equity		-1.567	28.224
<b>Long-term liabilities:</b>			
Long-term debt .....	11	12.236	0
Total long-term liabilities		12.236	0
<b>Short-term liabilities:</b>			
Short-term debt .....	11	4.169	0
Total short-term liabilities		4.169	0
<b>Current liabilities:</b>			
Trade creditors .....		4.916	31.292
Other payables .....		4.057	3.870
Advance payments .....		17.463	35.768
Total current liabilities		26.436	70.929
Total liabilities		42.841	70.929
<b>Total equity and liabilities</b>		41.274	99.153
Contingent assets, liabilities and secured debt .....	12		
Related parties .....	13		

## Statement of changes in Equity

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### Equity

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Proposed dividend</b>	<b>Total equity</b>
	'000 DKK	'000 DKK	'000 DKK	'000 DKK
Equity 1.1.2020 .....	1.100	9.124	0	28.224
Transferred over the profit appropriation .....	0	-11.791	0	-11.791
Dividends paid .....	0	0	-18.000	-18.000
Equity 31.12.2020 .....	<u>1.100</u>	<u>-2.667</u>	<u>-18.000</u>	<u>-1.567</u>

The share capital comprises of 11.000 shares of DKK 100 each.

There has been no changes to issued capital during the past five 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 KILROY Group Travel 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 10.4 million in compensation.

## 4. Salaries and other personnel expenses

Salaries and other personnel expenses are specified as follows:

	2020	2019
	'000 DKK	'000 DKK
Wages and salaries .....	11.670	15.651
Pensions .....	723	768
Other social security costs .....	76	95
Total salaries and related expenses .....	12.469	16.514
Other personnel expenses .....	364	952
Total salaries and other personnel expenses .....	12.833	17.467
Average number of employees (full year equivalents) .....	34	42

Remuneration to Board of Directors and registered management are included in the Management fee from the parent company.

## 5. Financial income and expenses

Financial income and expenses are specified as follows:

	2020	2019
	'000 DKK	'000 DKK
Net interest income / expenses from affiliated companies .....	141	1.049
Other Financial income / expenses .....	-58	-46
	83	1.003

## 6. Tax on profit of the year

Tax on profit of the year are specified as follows:

	2020	2019
	'000 DKK	'000 DKK
Joint tax contribution .....	0	2.383
Adjustment previous year .....	269	0
Adjustment of deferred tax for the year .....	-3.250	-14
	-2.981	2.369

## 7. Appropriation of net profit

	2020	2019
	'000 DKK	'000 DKK
Proposed dividend .....	0	18.000
Retained earnings .....	-11.791	8.401
	-11.791	26.401

## Notes, continued:

### 8. Property, plant and equipment

	Equipment '000 DKK	IT hardware '000 DKK	Leasehold improvement '000 DKK	Total '000 DKK
Cost at the beginning of 2020 .....	946	274	429	1.649
Additions in year .....	0	49	0	49
Cost at the end of 2020 .....	946	323	429	1.698
Depreciations at the beginning of 2020 .....	746	274	329	1.349
Depreciations for the year .....	91	8	64	163
Depreciations at the end of 2020 .....	837	282	393	1.512
Carrying amount at the end of 2020 .....	109	41	36	186

### 9. Deferred tax asset

Changes in deferred income tax are as follows:

	2020 '000 DKK	2019 '000 DKK
Deferred income tax asset at beginning of year .....	42	29
Change in deferred tax .....	3.250	14
Deferred income tax asset at the end of year .....	3.292	42
Leasehold improvements .....	28	23
IT hardware and other equipments .....	23	19
Deficit to carry forward .....	3.241	0
	3.292	42
<b>Deferred tax asset</b>		
Calculated tax asset .....	3.292	42
Carrying amount at the end of 2020 .....	3.292	42

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 .....	4.169	0
Long-term liabilities between 1 and 5 years .....	7.341	0
Long-term liabilities after 5 years .....	4.894	0
	16.404	0

### 12. Contingent assets, liabilities and secured debt

	2020 '000 DKK	2019 '000 DKK
Supplier contractual obligations within one year	-	1.020
Rent and lease obligations within one year	334	333
Rent and lease obligations between one and five years	-	-
	334	1.353

The company is a member of Rejsegarantifonden and KILROY International A/S has issued a bank guarantee of tDKK 1.800 as security.

As a subsidiary to KILROY International A/S, KILROY Group Travel 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

KILROY Group Travel 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

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.

KILROY Group Travel 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](http://www.KILROY.dk)

KILROY Group Travel 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	782	235
Sale of services to parent company	179	294
Purchase of services from Group entities	0	-1.773
Purchase of services from parent company	-12.340	-10.450
Total	-11.379	-11.694

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 expensed interest is disclosed in note 5.

# Accounting Policies

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## General

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

The accounting policies applied, as described below, are consistent with those applied last year. There has been minor reclassifications in the income statement and the balance sheet. Comparative figures have been restated accordingly.

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 booked 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.

Turnover 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 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 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.



# Accounting Policies

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## Salaries and other personnel expenses

Personnel costs mainly include costs for salaries, pensions and other social security costs.

## 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.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment 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.

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:

- Equipment 5 years
- Leasehold improvements 5 years
- IT and other equipment 3-5 years

### 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 tax-based 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.

# Accounting Policies

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## **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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