SSTS A/S

Annual Report
for the year 2023

The Annual General Meeting adopted the annual report on 18.04.2024

Chairman of the meeting

Henrik Kaltoft

SSTS A/S
Nytorv 5
1450 Copenhagen K
Denmark

Reg. no. 30 27 85 93

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Statement by the Board of Directors and Management

Today, the Board of Directors and the Management have discussed and approved the annual report of SSTS A/S (Parent Company) for the financial year 2023.

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 Parent Company's financial position at December 31, 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2023.

Further, in our opinion, the report of the management review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Copenhagen, April 18 2024

Board of Directors:

Arnar Thorisson Chairman	Claus H. Hejlesen
Sigurdur Kiernan	

Managing director:

Claus H. Hejlesen

Independent Auditor's Report

To the shareholders of SSTS A/S

Opinion

We have audited the financial statements of SSTS A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 Financial Statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and

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 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 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 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 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 consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, April 18 2024

Grant Thornton
Godkendt Revisionspartnerselskab
CVR-no. 34 20 99 36

Michael Beuchert
State Authorised Public Accountant
Mne32794

Management Report

Company information

SSTS A/S
Nytorv 5
1450 Copenhagen K

Web:	www.kilroygroup.net
CVR-nr.:	30 27 85 93
Founded:	January 1 2007
Registered in:	Copenhagen K.
Accounting year:	January 1 - December 31

Board of directors:

Arnar Thorisson (Chairman)
Claus H. Hejlesen
Sigurdur Kiernan

Managing Director:

Claus H. Hejlesen

Auditors:

Grant Thornton
Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 Copenhagen Ø

Annual General Meeting:

The annual general meeting will take place on April 18 2024 at the company address.

Key figures

		2023	2022	2021	2020	2019
Income statement (mDKK)						
Turnover		1.447	1.271	335	-26	1.696
EBITDA		44	63	-35	-130	32
Ordinary operating profit (EBIT)		35	54	-51	-149	12
Net financial income		-4	-7	-4	1	3
Profit before income tax (EBT)		31	46	-55	-148	16
Net profit for the year		23	40	-45	-120	7
Balance sheet (mDKK)						
Cash and bonds		292	214	137	114	218
Current assets		450	385	299	267	383
Total assets		472	405	324	302	430
Capital expenditure		11	8	6	9	10
Equity		7	-16	-55	-25	93
Current liabilities		354	268	208	240	331
Cash flow from operating activities		108	82	2	-205	31
Key figures						
EBITDA - Margin (%)	EBITDA / Turnover	3,0	5,0	-10,3	NA	1,9
EBIT - Margin (%)	EBIT / turnover	2,4	4,2	-15,1	NA	0,7
Return on assets (%)	EBIT / total assets	7,5	13,2	-15,6	-49,5	2,9
Return on equity (%)	Net profit / average equity	NA	NA	NA	NA	7,8
Liquidity ratio (%)	Current assets / current liabilities	126,9	143,9	143,8	111,0	115,8
Equity ratio (%)	Equity / total assets	1,6	-3,9	-17,1	-8,3	21,7
Earnings per share (DKK)	Net profit / number of shares	153,3	266,7	-300,0	-800,0	46,7
Cash flow per share (DKK)	Cash flow from operating activities / number of shares	720,0	546,7	13,3	-1.366,7	206,7
Proposed Dividend (DKK million)		0,0	0,0	0,0	0,0	0,0
Average number of full-time employees (FTE)		382	308	210	317	413

Management Report

Main activities
SSTS' only activity is share holding of the Kilroy Group. Extended information about the financial year 2023 can be found in the annual report for the Kilroy Group on kilroygroup.net/about/#annualreports.

Development in activities, finances, and other events during the year
The Group closed 2023 with a profit before tax (EBT) of DKK 31 million, compared with a profit of DKK 46 million in 2022.

Net sales for the Group totals to kDKK 1.447 (2022: kDKK 1.271). Profit after tax and minority interest amounts to tDKK 23.451 (2022: tDKK 39.744).

Equity after minority interests is per December 31, 2023 calculated at kDKK 7.352 (2022: kDKK -15.867) and total assets are kDKK 472.395 (2022: kDKK 405.352).

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. disease, and political unrest. The Covid 19 pandemic is a prime example of an uncontrollable event.

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 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. Policies are established 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.

Dividend
No dividend is proposed for the financial year 2023.

Organization
The average number of employees (full-time equivalents) was 382 (2022: 308). There will continuously be invested in significant resources in training and upgrading of the Group's operating companies.

Corporate Social Responsibility (CSR)
SSTS and the Kilroy Group is committed to managing the social and environmental impact of our direct and indirect operations in a sustainable manner. We strive to reduce our consumption of natural resources and at the same time, enable anyone who wants to travel to do so - and benefit from it. We encourage our partners to do the same.

Our business involves activities that can, if not managed properly, cause negative social or environmental impact. We take our responsibility seriously as we commit to helping fight climate change and support human rights.
We strive to align our efforts in compliance with the United Nations’ Sustainable Development Goals, and we report annually on our progress.

Additional information about the Group’s CSR policies and approach in accordance with section 99a of the Danish Financial Statements Act can be found in the CSR report at kilroygroup.net/csr.

Gender composition: The Group has conducted a statement on gender composition in accordance with section 99b of the Danish Financial Statements Act, which can be found in the Kilroy Group’s CSR report at kilroygroup.net/csr.

Data ethics: The Group works actively with secure data handling and data ethics and will continue this work in the future. There is no formal data ethics policy, but internal work is performed effectively with reference to current legislation such as the GDPR legislation.
Further information in accordance with section 99d of the Danish Financial Statements Act can be found in the CSR report at kilroygroup.net/csr.

Management Report

Events after the balance sheet date and outlook for 2024

Most of the Group's markets have begun the year meeting or exceeding expectations. However, the UK market, the newest addition to the Group, has yet to achieve the anticipated traction that will balance the overall performance of the Group.

The budgeted expectation for 2024 is that the Group will generate a profit (EBITDA) in the range of DKK 29 to DKK 33 million. Based on the start of 2024, it's the management's view that the budgeted goal is achievable.

The wars in Ukraine and Gaza, along with unrest in nearby regions, have so far had limited impact on the Group. However, these conflicts still have the potential to escalate, with consequences that could materially affect the 2024 accounts.

No significant events have occurred since the balance sheet date that would affect the assessment of the Annual Report for 2023.

Income Statement 1 January to 31 December 2023

	Notes	Group 2023 (tDKK)	Group 2022 (tDKK)	Parent 2023 (tDKK)	Parent 2022 (tDKK)
Operating income:					
Turnover	1	1.446.584	1.271.176	0	0
Other operating income	2	465	14.212	0	0
Cost of products		-1.143.438	-1.019.437	0	0
Gross profit		303.611	265.951	0	0
Operating expenses:					
Salaries and other personnel expenses	3	-184.832	-148.935	0	0
Other operating expenses	4	-74.797	-53.590	-1	-9
		-259.629	-202.525	-1	-9
Operating profit before depreciation and amortisation (EBITDA)		43.982	63.426	-1	-9
Depreciations and amortizations	5	-8.759	-9.855	0	0
Operating profit before net financial income (EBIT)		35.223	53.571	-1	-9
Dividend from subsidiaries		-	-	0	0
Financial expenses, net	6	-4.381	-7.134	-779	-426
Net financial expenses		-4.381	-7.134	-779	-426
Profit before income tax (EBT)		30.842	46.437	-780	-435
Tax	7	-7.391	-6.693	172	100
Result attributable to SSTS A/S	8	23.451	39.744	-608	-335

Balance Sheet as at 31 December 2023

	Notes	Group 2023 (tDKK)	Group 2022 (tDKK)	Parent 2023 (tDKK)	Parent 2022 (tDKK)
Assets:					
Software		15.506	13.620	0	0
Goodwill		1.608	3.383	0	0
Total intangible fixed assets	5	17.114	17.003	0	0
Land and buildings		539	573	0	0
Leasehold improvements		1.700	1.040	0	0
IT hardware and other equipments		2.653	1.000	0	0
Total property, plant and equipment	5	4.892	2.613	0	0
Shares in subsidiaries	9, 14	0	0	47.400	47.400
Shares in associated companies	9	612	621	0	0
Total financial fixed assets		612	621	47.400	47.400
Total non-current assets		22.618	20.237	47.400	47.400
Inventories		909	1.001	0	0
Trade receivables		91.458	70.821	0	0
Deferred tax asset	7	26.701	26.201	326	255
Other receivables		14.712	9.983	0	0
Prepaid expenses and accrued income	10	23.646	62.693	0	0
Cash and cash equivalents		292.351	214.416	2.626	125
Total current assets		449.777	385.115	2.952	380
Total assets		472.395	405.352	50.352	47.780

Balance Sheet as at 31 December 2023

	Notes	Group 2023 (tDKK)	Group 2022 (tDKK)	Parent 2023 (tDKK)	Parent 2022 (tDKK)
Equity:					
Share capital		15.150	15.150	15.150	15.150
Retained earnings		-7.798	-31.017	20.971	21.579
Total equity		7.352	-15.867	36.121	36.729
Subordinated loans:					
Subordinated loans:		45.297	57.767	0	0
Total loans		45.297	57.767	0	0
Provisions:					
Other provisions		1.843	1.843	0	0
Total provisions		1.843	1.843	0	0
Long-term liabilities:					
Long-term debt	11	63.411	94.075	0	0
Total long-term liabilities		63.411	94.075	0	0
Current liabilities:					
Short-term of long-term debt	11	42.068	18.243	0	0
Trade creditors		215.379	168.619	0	0
Loans from group entities		0	0	14.231	10.807
Other payables		33.429	28.884	0	0
Tax payables		6.016	0	0	0
Accrued liabilities and advanced payments	12	57.600	51.788	0	244
Total current liabilities		354.492	267.534	14.231	11.051
Total liabilities		419.746	363.452	14.231	11.051
Total equity and liabilities		472.395	405.352	50.352	47.780

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Statement of changes in Equity

	Group		Parent	
	2023 (tDKK)	2022 (tDKK)	2023 (tDKK)	2022 (tDKK)
Share capital at the beginning of the year	15.150	15.150	15.150	15.150
Capital contribution	0	0	0	0
Share capital at the end of the year	15.150	15.150	15.150	15.150
Retained earnings at the beginning of the year	-31.017	-70.451	21.579	21.914
Exchange rate and other adjustments	-232	-310	0	0
Capital contribution	0	0	0	0
Net result of the year	23.451	39.744	-608	-335
Retained earnings at the end of the year	-7.798	-31.017	20.971	21.579
Proposed dividend beginning of the year	0	0	0	0
Proposed dividend	0	0	0	0
Paid dividend	0	0	0	0
Proposed dividend at the of the year	0	0	0	0
Total equity	7.352	-15.867	36.121	36.729

The share capital comprises of 150.000 shares of DKK 100 each.
There has been no changes to issued capital during the past five years.

Cash Flow Statement

	Group 2023 (tDKK)	2022 (tDKK)
Cash flows from operating activities:		
Profit for the year - before net finance income	35.223	53.571
Adjustment for:		
Depreciations and amortizations	8.759	9.855
Exchange rates and other adjustments	-99	1.215
Working capital	43.883	64.641
Change in inventories	92	272
Change in receivables	13.783	-19.139
Change in trade creditors	46.760	61.172
Change in other liabilities	10.355	-16.772
Cash flow from operating activities before financial items	114.873	90.174
Net interest income	-4.381	-7.595
Paid taxes	-2.097	-264
	108.395	82.315
Cash flow from investing activities:		
Purchase/sale of shares	0	2.271
Purchase of plant, operating equipment etc.	-11.151	-7.657
Cash flow from investing activities	-11.151	-5.386
Cash flow from financial activities:		
Capital contribution	0	0
Loans to subsidiaries	0	794
Long-term debt	-28.127	-5.985
Subordinated loan	8.818	5.744
Dividends paid/received	0	0
Cash flow from financial activities	-19.309	553
Net cash flow from operating, investing and financing activities	77.935	77.482
Cash and cash equivalents at the beginning of the year	214.416	136.934
Cash and cash equivalents at the end of the year	292.351	214.416

Notes

1. Turnover

	Group 2023 (tDKK)	Group 2022 (tDKK)	Parent 2023 (tDKK)	Parent 2022 (tDKK)
Turnover by geographical markets				
Belgium	37.025	26.699	0	0
Denmark	931.220	824.576	0	0
Finland	71.035	52.942	0	0
Iceland	42.955	26.524	0	0
Netherlands	116.375	105.834	0	0
Norway	152.336	151.258	0	0
Sweden	89.742	83.343	0	0
United Kingdom	5.896	0	0	0
Total turnover	1.446.584	1.271.176	0	0

2. Other operating income

The Group's income is affected by recognition of income from government aid and compensation schemes as a result of COVID-19. The Group has applied for DKK 0.5 million in compensation for fixed costs and salary.
The parent company did not receivee any compensation in 2023.

3. Salaries and other personnel expenses

	Group 2023 (tDKK)	Group 2022 (tDKK)	Parent 2023 (tDKK)	Parent 2022 (tDKK)
Salaries and wages	158.279	129.739	0	0
Hereof remuneration to parent's management and board of directors tDKK 2.517 (2022: tDKK 1.685)				
Pensions	11.382	8.207	0	0
Other social security costs	5.798	4.851	0	0
Total salaries and related expenses	175.459	142.797	0	0
Other personnel costs	9.373	6.138	0	0
Total salaries and other personnel expenses	184.832	148.935	0	0
Average number of employees (full year equivalents)	382	308	0	0

4. Fees to auditors appointed at the general meeting

	Group 2023 (tDKK)	Group 2022 (tDKK)	Parent 2023 (tDKK)	Parent 2022 (tDKK)
Audit services	919	1.094	7	7
Tax assistance	72	72	0	0
Other fees	84	517	0	0
	1.075	1.683	7	7

5. Non-current assets

GROUP	Goodwill (tDKK)	Land and buildings (tDKK)	Leasehold improve-ments (tDKK)	IT and other equipment (tDKK)	IT-software (tDKK)	Total (tDKK)
Cost at the beginning of 2023	64.338	1.425	11.942	14.902	110.062	202.669
Exchange rate adjustments	6	0	10	6	4	26
Additions in year	0	0	1.110	2.426	7.615	11.151
Disposals in year	0	0	0	0	0	0
Cost at the end of 2023	64.344	1.425	13.062	17.334	117.681	213.846
Depreciations and amortizations at the beginning of 2023	-60.955	-852	-10.902	-13.902	-96.442	-183.053
Exchange rate adjustments	-8	-1	-8	-8	-3	-28
Depreciations and amortizations in year	-1.773	-33	-452	-771	-5.730	-8.759
Depreciations and amortizations at the end of 2023	-62.736	-886	-11.362	-14.681	-102.175	-191.840
Carrying amount at the end of 2023	1.608	539	1.700	2.653	15.506	22.006
Carrying amount at the end of 2022	3.383	573	1.040	1.000	13.620	19.616

6. Financial expenses, net

	Group 2023 (tDKK)	Group 2022 (tDKK)	Parent 2023 (tDKK)	Parent 2022 (tDKK)
Financial income	0	0	0	0
Sales of shares in associated companies	0	26	0	0
Financial expenses	-4.381	-7.160	-779	-426
Financial expenses, net	-4.381	-7.134	-779	-426

Of the parent company´s financial expenses, tDKK 787 is interest to subsidiaries (2022: tDKK 446).

Notes, continued:

7. Tax

	Group		Parent	
	2023 (tDKK)	2022 (tDKK)	2023 (tDKK)	2022 (tDKK)
Current tax charge	6.245	550	0	0
Adjustments to previous year´s tax charge	-249	-1.197	0	0
Change in deferred tax and other changes	1.395	7.340	-172	-100
	7.391	6.693	-172	-100
Deferred tax at the beginning of the year	-26.201	-35.631	-255	0
Adjustments to previous year´s tax charge	-2.094	1.559	101	-155
Exchange rate and other adjustments	199	531	0	0
Change in deferred tax, net	1.395	7.340	-172	-100
Deferred tax at the end of the year	-26.701	-26.201	-326	-255
Paid corporate taxes	2.097	264	0	0

The deferred tax liability is based on the temporary difference between the book value and the statutory value of assets and liabilities. The parent company is taxed jointly with the Danish subsidiaries. The Danish companies are jointly and severally liable for the joint taxation.

8. Proposed appropriation of net result

	Group		Parent	
	2023 (tDKK)	2022 (tDKK)	2023 (tDKK)	2022 (tDKK)
Transfer from retained earnings	23.451	39.744	-608	-335
	23.451	39.744	-608	-335

9. Shares in associated companies and subsidiaries

	Group		Parent	
	2023 (tDKK)	2022 (tDKK)	2023 (tDKK)	2022 (tDKK)
Cost at the beginning of the year	621	627	47.400	47.400
Exchange rates adjustments	-9	-6	0	0
Cost at the end of the year	612	621	47.400	47.400

10. Prepaid expenses and accrued income

Deferred expenses and earned, but not paid incentives.

11. Long-term debt

	Group		Parent	
	2023 (tDKK)	2022 (tDKK)	2023 (tDKK)	2022 (tDKK)
Subordinated loans	21.288	0	0	0
Bank loan	2.500	0	0	0
Loans from travel foundations	18.280	18.243	0	0
Loans within one year	42.068	18.243	0	0
Subordinated loans	45.297	57.767	0	0
Bank loan	7.500	10.045	0	0
Loans from travel foundations	54.983	72.465	0	0
Loans between one and five years	107.780	140.277	0	0
Bank loan	0	0	0	0
Loans from travel foundations	928	1.435	0	0
Other loans	0	10.130	0	0
Loans after five years	928	11.565	0	0
	150.776	170.085	0	0

12. Advance payments

Primarily prepayments from travel ordered for 2024.

Notes, continued:

13. Contingent assets, liabilities and secured debt

	Group 2023 (tDKK)	Group 2022 (tDKK)	Parent 2023 (tDKK)	Parent 2022 (tDKK)
Rent, lease and other contractual obligations within one year	14.460	12.151	0	0
Rent and lease obligations between one and five years	8.502	13.332	0	0
Rent and lease obligations over five years	13.805	2.472	0	0
	36.767	27.955	0	0
The Kilroy Group has issued guarantees/letters of credit, which are secured by an equal cash pledge of deposits	32.904	27.150	0	0

The Kilroy Group is exposed to currency risk to the extent that transactions are denominated in a currency other than the functional currency. Except for the parent company, all foreign entities' transactions are generally denominated in local currency which is also the foreign entities' functional currency. The Company has chosen to eliminate part of the currency risk by entering into currency forward contracts on main currencies of sold trips. Current liabilities include negative fair value of derivative financial instruments of DKK 116 thousand as at 31 December 2023 (2022: negative fair value of DKK 163 thousand). All forward contracts expire in the financial year 2024.

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

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.

14. Subsidiaries

		Country and place of incorporation	Share Capital (tDKK)	Profit for the year (tDKK)	Equity (tDKK)	Capital share
Kilroy International A/S	Copenhagen,	Denmark	18.000	24.518	17.262	100%

15. Related parties

Related parties are Eignarhaldsfélagið KILROY ehf., which owns and controls more than 50% of the shares in SSTS A/S. Other related parties are Kilroy International A/S' management.

SSTS A/S is a part of the consolidated annual report of Islenskar Fjarfesting ehf., which is both the smallest and the largest group in which the Company is included as a subsidiary.
Eignarhaldsfélagið KILROY ehf is situated in Iceland.
The consolidated financial statements of Islenskar Fjarfesting ehf. can be obtained by contacting the company, at islenskfjarfesting.is.
Ultimate Parent Company Eignarhaldsfélagið KILROY ehf has at the date of this financial statement, not issued their financial statement for 2023.

Related party transactions

	Parent 2023 (tDKK)	Parent 2022 (tDKK)
Sales of services to a subsidiary	0	0
Purchase of services from a subsidiary	-787	-446
	-787	-446

Remuneration to the Management and Board of Directors is disclosed in note 3.
Intercompany balances with subsidiary are disclosed in the balance sheet, and expensed interest is disclosed in note 6.

Notes, continued:

16. Accounting Policies

General

The Annual Report for 2023 for SSTS A/S (Parent Company) is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class large-C companies.

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

Accounting principles and presentation of the financial statements are consistent with the previous year.

Basis of consolidation

The consolidated financial statements are prepared on a going-concern basis and consist of the Parent Company and entities in which the Parent Company controls more than 50% of the voting rights, directly or indirectly.

The consolidated financial statements are prepared as a compilation of the Parent Company and its subsidiaries' financial statements by adding items of a similar nature.

Financial statements used for consolidation are prepared in accordance with the accounting policies of the Parent Company.

In the consolidation of the financial statements, inter-company income and expenses, inter-company accounts, and inter-company profits and losses are eliminated.

Income statements of foreign subsidiaries are translated at average exchange rates for the year, and the balance sheet at the rates on the balance sheet date.

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 rates on 31 December, are recognized in equity.

The Parent Company's share in a subsidiary is calculated as its share of the subsidiary's net assets.

Companies in which the Kilroy Group holds between 20% and 50% of the share capital without controlling interests are

Business combinations

When acquiring or forming new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition or formation. Restructuring costs recognised in the acquiring company at the acquisition date, which are not agreed as part of the acquisition, are included in the pre-acquisition balance sheet. Thus, the calculation of goodwill. Restructuring costs are recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

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

Divested entities are recognised in the income statement up to the date of divestment. Comparative figures are not restated to reflect acquisitions or divestments.

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

Income statement

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

Revenues from individual-focused products are booked at the time of invoicing, regardless of departure date. Upon receipt of a partial (or full) payment, the individual products are booked with the supplier and travel documents are issued.

The vast majority of flight tickets are issued immediately to ensure availability and no changes usually arise before departure. As the 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 tickets are issued), the turnover is recognised at invoicing.

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

Revenue consists of amounts invoiced, excluding VAT and after deduction of discounts.

Notes, continued:

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 comprises items indirectly associated to the core activities of the entities and internal service deliveries.

Sales and administrative costs 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 contain remuneration to management, sales consultants and administrative staff.

Result from shares in subsidiaries comprises the proportionate share of net profit after tax and amortisation of goodwill.

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

Tax is recognised in the income statement with the estimated tax on profit of the year together with the year's adjustments to deferred tax.

The Parent Company is jointly taxed with Danish subsidiaries and its owner, 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.

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 corporate 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 recognised 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.

Balance Sheet

Intangible assets consist of goodwill and software.

Goodwill and software are recognised at cost less write-downs, and amortisation which is calculated on a straight-line basis over the useful lifetime of the assets, determined on experience from the travel industry (goodwill up to 10 years and software up to 5 years).

Property, plant and equipment is recognised at cost less accumulated depreciation and write-downs to lower recoverable amount. Cost includes retirement obligations if it meets the conditions for recognition of provisions.

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

Depreciation is calculated on a straight-line basis over the expected useful lives of the asset:

Buildings for 33-50 years

Leasehold improvements, IT, and other equipment for 3-5 years

The useful life and residual value are reassessed annually.

Notes, continued:

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

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

Net revaluation of shares in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity where the carrying amount exceeds cost.

Dividends from subsidiaries expected to be adopted prior to the approval of the Parent Company's annual report, are not taken to the net revaluation reserve.

Shares in associated companies are measured at cost. When the cost exceeds the recoverable amount, write-down is made to the lower amount.

Other financial assets are recognised at amortised cost.

Inventories contain physical goods for resale and are measured at cost price. Write-downs are made according to obsolescence and other forms of value depreciation.

Receivables are stated at amortised cost less provisions for anticipated losses.

Prepayments are costs incurred relating to the following accounting year.

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

Equity

Dividend proposed for the year is recognised as a liability in the financial statements at the time of adoption at the Annual General Meeting. Proposed dividend concerning the financial year is stated as a separate item under equity.

Subordinated loans consist of long-term loans and accumulated interest with a maturity of more than 12 months.

Subordinated loans of DKK 48 million were issued during fiscal year 2021. There is no set maturity date for the loans, however the loans must be fully repaid in 2026. The loans carry interest in accordance with the official lending rate, plus a fixed premium of between 8.6% to 9.3% p.a.

Liabilities

Other provisions include anticipated costs of obligations, restoration and restructuring. Provisions are recognised at the balance sheet date, if the company has a legal or a constructive obligation, and it is probable that the obligation will materialise.

The Parent Company and subsidiaries have entered into operational rental agreements for offices and equipment for multi-year periods.

Rental and leasing expenses are stated in the income statements for the applicable period.

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

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 cash flows for the year, and is divided into cash flow from operating, investing, financial activities and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is the earnings for the year, adjusted for operating items of a non-cash nature and changes in working capital. Working capital includes current assets less cash or cash equivalents, and current, non-interest-bearing liabilities and dividends.

Cash flow from investing activities comprises acquisition and disposal of fixed assets, including participating interests and other long-term securities.

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

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

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"By my signature I confirm all dates and content in this document."

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Board member
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Chairman of the meeting
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